## ADJOURNMENT

Mr. HALEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 25 minutes p.m.), under its previous order, the House adjourned until Thursday, September 5, 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:

1169. A letter from the Comptroller General of the United States, transmitting a report on unreasonably high prices paid for nickel cadmium aircraft storage batteries under Department of the Air Force negotiated fixed-price contract AF 01(601)-22629 with Sonotone Corp., Elmsford, N.Y.; to the Committee on Government Operations.

1170. A letter from the Comptroller General of the United States, transmitting a report on continued uneconomical use of first-class air-travel accommodations by employees of defense contractors; to the Committee on Government Operations.

1171. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to amend the Federal Coal Mine Safety Act so as to provide further for the prevention of accidents in coal mines"; to the Committee on Education and Labor.

1172. A letter from the Assistant Secretary of the Interior, transmitting a proposed amendment to the concession contract assigned to Clarence W. Anderson and Margarette E. Anderson, to operate a trailer village at Boulder Beach in the Lake Mead National Recreation Area, which will extend the expired contract through December 31, 1963, pursuant to 70 Stat. 543; to the Committee on Interior and Insular Affairs.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ELLSWORTH:

H.R. 8331. A bill to establish a Joint Committee on Foreign Economic Policy; to the Committee on Rules.

By Mr. MACDONALD:

H.R. 8332. A bill to amend section 401(d) of the Federal Aviation Act of 1958 to provide for the issuance of certain certificates of public convenience and necessity; to the Committee on Interstate and Foreign Commerce.

By Mr. O'NEILL:

H.R. 8333. A bill to amend section 401(d) of the Federal Aviation Act of 1958 to provide for the issuance of certain certificates of public convenience and necessity; to the Committee on Interstate and Foreign Commerce.

By Mr. RHODES of Arizona:

H.R. 8334. A bill to authorize the exchange of lands within the Salt River Pima-Maricopa Indian Reservation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ST. ONGE:

H.R. 8335. A bill to amend the Civil Service Retirement Act, as amended, to provide annuities for surviving spouses without deduction from original annuities, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 8336. A bill to amend the Civil Service Retirement Act of May 29, 1930, to permit the retirement on full annuities, without regard to age, of those officers and employees with 30 years or more of service; to the Committee on Post Office and Civil Service.

H.R. 8337. A bill to amend the Civil Service Retirement Act so as to enable the Government to retain the services of experienced employees who are eligible for retirement by encouraging their continued employment on a part-time basis; to the Committee on Post Office and Civil Service.

By Mr. DONOHUE:

H.J. Res. 680. Joint resolution requesting the President to designate 1964 as "U.S. Customs Year"; to the Committee on the Judiciary.

## MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States relative to endorsing the march on Washington for the passage of the civil rights recommendations of the President and for equal opportunity for education, employment, and housing, which was referred to the Committee on the Judiciary.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. DEROUNIAN introduced a bill (H.R. 8338) for the relief of Yong Hi Ha, which was referred to the Committee on the Judiciary.

# SENATE

## TUESDAY, SEPTEMBER 3, 1963

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

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

Almighty God, our Father, whose mercy faileth never, we lift the doxology of our grateful hearts for the bounty and beauty of the good earth that sustains us, for the blessings of home and family and friends, for work to do and zest in doing it, and for this free land in which our lot is cast—

For the priceless gift of freedom,
For the home, the church, the school;
For the open door to manhood
In a land the people rule!

We beseech Thee that Thou wilt go with Thy servants, here commissioned by the people, into the work of this new week, that they may find a strength not their own to undergird them, wisdom sufficient for the thorny problems that face them, and light enough upon the pathway just ahead to meet the searching demands of this anguished time.

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

## THE JOURNAL

On request of Mr. METCALF, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 28, 1963, and Friday, August 30, 1963, was dispensed with.

## MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

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

On August 27, 1963:

S.J. Res. 51. Joint resolution to authorize the presentation of an Air Force Medal of Recognition to Maj. Gen. Benjamin D. Foulois, retired.

On August 28, 1963:

S. 1066. An act for the relief of the E. L. K. Oil Co.; and

S.J. Res. 102. Joint resolution to provide for the settlement of the labor dispute between certain carriers by railroad and certain of their employees.

## EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nomination of Frederick R. Meier, to be postmaster at Cross Plains, Ind., which nominating messages were referred to the appropriate committees.

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

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a bill (H.R. 6225) to provide for the rehabilitation of Guam, and for other purposes, in which it requested the concurrence of the Senate.

## HOUSE BILL REFERRED

The bill (H.R. 6225) to provide for the rehabilitation of Guam, and for other purposes, was read twice by its title and referred to the Committee on Interior and Insular Affairs.

## REPORTS OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of August 29, 1963, the following reports of a committee were submitted on August 30, 1963:

By Mr. MAGNUSON, from the Committee on Commerce, with amendments:

S. 1033. A bill to establish a uniform system of time standards and measurement for the United States and to require the observance of such time standards for all purposes (Rept. No. 475).

By Mr. BARTLETT, from the Committee on Commerce, with an amendment:

S. 1172. A bill to amend Public Law 86-518 and section 506 of the Merchant Marine Act, 1936, to authorize the amendment of contracts between shipowners and the United States dealing with vessels whose life has been extended by Public Law 86-518 (Rept. No. 474);

H.R. 5623. An act to amend the provisions of title 14, United States Code, relating to

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the appointment, promotion, separation, and retirement of officers of the Coast Guard, and for other purposes (Rept. No. 476); and

H.R. 6012. An act to authorize the President to proclaim regulations for preventing collisions at sea (Rept. No. 477).

By Mr. BARTLETT, from the Committee on Commerce, with amendments:

H.R. 5781. An act to amend the act of August 1, 1939, to provide that professional nurses shall be registered as staff officers in the U.S. merchant marine (Rept. No. 478).

## ENROLLED BILLS SIGNED

The PRESIDENT pro tempore announced that on August 30, 1963, the Vice President had signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

H.R. 1135. An act to designate the dam being constructed and the reservoir to be formed on the Des Moines River, Iowa, as the Red Rock Dam and Lake Red Rock;

H.R. 2671. An act authorizing construction of a bank protection project on the Guyandot River at Barboursville, W. Va.;

H.R. 3887. An act to authorize the acceptance of donations of land in the State of North Carolina for the construction of an entrance road at Great Smoky Mountains National Park, and for other purposes;

H.R. 4823. An act to modify the flood control project for Rend Lake, Ill.;

H.R. 5222. An act to provide for the withdrawal and reservation for the Department of the Navy of certain public lands of the United States at Chocolate Mountain Aerial Gunnery Range, Imperial County, Calif., for defense purposes;

H.R. 5883. An act to correct a land description in the act entitled "To provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes";

H.R. 6710. An act to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes;

H.R. 7500. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and administrative operations, and for other purposes; and

H.R. 7594. An act to designate the McGee Bend Dam and Reservoir on the Angelina River, Tex., as the Sam Rayburn Dam and Reservoir.

## LIMITATION OF STATEMENTS DURING MORNING HOUR

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

The PRESIDENT pro tempore. Morning business is in order.

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

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

## APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. NELSON in the chair). On behalf of the Vice President, the Chair announces the appointment of the Senator from Alaska [Mr. GRUENING] to attend the Interparliamentary Union, to be held in Belgrade, Yugoslavia, September 10 to 20, 1963.

## AUTHORIZATION FOR FOREIGN RELATIONS COMMITTEE TO FILE REPORT ON NUCLEAR TEST BAN TREATY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Foreign Relations Committee be permitted to file its report on the nuclear test ban treaty by midnight tonight, notwithstanding the adjournment of the Senate.

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

## RESOLUTIONS OF MASSACHUSETTS GENERAL COURT

Mr. KENNEDY. Mr. President, on behalf of my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL] and myself, I present a certified copy of a resolution entitled "Resolution endorsing the march on Washington for the passage of the civil rights recommendations of the President and for equal opportunity for education, employment, and housing," passed by the General Court of the Commonwealth of Massachusetts on August 26, 1963.

I ask that this resolution be appropriately referred.

There being no objection, the resolution was referred to the Committee on the Judiciary, and, under the rule, ordered to be printed in the RECORD, as follows:

RESOLUTION ENDORSING THE MARCH ON WASHINGTON FOR THE PASSAGE OF THE CIVIL RIGHTS RECOMMENDATIONS OF THE PRESIDENT AND FOR EQUAL OPPORTUNITY FOR EDUCATION, EMPLOYMENT, AND HOUSING

Whereas President Kennedy has instituted important civil rights legislation which is currently before Congress; and

Whereas this legislation aids in guaranteeing all Americans access to all public accommodations, decent housing, adequate and integrated education, and the right to vote; and

Whereas over 100,000 Americans of all walks of life will march on Washington on August 28 in the current year to speak out in a single voice for the passage of the President's civil rights program and to demonstrate their opposition to the forces of discrimination that rob millions of Americans of their dignity and their rights, to equal opportunity for education, employment, and decent housing; and

Whereas the members of the Massachusetts House of Representatives believe in equal rights and opportunities for all Americans and vigorously denounce any form of racial and religious discrimination: Therefore be it

*Resolved*, That the Massachusetts House of Representatives endorses the march on Washington and respectfully requests the Members of Congress from this Commonwealth to actively support this demonstration; and be it further

*Resolved*, That copies of these resolutions be transmitted forthwith by the secretary of the Commonwealth to the President of the United States, the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth.

Adopted by the house of representatives August 26, 1963.

WILLIAM C. MAIERS,
*Clerk.*

Attest:

KEVIN H. WHITE,
*Secretary of the Commonwealth.*

## NOMINATION OF ASHTON C. BARRETT AS MEMBER OF FEDERAL MARITIME COMMISSION—EXECUTIVE REPORT OF A COMMITTEE (EX. REPT. NO. 2)

Mr. LAUSCHE. Mr. President, as in executive session, from the Committee on Commerce, I report favorably the nomination of Ashton C. Barrett, of Mississippi, to be a member of the Federal Maritime Commission, and I submit a report thereon, together with the individual views of the Senator from Washington [Mr. MAGNUSON] and the Senator from Alaska [Mr. BARTLETT]. I ask unanimous consent that the report be printed, together with the individual views.

The PRESIDING OFFICER. The report will be received and the nomination will be placed on the Executive Calendar; and, without objection, the report will be printed, as requested by the Senator from Ohio.

## BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. METCALF (for Mr. SALTONSTALL (for himself), Mr. COTTON, Mr. KENNEDY, and Mr. MCINTYRE):

S. 2104. A bill to amend section 401(d) of the Federal Aviation Act of 1958 to provide for the issuance of certain certificates of public convenience and necessity; to the Committee on Commerce.

By Mr. NELSON:

S. 2105. A bill for the relief of Martin Morales Salvador; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 2106. A bill for the relief of Anthony N. Nicklow; to the Committee on the Judiciary.

By Mr. HART:

S. 2107. A bill for the relief of Dr. Amir H. Mehregan; to the Committee on the Judiciary.

By Mr. JOHNSTON:

S.J. Res. 116. Joint resolution designating 1964 as the U.S. Customs Anniversary Year; to the Committee on the Judiciary.

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

By Mr. KEATING:

S.J. Res. 117. Joint resolution for the relief of certain Yugoslav refugees; to the Committee on the Judiciary.

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

## CONCURRENT RESOLUTION

### ADDITIONAL COPIES OF HEARINGS ON NUCLEAR TEST BAN TREATY

Mr. HUMPHREY. Mr. President, on behalf of the Committee on Foreign Relations I submit, for appropriate reference, a concurrent resolution which relates to the printing of certain hearings on the nuclear test ban treaty.

The PRESIDING OFFICER. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 58) was referred to the Committee on Rules and Administration, as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That five thousand additional copies of the hearings on Executive M, 88th Congress, 1st Session, "Nuclear Test Ban Treaty," be printed for the use of the Committee on Foreign Relations.

## DESIGNATION OF 1964 AS THE U.S. CUSTOMS ANNIVERSARY YEAR

Mr. JOHNSTON. Mr. President, I introduce, for appropriate reference, a joint resolution authorizing and requesting the President to proclaim 1964 as U.S. *Customs Year*, marking the 175th anniversary of the establishment of the U.S. customs service. The proclamation would be in recognition of 1¾ centuries of dedicated service and it would call upon the American people to observe the anniversary with appropriate ceremonies and activities.

President George Washington established the customs service in 1789 when he signed the fifth act of the First Congress. It was this service which provided the chief revenues of the Republic in its early days, greatly contributing to the Nation's financial stability. The collector of customs, the customs house, and the customs officers for 175 years have symbolized Federal authority in the ports and on the waterfronts. The many tasks of the service have been performed with honesty, resourcefulness, and efficiency.

It is very fitting that an occasion should be designated to commemorate the contributions of the customs service to the national welfare.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD.

The joint resolution (S.J. Res. 116) designating 1964 as the U.S. Customs Anniversary Year, introduced by Mr. JOHNSTON, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the President is hereby authorized and requested to proclaim the calendar year 1964 as United States Customs Year marking the 175th anniversary of the establishment of the United States Customs Service, in recognition of the one and three-quarter's centuries of dedicated service in the United States; and calling upon the American people to observe this Anniversary with appropriate ceremonies and activities.

## RELIEF OF CERTAIN YUGOSLAV REFUGEES

Mr. KEATING. Mr. President, our Nation has expressed its concern on many occasions for those who seek to flee from oppression and totalitarianism in all its evil forms.

However, there exists in our country today a small group of refugees from a Communist state who are faced with forceable deportation unless Congress intervenes in their behalf. These men are refugees from Yugoslavia. They are strongly opposed to the Communist regime in that country but because there is inadequate provision in our law for political asylum, they are about to be returned to the Yugoslav authorities.

These men are farmers and fishermen. Their escape route was by the sea. At least two of them have been recognized as refugees by the United Nations High Commissioner for Refugees. All of them profess strong opposition to communism and indicate a longing to remain in the United States.

A number of active and vitally important relief agencies have urged assistance for these refugees; namely, the Catholic Relief Services, National Catholic Welfare Conference, the International Rescue Committee, and the American Council for Nationalities Service. The endorsement of these men by such highly respected and knowledgeable agencies is ample reason for a full inquiry into these cases before any order of deportation is enforced.

Such an inquiry may indicate that compelling equities do not exist in every case to the same degree. But all of these cases deserve careful study before these men are forcibly deported back to a Communist state. The joint resolution I am submitting today will provide the basis for such a procedure.

Mr. President, I introduce, for appropriate reference, a joint resolution and ask that it be appropriately referred.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 117) for the relief of certain Yugoslav refugees, introduced by Mr. KEATING, was received, read twice by its title, and referred to the Committee on the Judiciary.

## ADDITIONAL COSPONSORS OF BILLS

Under authority of the orders of the Senate, as indicated below, the following names have been added as additional cosponsors for the following bills:

Authorities of August 13 and 23, 1963:

S. 2038. A bill to establish in the legislative branch of the Government a Congressional Office of Science and Technology to advise and assist Members and committees of the Congress on matters relating to science and technology: Mr. CASE, Mr. COOPER, Mr. FONG, Mr. GRUENING, Mr. HARTKE, Mr. INOUYE, Mr. KEATING, Mr. LONG of Missouri, Mr. MCGEE, Mr. MOSS, Mrs. NEUBERGER, Mr. RANDOLPH, Mr. YARBOROUGH, and Mr. YOUNG of Ohio.

Authority of August 23, 1963:

S. 2068. A bill to amend section 274 of the Internal Revenue Code of 1954: Mr. BEALL, Mr. BIBLE, Mr. BREWSTER, Mr. CANNON, Mr. CARLSON, Mr. CURTIS, Mr. FONG, Mr. HOLLAND, Mr. JACKSON, Mr. KEATING, Mr. KUCHEL, Mr. LONG of Missouri, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SYMINGTON, and Mr. THURMOND.

## CIVIL RIGHTS ACT OF 1963—ADDITIONAL COSPONSORS OF AMENDMENT

Under authority of the order of the Senate of August 20, 1963, the names of Mr. ALLOTT, Mr. CASE, Mr. DODD, Mr. KUCHEL, Mr. METCALF, Mr. NELSON, Mr. PELL, Mr. SCOTT, and Mr. WILLIAMS of New Jersey were added as additional cosponsors of the amendment, intended to be proposed by Mr. RIBICOFF, to the bill (S. 1731) to enforce the constitutional right to vote, to confer jurisdiction upon the district courts of the United States to provide injunctive relief against discrimination in public accommodations, to authorize the Attorney General to institute suits to protect constitutional rights in education, to establish a Community Relations Service, to extend for 4 years the Commission on Civil Rights, to prevent discrimination in federally assisted programs, to establish a Commission on Equal Employment Opportunity, and for other purposes, submitted on August 20, 1963.

## NOTICE OF HEARINGS ON INCREASED PAY FOR FEDERAL EMPLOYEES

Mr. JOHNSTON. Mr. President, as chairman of the Committee on Post Office and Civil Service, I wish to announce that public hearings on the subject of pay for Federal employees have been scheduled for Wednesday, September 4, 1963, at 10:30 a.m. in room 6202 of the New Senate Office Building. The Honorable John W. Macy, Jr., Chairman of the U.S. Civil Service Commission, will be first to testify. He will be followed by other representatives of the administration.

Those wishing to testify may arrange to do so by calling Capitol 4-3121, extension 5451.

## PLIGHT OF THE POULTRY INDUSTRY

Mrs. SMITH. Mr. President, I have received a very interesting letter from a poultry producer in New England with respect to the "chicken war."

While I do not necessarily agree with all of his observations, I do most emphatically agree with that portion of his memorandum stating that the basic "trouble with the poultry industry is that while the U.S. Government has protected the price of grain, which, in the main, is chickenfeed—literal, not figurative—the Government has refused to aid or protect or peg the prices of chickens or eggs. This, of course, has resulted in the chicken industry being caught between highly supported and

fixed costs of feed as against lower and lower competitive and noncontrolled prices for their products. In other words, they are paying higher and higher prices for grain and feed and selling chickens and eggs at a lower and lower price."

I have been saying this for a long time. Until this situation is corrected, the poultry farmers will be in serious financial trouble. This is one problem that tariffs cannot solve. And let us face the truth—that a vote for high price supports for feed grains is a vote against poultry farmers—and no flowery language to the contrary can hide this truth.

I ask unanimous consent that the memorandum from the New England poultry producer be placed in the RECORD at this point.

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

MEMORANDUM

Subject: The American poultry and chicken industry which is behind the proposed reprisals.

At my country home in the Berkshires of Massachusetts, I have for the past 14 years operated a working farm in the poultry and egg business and averaged for over 10 years the production of over 60,000 breeding eggs per year. These breeding eggs were for meat chickens.

More recently I have concentrated on table eggs, producing or having a production potential of about 80,000 dozen per year. During these 14 years I have had a chance to become thoroughly acquainted with the U.S. poultry industry.

I believe that it is definitely not an industry to be protected at the cost of our foreign relations or at the cost of further reprisals by the EEC or damages to other industries.

While there is no doubt that the poultry and egg industry in the United States is in poor shape and that exports would help it, exports have no bearing, past, present, or future, with the major problems of the industry or why it has fallen to the point where the small- or medium-sized independents can no longer make any profits.

The export market has little influence and will never help a situation caused by improper Government manipulation. Basically, the trouble with the poultry industry is that while the U.S. Government has protected the price of grain and has paid farmers to underproduce grain and has raised the price of grain, which, in the main, is chicken-feed (literal, not figurative), the Government has refused to aid or protect or peg the prices of chickens or eggs. This, of course, has resulted in the chicken industry being caught between highly supported and fixed costs of feed as against lower and lower competitive and noncontrolled prices for their produce. In other words, they are paying higher prices for grain and feed and selling chickens and eggs at a lower and lower price.

Another reason for the great problems in the chicken industry is that Southern States have in the last few years subsidized chicken farms and farming in areas where Negro help resulted in low labor costs and where the weather or climate involved minimum trouble and costs, and finally where southern poultry industry dumped on the chicken and egg markets produce for less than costs or at lower cost than the regular nonsubsidized chicken industry could produce where labor was higher and climate colder.

It is therefore doubly ridiculous to see the U.S. Government embarking on tariff reprisals against the remainder of the free world and NATO in order to protect an industry which is suffering from this same Government's mistakes. Not even the increased exports prior to the protective tariff in Europe against the American poultry industry had done much good to the depressed situation in the poultry industry. In other words, notwithstanding the chicken lobby or the complaints against restrictions on exports of poultry and eggs, the poultry industry in the United States will not be greatly helped even if there was unrestricted exportation, for American mass production methods are now well understood throughout the world and in a very short period competition in an industry involving such small margins would be too great to assimilate the cost of shipping.

So not only are increased tariffs or reprisal methods by the United States against the EEC dangerous and unsound, but the alleged reason for doing this is unsound and will not be the cure for a sick poultry industry in the United States of America.

## SENATOR WILLIAMS OF NEW JERSEY—EFFECTIVE LEADER

Mr. BARTLETT. Mr. President, on August 14 the Senate passed S. 1321, a bill to establish a National Service Corps. The legislation provides for a program of assistance and understanding for the less fortunate in this country. This is a proposal to provide a means by which Americans of all ages and talents may offer their skills and friendship to those less fortunate.

Comparison has been made, and perhaps aptly, between S. 1321 and the bill which set up the Peace Corps. Assuredly there are similarities. But there are differences too, and many. One which is striking and strange to me is the seeming reluctance of the Congress to initiate on a very modest scale a means whereby Federal guidance may be given so that Americans who want to assist other Americans but who do not know quite how to go about it may find the way open to them. The Peace Corps proposal, which has worked out so splendidly well, had much less legislative difficulty.

It will be recalled that S. 1321 was passed by the Senate by a very narrow margin.

It is my belief that it never would have passed at all had it not been for the dedication, the hard work, and the great skill of the Senator from New Jersey [Mr. WILLIAMS].

As chairman of the Subcommittee on Migratory Labor, the Senator from New Jersey introduced the bill in April and presided over the extended hearings which followed. Testimony was taken from many witnesses. The views of all were sought. The measure was redrafted and improved before being reported to the Senate. The Senator from New Jersey [Mr. WILLIAMS] was floor manager of S. 1321. In that capacity he demonstrated rare parliamentary skill. He fought with courage and sometimes almost alone while the bill was being debated before the Senate. For his effectiveness, for his persistence, for his concern for people, his desire to improve their lot in life, the Senator from New Jersey deserves the thanks of all Americans.

## SECURITY RISKS IN "ACCOMMODATION" POLICY TOWARD SOVIET RUSSIA

Mr. TOWER. Mr. President, the Manchester (N.H.) Union Leader reported on August 26, 1963, that "Vital information is being withheld from the public about the part security risks have played in drafting and executing the administration's 'accommodation' policy with Soviet Russia until after test ban hearings in the Senate."

This news story asserts that Mr. Otto Otepka, the State Department officer who had a lot to do with sending Irving Scarbeck to jail and who investigated William Wieland, has been removed from security operations. This, and other assertions, implications, and overtones of this intensely fascinating news story warrant further investigation by appropriate and responsible officials.

Mr. President, I ask unanimous consent to have this news story printed in the RECORD following my remarks, and I respectfully invite the attention of my colleagues to it.

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

[From the Manchester (N.H.) Union Leader, Aug. 26, 1963]

CLAIM DATA ON SECURITY RISKS IS BEING WITHHELD

(By Don Browne)

WASHINGTON.—Vital information is being withheld from the public about the part security risks have played in drafting and executing the administration's "accommodation" policy with Soviet Russia until after test ban hearings in the Senate.

State Department sources reveal that testimony about these risks by Otto Otepka, a civil service officer for many years in charge of all personnel appraisal in State is being quarantined by a series of maneuvers by State Secretary Dean Rusk. Otepka was responsible for sending foreign service officer Irving C. Scarbeck to jail for passing U.S. secrets to the Soviets, for investigating William Wieland in connection with State's Cuban policy, and other such cases.

With quiet but ruthless efficiency, Otepka has been removed from security operations. His phone has been taken away from him, and he himself has been placed under close observation as a security risk when he thereafter "dumped" what he knew, under subpena, to the Senate Internal Security Subcommittee.

RUSK SUMMONED

So serious were Otepka's revelations that Rusk was personally and urgently called before the subcommittee. So, too, were a score or more other State Department officials.

State sources now privately disclose that, realizing the disastrous effect all this could have on the fate of the test ban treaty, Rusk has managed to delay his own testimony, thus in turn delaying the release of the Otepka testimony.

Rusk also has obtained a White House order to prevent some 25 key State Department officials from even speaking to members of the subcommittee and their staffs.

DELAY TESTIMONY

At the same time, Rusk has succeeded in getting Senator THOMAS DODD, Democrat, of Connecticut, vice chairman of the Senate Internal Securities Subcommittee, to agree that Rusk does not have to testify earlier than August 30. Seemingly the delay has

meshed with desires of subcommittee chairman JAMES EASTLAND, Democrat, of Mississippi, preoccupied with civil rights matters, and with those of Senator DODD himself who is seeking reelection.

The effect of this agreement is to put off Rusk's testimony on security violations until after Senate hearings and consideration of the test ban treaty. Thereafter, if another postponement cannot be obtained, the Secretary can call for time to review his own testimony.

SIGNED WAIVER

The State Department Office of Security was completely reorganized after the then Administrator of Security, and Otepka as appraiser, refused to clear Harlan Cleveland as Assistant Secretary of State. Whereupon, Secretary Rusk signed a security waiver to permit Cleveland to go to work.

Cleveland was cleared after this reorganization, along with others newly appointed to high posts in the Department.

HAS TOLD ALL

Now, Otepka, removed from active participation in security by the very risks he has investigated has told all, and this fact has sent tremors through State now involved in making the most important across-the-board deals with Red Russia.

Involved are a Soviet proposed nonaggression pact, a detente to which President Kennedy has agreed to discuss with Soviet Premier Khrushchev. To this unilateral action, West Germany and France strenuously have objected.

The motives behind all these Kennedy administration moves have been cast in doubt by the testimony of Otepka, a security official of the utmost integrity, and who came to the State Department years ago from the Civil Service Commission itself.

## BALANCE OF POWERS BETWEEN FEDERAL AND STATE GOVERNMENTS

Mr. TOWER. Mr. President, the Wall Street Journal, on Friday, August 16, 1963, published an exceptionally perceptive article on Federal-State relationships, entitled "Unbalanced Government."

The article, written by Dr. Harley L. Lutz, professor emeritus of public finance at Princeton, is dedicated to the proposition that "the constitutional design of a balance of power between Federal and State Governments should be restored by bringing closer to home many governmental functions and services that have been swept into the Federal orbit."

Dr. Lutz analyzes the "major influences that have promoted the excessive growth of Federal power," pointing out how, commencing in the 1930's, the Federal-centrist Government ever-increasingly has "assumed full or partial responsibility for various services and activities, the performance and financing of which were, and are, within State and local administrative and fiscal capacity."

The professor states a political fact of life, Mr. President, when he concludes that "the Federal Government bought its way into the sphere of State and local functions," and, "all disclaimers to the contrary notwithstanding, Federal aid means Federal control."

I believe that the caliber and content of this article commends it to the attention of those seriously concerned about the dangerous diminution of personal liberty in this country and of local control of our political and economic affairs.

Mr. President, I ask unanimous consent that this article be entered in the RECORD, following my remarks, and respectfully I draw the attention of my colleagues to its message.

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

UNBALANCED GOVERNMENT

(By Harley L. Lutz)

The United States is a federation of States under a Constitution which established a balance of powers between Federal and State Governments. The concept of balance is essential. If the States should have too much power the Union would disintegrate. If the Central Government should acquire too much power the States would lose their authority, and eventually their identity, as the central monolithic state developed.

The federation form does not require completely static balance. Historically, the trend was toward the Federal Government from 1789 to 1800, then toward the States to 1860. Over the past 100 years the pendulum of governmental power has swung again toward Washington, and at an accelerated rate during the past 3 decades.

In consequence, the Federal Government is now too big to be managed efficiently and economically by any man or group of men, however competent they may be. Its size and power threaten the fundamental nature of the Republic by undermining the sovereignty of the States; its cost impedes economic growth by imposing an excessive burden on the economic resources that must support both the people and the Government; and its enforcement of policies, at times by methods suggestive of the police state, violates both the spirit and the practical realization of personal freedom. The constitutional design of a balance of power between Federal and State Governments should be restored by bringing closer to home many governmental functions and services that have been swept into the Federal orbit.

A POSITIVE GUIDE

This monumental task cannot be accomplished by throwing brickbats at the lunatic fringe of either right or left. It will require a positive guide to action on which reasonable persons can agree, and also an understanding of the forces and influences to be combated. First, let us consider the major influences that have promoted the excessive growth of Federal power.

To begin with, the States have not been as jealous of their constitutional prerogatives nor as aggressive in asserting them as they were more than a century ago. Civil War and reconstruction severely damaged for a time the States rights concept. The centralizing trend, which had proceeded at a very moderate pace after 1865, was stepped up by the expansion of the Federal administrative and fiscal structure in two World Wars. Even so, the States could have achieved some degree of better balance in their favor had it not been for two other developments, one practical and the other ideological.

The practical development was the steady expansion after about 1930 of Federal grants-in-aid, whereby the Federal Government has assumed full or partial responsibility for various services and activities, the performance and financing of which were, and are, within State and local administrative and fiscal capacity. There is continued pressure, within and without the Federal Government, to extend the area of these grants and to increase existing grants. This device is appealing to those who believe that someone else is providing the money, and to State and local officials who are thereby enabled to take credit for improvements and benefits without the disagreeable necessity of increasing taxes or debt.

The Federal Government has bought its way into the sphere of State and local functions. Its acts of purchase have seldom been questioned by the Supreme Court which has construed the term "general welfare" so broadly that there is almost no area of government functions into which the Federal Government is not legally free to enter, there to spend money and exercise control. All disclaimers to the contrary notwithstanding, Federal aid means Federal control.

The ideological development has been the rise of the current concept of "liberalism," which is a distortion of the 19th century definition akin to the upside-down connotations of "democracy" behind the Iron and Bamboo Curtains. The 19th century liberal advocated liberating individuals from the restrictions and controls of Government. The present-day liberal advocates more, not less Government; more, not less control and regimentation of persons and businesses; more, not less support of the people by Government through the modern counterpart of the Roman "bread and circuses."

COMBATING THE TREND

The Constitution provides a guide to positive action to combat the centralist trend and to restore a reasonable working balance between Federal and State powers and responsibilities. The constitutional allocation reserves to the Central Government:

First, those truly national tasks which can be performed only by and at this level of Government. National defense and foreign affairs are the two major national tasks.

Second, certain other functions which, though capable of performance by the States, would be adverse to the interests of citizens generally if so performed.

For example, each State would be competent to determine its own system of weights and measures; its own currency system; its own postal system; its own rules regulating commerce with other States and foreign nations; and its own procedures relating to bankruptcy, naturalization, and immigration. These matters were reserved to Congress, not because they could be dealt with only at the Federal level, but because the resulting "balkanization" of the country, if they were left to the States, would have been disastrous.

The Constitution further provides for reserving to the States, or to the people, all powers not delegated to the Congress nor prohibited to the State. This pattern is even more sensible and necessary today than it was in 1787.

A LIST OF CONSEQUENCES

Some of the consequences of permitting the Federal Government to assume jurisdiction over, and responsibility for the many functions and activities that belong elsewhere and that were, in effect, reserved by the Constitution to the States, or to the people, are considered herewith.

1. An excessive diversion of attention and effort from the truly national tasks: This is obvious in view of the time and energy that the President and the Congress devote to relatively small matters, each involving political dickering, and sometimes bickering. These local and sectional issues include such diverse matters as wheat planting, juvenile delinquency, waste treatment, urban renewal and transport, depressed areas, and many others.

The price we pay for administrative and congressional application to the thousand and one matters that should be dealt with elsewhere is an excessive cost of national defense, loss of prestige before the world, and rising suspicion among nations that we want, and need, as friends. After spending upwards of $100 billion to combat and contain communism around the world, we have

allowed the Communists to take over Cuba. We have had worsening relations with Canada, France, England, Latin America, and as a world leader we have been plagued by unhealed sore spots of which Korea, Vietnam, Laos, the Congo, and Indonesia are examples.

Defense costs are admitted to be excessive but progress in their reduction is at snail's pace. Moreover, there is sharp difference over the best defense as the debate continues over missiles, manned bombers and other matters.

The truly national tasks cannot be competently managed as a part-time job. They are so large and important as to require the full attention and energy of the Congress and the Federal administration. The decisions made and actions taken in the areas of defense and foreign affairs are vital to the stability, prosperity, and security of the free world. The talents and capacities for competent national leadership are available but they must be conserved for that purpose, not wasted on matters that are not genuine Federal business.

2. Excessive cost: Over the past decade the major factor in the rising Federal budget has not been the Military Establishment, as such, but the domestic civilian services. Each year additional services and programs are introduced. Every new Federal activity means another administrative unit, more employees, and an appropriation of funds. There is much overlap and duplication and the ramification of Federal operations has led to a host of big and little bureaucratic empires which compete for funds and authority while contributing to diffusion of responsibility and tangled redtape. The ultimate cost of Federal projects is often concealed by the practice of small annual appropriations which get the undertaking launched, thereby establishing a commitment to carry it through to completion.

WAGES AND HOURS

Federal regulations relating to wages and hours have led to cases of local rejection of public improvement grants because of the added cost. There are heavy costs of compliance with other regulations which fall on taxpayers, not on the budget. Recent examples are the rules relating to expense accounts and those promulgated under the Drug Control Act of 1962.

A reallocation of functions and services would transfer both costs and revenue resources to the States and their local units. These governmental divisions would have more to do and more to do with. Savings could effect through lower expenses of operation and in some cases by deciding not to continue programs deemed locally to be unessential in the given circumstances. When the bill is to be paid locally, a harder look is to be expected at the relation between costs and benefits.

3. Retention of punitive tax rates: The doctrine that Government must support the people requires that an ever-widening array of benefits be provided. The people pay the cost of these benefits in one way or another but it is politically advantageous to foster the illusion that someone else is paying. Hence, to support this illusion there is stubborn insistence on retention of punitive tax rates despite general recognition that they produce comparatively little revenue while sapping away funds that otherwise might go for capital formation and economic growth. The inconsistency of seeking a higher rate of growth while burdening the Nation's productive resources with destructive taxation suggests that there still lingers the notion that wealth can be multiplied by dividing it.

4. Government by crisis: The technique of promoting centralism by asserting the imminence of crises which require Federal intervention was developed to a high pitch of efficiency during the 1930's and it has continued to be a useful tool in the centralist kit. The crisis need not be real, for a fictional one will serve as well to support the double argument, first, that the Federal Government knows just what to do and is ready, willing, and able to act in the alleged emergency; and second, that the States are unwilling or financially unable to act.

State or local inaction is likely to be due to hardheaded realization that no emergency impends. It is seldom, if ever, due to financial incapacity, though a plea of poverty has served, for reasons noted above, as an excuse to let Uncle Sam do it. The fact is that the wealth and income of the citizens of the several States is the same aggregate as the wealth and income of the citizens of the United States. There are no constitutional restrictions on State and local taxation, other than those of their own devising, except the prohibition of duties on imports and exports.

CONFLICTING STATISTICS

The alleged crisis in education is a good example. Conflicting, and to a considerable extent, questionable statistics purporting to show classroom and teacher shortages have been used to support the demand for large Federal spending on school construction and salaries. The scare effect has been compounded by projecting the alleged deficiencies as far ahead as 1970 with the implication that the projected results are with us today. The steady progress being made by State and local action toward closing any real classroom gap that may exist is disregarded. The rising proportion of college graduates preparing to teach refutes the case for Federal stimulus of teacher supply.

5. Competition with taxpaying citizens: The centralist trend has extended the area of Federal Government operations beyond the scope of public functions into the field of private business. Here the Government competes on very unequal terms with its taxpaying citizens while compelling them to provide the capital and sustain the losses of its ventures. In addition to the objective of Federal control and domination, the purpose is to provide further benefits to individuals, groups, and sections. The Treasury supplies loan funds in some cases at interest rates below its own cost of borrowing. Electric power is sold to favored customers at rates below those that private, taxpaying companies can afford to charge. This is called the "yardstick" method of comparing public and private operation. Risks are assumed with public funds that no private investor would dare take with his own money. The lack of a profit motive in Government business operations is paralleled by absence of concern to conserve capital. Losses can always be made up by another appropriation, as is customary in various Government corporations.

There are other consequences of centralism which must be passed over here. The fatal contradiction of current liberalism, however, cannot be too much emphasized. It is the conflict between governmental power and liberty. The authority of Government is absolute and the individual never has a choice between obeying its rules or not. The larger the scope of Government operations, the greater the area of absolutism and the smaller the area within which the individual is free of Government compulsion.

There must be enough government to assure an orderly community life at home and security against foreign aggression, on one hand, but not so much government as to imperil personal liberties and destroy the economic basis of individual self-support through excesses of spending, taxing, and regulating, on the other. The balance between these extremes can be achieved only by arresting the centralist trend and bringing more of the functions and services back home.

## SENATOR GOLDWATER'S STAND ON THE ISSUES FACING AMERICANS

Mr. TOWER. Mr. President, on July 15, U.S. News & World Report published an article entitled "Taking a Stand on Issues: GOLDWATER'S Own Words." I commend to the attention of the Senate and the people of the United States these comments of our colleague, the junior Senator from Arizona, in which he clearly and succinctly states his views and the views of American conservatism. Senator GOLDWATER is among the Senate's most able speakers, and his words as reproduced in this article are forthright and eminently lucid.

I ask unanimous consent to insert the article in the RECORD.

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

TAKING A STAND ON ISSUES: GOLDWATER'S OWN WORDS

(Where does Senator BARRY GOLDWATER stand on the big issues facing the United States? What are the Goldwater views on labor, taxes, spending, civil rights, foreign aid, Government powers? Now that the Arizona Senator is out front among those mentioned as the Republican most likely to oppose President Kennedy in 1964, his attitude on such issues takes on growing importance.)

(NOTE.—Following is a running series of excerpts from statements and speeches made by Senator GOLDWATER that put on the record the position taken by the Arizona Republican on dominant issues, at home and abroad.)

ON POLITICS

Up to the first of the year, I frankly felt that it would be next to impossible to beat him [President Kennedy] in 1964, but it has been a combination, a compiling of errors that has changed my view. Cuba is part of it. The situation with France is another part. Skybolt in England and the Polaris. Canada. The domestic economy not moving forward rapidly enough. Unemployment that plagues us. Instead of reducing expenditures so we can reduce taxes, he is asking more and more expenditures. Issues are piling up to the point that, unless some miracle happens in the next 16 or 18 months, I think he can be beaten.

I charge that there is today a cynical alliance between the politicians who call themselves liberal and the corrupt big-city machines whose job it is to deliver the bloc votes of the big northern cities. It is the corrupt big-city machines which elect these men to public office. I charge that the politicians who have inherited the tradition of liberalism in this country today are not liberals at all, but merely ambitious men who have become the captives of the big-city machines.

I think that the Republican Party has only one position and that is a position to the right. I do not mean by that, that the Republican Party go to the far right, nor that it become a middle-of-the-road party. There are millions and millions of conservatives in this country in both parties who are concerned lest conservatism be stamped out. The only place the Republican Party can occupy is a position to the right of center.

ON GOVERNMENT SPENDING

We cannot afford to leave the destiny of our great Nation in the hands of men who actually believe that spending money is the basic solution to all problems.

The naive and narrow idea that spending our resources in larger quantities will somehow solve every dangerous and complex problem of foreign and domestic policy is the

characteristic—and fatal—weakness of the liberals. They are obsessed with the economic solutions for every problem.

Public debt mounts to astronomical heights and cannot be paid off except by ruinous inflation or repudiation. The Federal debt is a time bomb hanging over the security of our people. Have you ever seen such outrageous taxation, such a staggering national debt, such waste of public money, such a pyramid of Government subsidies, dangerous inflation, so many lavish political promises, such a gigantic Federal bureaucracy, so much Government favoritism to special grcups, such moral laxity and so little responsibility in public life?

This $100 billion spending plan (the budget for fiscal year 1964, combined with tax reduction and a planned deficit of $12 billion, is nothing but a calculated program of inflation. It will weaken the dollar, boost prices, and increase the pressure from labor unions for new and exorbitant wage-and-hour demands.

ON FOREIGN AID

What could be more foolish than the belief that our good friends will become enemies if we stop paying them?

We should adopt a discriminating foreign-aid policy. Aid should be furnished only to friendly, anti-Communist nations that are willing to join with us in the struggle for freedom. Moreover, our aid should take the form of loans or technical assistance, not gifts. And we should insist that such nations contribute their fair share to the common cause.

Increasingly, our foreign aid goes not to our friends, but to professed neutrals—and even to professed enemies. We furnish this aid under the theory that we can buy the allegiance of foreign peoples—or at least discourage them from "going Communist"—by making them economically prosperous. This has been called the "stomach theory of communism" and it implies that a man's politics are determined by the amount of food in his belly. Everything we have learned from experience and from our observation of the nature of man refutes this theory.

I feel that proper doctrine to guide foreign aid would have to be based upon the goals of our own national security. It would not be a doctrine of vague altruism but of concrete effort to extend freedom. It would recognize the vastly different capacities of vastly different nations to absorb aid and use it advantageously in terms of building free institutions. It would certainly never approach the struggle between East and West as a mere exercise in bribery, with the booty going to the side that promises to spend more.

Our present policy of government-to-government aid strengths socialism in those countries. We are not only perpetuating the inefficiency and waste that always attends government-controlled economies; by strengthening the hand of those governments, we are making it more difficult for free enterprise to take hold. For this reason alone, we should eliminate all government-to-government capital assistance and encourage substitution of American private investment.

ON LABOR

Graft and corruption are symptoms of the illness that besets the labor movement, not the cause of it. The cause is the enormous economic and political power now concentrated in the hands of union leaders.

I strongly favor enactment of State right-to-work laws which forbid contracts that make union membership a condition of employment. These laws are aimed at removing a great blight on the contemporary American scene, and I am at a loss to understand why so many people who so often profess concern for civil rights and civil liberties are vehemently opposed to them.

One way to check the unions' power is for the Government to dictate through compulsory arbitration the terms of employment throughout an entire industry. I am opposed to this course, because it simply transfers economic power from the unions to the Government, and encourages state socialism.

Let us henceforth make war on all monopolies, whether corporate or union. The enemy of freedom is unrestrained power, and the champions of freedom will fight against the concentration of power wherever they find it.

Unions exist, presumably, to confer economic advantages on their members, not to perform political services for them. Unions should, therefore, be forbidden to engage in any kind of political activity. * * * I see no reason for labor unions or corporations to participate in politics.

We must never destroy the workers' right to strike. We must control it where it applies to the national defense and the operation of the Federal Government.

My bill * * * contains a strike-vote procedure based on the following simple requirements:

First, a strike shall be unlawful unless notice of intention to strike is given to all those concerned at least 30 days prior to the actual beginning of the strike; and

Second, at any time after such notice has been given, a petition may be filed with the National Labor Relations Board by an employee in the enterprise to be affected, asking the Board to conduct an election by secret ballot among the employees in the establishment to be or being struck, on the question of whether they favor a strike or its continuation. If such a petition is supported by 30 percent of said employees, the Board shall conduct such an election and the strike or its continuation shall be lawful only if a majority, so voting, cast their ballots in favor thereof.

ON TAXES

The idea that a man who makes $100,000 a year should be forced to contribute 90 percent of his income to the cost of government, while the man who makes $10,000 is made to pay 20 percent is repugnant to my notions of justice. I do not believe in punishing success.

The graduated tax is a confiscatory tax.

I believe that, as a practical matter, spending cuts must come before tax cuts. If we reduce taxes before firm-principled decisions are made about expenditures, we will court deficit spending and the inflationary effects that invariably follow.

I wouldn't want to see a tax reduction without first a reduction in the domestic budget. But I'll say this, that we have to have a tax reduction in this country within the next year or two, or I feel we're going to have economic trouble. Now I say that small business cannot expand due to one thing, and that's the tax picture. * * * And, in business, you either expand or you die.

We should have the kind of liberalization of our tax laws that would permit quick writeoff depreciation and put an immediate spur to the economy by enabling our industrial plants to begin large-scale replacement of some $95 billion in obsolete equipment with which they presently are saddled. President Kennedy's gesture of a tax credit in this direction was laughable, and the businessmen who said they wanted it were not for any long-range improvement in the economy.

ON CIVIL RIGHTS

I continue to believe that it is both wise and just for Negro children to attend the same schools as whites. But I believe the matter of school integration is left to the States under the 10th amendment.

When I consider the overall issue of civil rights, I come back to the concept that the States have all the rights not specifically reserved to the Federal Government in the Constitution.

As a merchant, I feel that a man in business who advertises for customers to come to his store * * * and to make purchases from him cannot deny that customer, regardless of race, creed or color, the opportunity to purchase in any department of that store or business.

I have great respect for the Supreme Court as an institution, but I cannot believe that I display that respect by submitting abjectly to abuses of power by the Court and by condoning its uncontitutional trespass into the legislative sphere of government.

Despite the recent holding of the Supreme Court, I am firmly convinced not only that integrated schools are not required but that the Constitution does not permit any interference whatsoever by the Federal Government in the field of education.

It may be just or wise or expedient for Negro children to attend the same schools as white children, but they do not have a civil right to do so which is proteced by the Federal Constitution or which is enforceable by the Federal Government.

ON BIG GOVERNMENT

We don't need the Federal Government wet-nursing Americans from the time they are born to the time they die. We need Americans who will take care of America so the Government never needs to worry about the people—the welfare of the people.

The Government must begin to withdraw from a whole series of programs that are outside its constitutional mandate—from social-welfare programs, education, public power, agriculture, public housing, urban renewal and all other activities that can be better performed by lower levels of government or by private institutions or by individuals. I do not suggest that the Federal Government drop all of these programs overnight. But I do suggest that we establish by law a rigid timetable for a staged withdrawal.

If we take from a man the personal responsibility for caring for his material needs, we take from him also the will and opportunity to be free.

ON FOREIGN POLICY

We should withdraw diplomatic recognition from all Communist governments, including that of the Soviet Union.

The Republican Party should announce that victory is our goal in the cold war—not just ending it.

We should make it clear in the most explicit terms that Communist governments are not tolerated in this hemisphere—and that the Castro regime, being such a government, will be eliminated * * * I think we can operate an effective economic blockade of Cuba and I think we can do it at no risk of war.

In nearly every case where we have called upon the United Nations to do our thinking for us * * * we have been a less effective foe of communism than we otherwise might have been.

Our present policy of not recognizing Red China is eminently right, and the reasons behind that policy apply equally to the Soviet Union and its European satellites.

ON EDUCATION

Federal aid to education inevitably means Federal control of education.

It is evident * * * that increased school expenditures have more than kept pace with increased school needs.

What could be more ludicrous than the idea that the problem of the quality of education in this country can be solved merely by appropriating very large sums, so we can build bigger and more elaborate facilities?

ON AGRICULTURE

I think we have to arrange some kind of a program that will gradually get the farmer

out from under the control of Government and subsidies. I don't know how long that would take. I am certain that it would be a terrific economic shock if we dropped it tomorrow. It might take 3 or 4 or 5 years but, at the end of that time, the 30 percent of agriculture which is now under Government would be under the law of supply and demand.

I would start down the hill on agricultural payments. I would stop the $7 billion dollars a year and start getting down to, let's say, $1 billion a year.

I cannot conceive of a more absurd and self-defeating policy than one which subsidizes nonproduction.

The only way to persuade farmers to enter other fields of endeavor is to stop paying inefficient farmers for produce that cannot be sold at free-market prices.

ON SOCIAL SECURITY AND MEDICARE

I'll say here that social security is a part of our American life. I wish that, when they framed it, they would have made it voluntary. If a man wants it, fine; if he doesn't, he doesn't have to take it. But this compulsion—you have to do it—is one of the denials of the freedoms that is very dangerous in this country, because it can be extended.

Anyway it is put, the plan * * * for aid to the aged is socialized medicine. What is voluntary about a plan that would entail the participation of every taxpayer whether he wants to or not? What is free about a plan which has the Federal Government intervening in anyway at all? Where in the Constitution is the Federal Government given the right to become a Federal doctor?

## INTEREST EQUALIZATION TAX

Mr. INOUYE. Mr. President, I desire to make a statement on the interest equalization tax measure, which was recently introduced as H.R. 8000. Since the President of the United States delivered a message to Congress on this subject on July 18, I have given much thought to this proposal. As of now, I have some reservations as to the appropriateness of such a tax at this time.

I am fully aware of the administration's concern over the lagging rate of our economic growth and over the persisting high rate of unemployment. I also share the anxieties connected with the adverse international balance of payments and its effects on our domestic economy. The outflow of gold must be stabilized and our foreign trade expanded. I therefore do not argue with the basic objectives of the administration's efforts in this proposal. I do, however, question the means of trying to achieve the goals we all seek.

In the Trade Expansion Act of 1962 and in all subsequent major public pronouncements, we have correctly advertised to the world our national policy of encouraging freer trade—not only in goods and services but also in the international flow of capital. We have urged other countries to join us in reducing or eliminating the restrictive barriers, and we have made much headway with the enlightened cooperation of our trading allies. Private business groups, too, have contributed much to the development of a proper climate for more trade and freer trade.

However, the proposed interest equalization tax runs directly counter to the basic national policies we laid down in the Trade Expansion Act of 1962. This tax is intended to further restrict, not to encourage, the free flow of capital in the international money market. This is a negative tax and a negative approach to solving our continuing deficit in the international balance of payments. I am perfectly aware of the distinctions made in the President's message between longrun objectives and shortrun expediencies. This tax is proposed as a stopgap measure until the end of 1965—until our deficit position has been rectified. I know, too, that other restrictive measures have already been taken, such as tying foreign aid to American procurement. We are about to consider further restrictions on imports from the European Common Market.

At this point I am concerned with the increasing use of shortrun expediencies which can, if left unchecked, severely undermine our stated longrun objectives of expanding our foreign trade while strengthening our political alliances.

It is easy for an ostrich to stick its head in the sand, to ignore our deficits and the outflow of gold. Let us not lose sight of the principles and goals we so nobly expressed only a short time ago by becoming mired down in shortrun expediences—going in the opposite direction. I say in all sincerity and humility that we should accentuate the positive and deemphasize the negative in our attempts to move our economy forward and balance our international accounts.

Let us look at the positive side:

First. It is generally agreed that the only true way to prevent the outflow of private capital abroad is to make investments within our country more attractive. The incentives to private investments in our domestic economy must be further strengthened. Only last year, as a first step, we made favorable revisions of depreciation rules, permitting business savings of over $2 billion a year in taxes and significantly increased the net return on capital investments in this country. The major tax revision program submitted by the President in January contains other significant lifts to investment incentives. Cutting down the corporate income tax rate from 52 to 47 percent is intended to cut corporate tax liabilities by over $2.5 billion a year. Reduction in individual income tax rates, especially in the upper brackets, also intends to spur investments. Increased consumption expenditures also create the demand for investments.

Let me emphasize at this point that I am for the President's tax program of making investment in America more attractive and more competitive with foreign securities. This is a positive program. Over the long run, only a dynamic domestic economy can attract and utilize the volume of savings generated in our affluent society. I believe that the President's major tax revision program should be given top priority in this session of Congress.

Second. I also support two other positive programs recently submitted by the administration aimed at improving our balance-of-payments deficits: (a) The Department of Commerce has advocated a vigorous program to promote American products abroad and providing ample facilities for export financing fully comparable to those available in other industrialized countries. I think this is a good positive program and should be adopted; and (b) the U.S. Travel Service should likewise be strengthened to draw more tourists from abroad. Last year about two-thirds of our deficit in our international balance of payments was accounted for by American tourists going abroad—far more than our net outflow of private capital. Here again is a positive program we have not even begun to exploit.

Third. I find some comfort in noting that the term "deficit" as used in connection with the balance-of-payments problem has a positive side as well as a negative side. When we invest abroad, this is recorded as a minus or as contributing to our deficit—at least in the short run. Indeed, equating "investment" with "deficit" is strange usage of these words. Secretary of the Treasury Mr. Dillon recently testified before the Joint Economic Committee and said:

> Today, the aggregate value of private investment holdings abroad by Americans total over $60 billions. Nearly two-thirds represents direct investment in foreign enterprises—the kind of investments which can be expected to yield a steady increase in earnings over the years ahead. The increase in these private assets since the end of 1949, when our long series of deficits began, has roughly matched our loss of gold and the rise in foreign claims on the United States.

One of the most encouraging items in the U.S. balance of payments is the steadily rising return we are getting from our private investments abroad. From $2.87 billions in 1960, this climbed to $3.85 billions in 1962. It exceeded $1 billion in the first quarter of 1963 alone and is "one reflection of the basic strength of our international investment position" according to Mr. Dillon. "Deficits" that are incurred through Americans investing abroad, therefore, cannot be put in the same category as American tourist expenditures.

Fourth. While we are all eager to reduce our deficit in the international balance of payments as quickly as possible, I feel we can afford to be a little more patient. I say this as the impression gathered from reading the experts is that the tide is beginning to flow in our favor. The peak of American private investments in Western Europe accompanied by a heavy outflow of gold to Europe is now behind us. The point of diminishing returns has definitely set in. With near full employment, price levels have increased faster abroad and upward cost pressures remain strong. If we can maintain a reasonably stable price level and push through needed tax revisions, the prospects seem good that we can ride with this tide to correct our adverse balances without leaning on crutches of expediencies. Reviving the economic health of our country without inflation can do more to strengthen our international financial position than reverting to temporary, stopgap protectionism.

While emphasizing the positive aspects of our attempts to rectify our adverse international balance-of-payments deficits, I am not ignoring the dangers

we court in reverting to protectionist policies, even in the short run. There are also some doubts on the effectiveness of the proposed interest equalization tax in achieving the modest goals it seeks. I raise these questions and doubts before we decide whether to take this step, even on an interim basis: (a) In the last few years, we have made much progress in our longrun objective of gradually reducing the barriers to freer trade with our allies. Through a series of high level conferences, both public and private, we have begun to develop the kind of confidence conducive to the expansion of international trade. Has this confidence been seriously undermined, especially with our two best customers, Canada and Japan? and (b) purchases of foreign securities by Americans are a very small part of some $50 to $60 billions of loanable funds generated in our economy. We appear to lack confidence on our own ability to compete for our own funds as we set up artificial barriers. Will our recognized position as the world banker be further undermined? (c) according to our Treasury Department, the purchase of new issues of foreign securities in the United States by our residents amounted to $1,076 millions in 1962. Of this, Canada accounted for $457 millions, or 42 percent. The preliminary figures for the first half of 1963 indicate a much larger share for Canada. Despite this flow of capital from the United States, Canada has been experiencing serious balance-of-payments difficulties and her unemployment rate ran well above ours in the last 5 years. Can we afford the risk of further upsetting the very delicate Canadian economy? If not, can we exempt Canada, the biggest borrower, and still apply the tax to all the other nations whose combined offerings of new securities will be less than that of Canada this year? (d) even as applied to Japan, another large borrower, there is some doubt that the actual borrowing will be decreased to any substantial extent. Will the interest differential be sufficiently narrowed to discourage American investors? and (e) direct foreign investments will be exempt from this tax. While it is true that this type of investment has been decreasing over the last few years, it still remains quite substantial. As direct investments abroad are made primarily by business firms, would not the outflow of this type of capital have a greater effect in lessening employment opportunities within our own country? Should we not then consider equally stiff or stiffer taxes on direct foreign investment if we are to carry through with a tax on foreign securities bought by Americans?

Several other questions may be raised on the wisdom and effectiveness of this proposed tax at this time. I would like to conclude by restating my basic confidence in our ability to invigorate our own domestic economy. With additional investment incentives, I have every reason to believe that our own securities can be made more attractive to our own investors. There are signs that the tide in the international balance of payments is beginning to run in our favor. By accentuating the positive programs, we may very well attain the desired equilibrium while promoting the principle of greater freedom in the flow of goods, services, peoples as well as capital among the free nations of the world.

In conclusion, I express my appreciation to Mr. Charles Bischoff, of Stanford University, and now of the Massachusetts Institute of Technology, who provided excellent research aid for me and my staff in this, as well as in other statements and testimonies.

I also ask unanimous consent to have Gov. John Burns' statement against H.R. 8000 printed at this point in the RECORD.

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

STATEMENT BY JOHN A. BURNS, GOVERNOR, STATE OF HAWAII, IN OPPOSITION TO H.R. 8000

The President's special message to Congress last month on the Nation's balance of payments was an extremely able and perceptive statement of the problem. All Americans should be aware of the necessity of balancing our international payments and receipts without weakening our domestic economy and foregoing the goal of full employment.

The President has set forth a program to accomplish this task by expanding our exports, encouraging foreign tourist travel to this country, and reducing our Federal expenditures abroad. It is a program designed to stanch the Nation's gold outflow and earn for us the time necessary to build up our national resistance to payments imbalances through the improvement of our international competitive position. With the exception of the so-called "interest equalization" tax, I believe the measures set forth by the President are well conceived and should be carried out.

However, I believe H.R. 8000 is inconsistent with other parts of the President's program, as set forth in his message to you. By levying a tax on foreign securities sold in this country—15 percent in the case of equity investments and a graduated scale up to 15 percent in the case of debt securities—we are inviting retaliatory measures from other countries, which could frustrate our efforts to expand our exports and encourage foreign travel to our shores.

Let me take the case of Japan, because it is a country with close ties to my State. In 1961—the last year for which we have figures—Japan-Hawaii trade was more than $20 million in commodities alone. Tourist travel and sale of securities would raise that figure substantially. True, this trade was imbalanced—$14 million worth of Japanese exports to Hawaii and $6 million worth of imports from Hawaii. But we in Hawaii had been looking forward to a dramatic reversal in this trend next year when travel restrictions were to be eased; now the outlook is less certain. According to the Hawaii Visitors Bureau, in the 12 months following the relaxation of the present currency restrictions imposed by the Japanese Government, Hawaii could have conservatively anticipated playing host to 50,000 visitors spending an average of $150 each. This alone would have wiped out the 1961 deficit in our trade with Japan.

When Japan signed an agreement to join the Organization for Economic Cooperation and Development, its Government agreed that effective July 1, 1964, its citizens would be allowed to take out of the country $500 per person per year in excess of transportation costs. Although Japan may not repudiate this agreement, she might very well take other steps—such as visa restrictions—to negate its effects, at least in relation to the United States. For make no mistake about it, gentlemen, this measure before your committee will hit Japan hard. Through May this year, 90 percent of the $125.5 million of foreign securities came from the United States, according to Yamaichi Securities Co. An official of the firm has predicted the tax, if enacted, could mean a loss to Japan of $200 million worth of security sales in the United States this year.

The mere announcement of the tax triggered the sharpest drop in the Japanese stock market since the end of World War II—a 20 percent decline. The news immediately sent the country's foreign minister to Washington, and Japan's Finance Minister announced that the proposed tax would have a great effect on his country's balance of payments. He said it would mean a reexamination of Japan's international monetary and trade policies.

We in Hawaii can be expected to feel the full brunt of such changes.

Tourism is a key sector of our State's economy—and our most promising growth industry. The Far East in general and Japan in particular represent a whole, new, untapped market for that industry. Hawaii is prepared to do its part in the national program to stimulate foreign travel to the United States, but we believe that H.R. 8000 will complicate this effort.

It also may represent a setback in our attempts to sell more Hawaiian pineapple products to Japan, which recently has eased its tariff restrictions on them and increased its dollar allocation for their purchase. In 1960, Hawaii sold only 600 cases of canned pineapple to Japan. The figure doubled in 1961. Last year we sold 23,800 cases, and in the first quarter of this year, we sold 25,900 cases. The industry is anxious to increase its sales to Japan because that country imported 1.1 million cases of canned pineapple last year.

Finally, H.R. 8000 would have a severe effect on the 10,000 residents of Hawaii who now own more than $20 million of Japanese securities. The 20 percent decline in the Tokyo market cost them an estimated $5 million.

Returning to the national picture, it should be noted that U.S. investment in foreign securities is not a one-way street. In addition to the $1 billion of foreign capital invested in the United States in 1962, Americans received $800 million in interest and dividends on their foreign securities. The $124 million worth of Japanese securities purchased by U.S. citizens last year compares with $516 million worth of machinery bought by Japanese businessmen in the United States.

Quite aside from its probable effects upon my State, gentlemen, I am opposed to H.R. 8000 because I believe that it is inconsistent with our national foreign policy objectives and would do more harm than good. Authorities on the subject say the tax will affect only an infinitesimal amount of our payments deficit, which is running at more than $3 billion a year. I am convinced it will simply drive away the better credit risk borrowers who can get their money elsewhere, leaving the market to the borrowers who will pay anything for their money just so long as they get it.

It is directly contrary to the policy of free world trade and free capital exchange. It would threaten our position as leader in free world finance because it represents a unilateral barrier to international monetary movements.

Gentlemen, I recently returned from Japan. There I saw for myself what we have all read concerning that country: That its economic strides are far and away the most impressive in all Asia and its advances since the end of World War II eclipse even those of West Germany. Japan is the strongest bulwark against communism in the Far East because its economic performance has refuted Communist dogma. The lesson of Ja-

pan has been recognized elsewhere in Asia, to the frustration of Communist imperialism.

But Japan is an island nation, just as Hawaii is an island State; we both live by exports. As a rapidly developing industrial nation, Japan needs expanding markets for manufactured goods. In turn, that country is a widening market for imports of both goods and capital. Japan knows it cannot step up its sales overseas without dismantling protective barriers at home.

Fortune magazine, in its July issue, makes the point that "in this acknowledged quid pro quo lies new opportunity for U.S. businessmen." The article concludes: "There is great growth potential for all industrial capitalist nations in an integration of Japan into the free world economic system. And the system itself will be importantly fortified if Japan, its principal outpost in Asia, prospers for all to see."

I agree with this conclusion, and I believe that in the case of Japan alone, H.R. 8000 can be seen as a temporary expedient of dubious value which can have unfavorable effects on our Nation's long-range goals, including those directed toward balancing our international accounts.

The proposal of the President embodied in H.R. 8000 was unquestionably thoroughly considered before being proposed. We believe that we have briefly set forth the basis for a determination that in the case of our friend and neighbor Japan, as in the case of Canada, more harm than good would result. The President's proposal may be applicable and beneficial in many other areas. Of this we have very limited knowledge. We do have knowledge in this one instance. It is respectfully recommended that should H.R. 8000 be deemed beneficial in the wisdom of the committee that Japan be exempted entirely or specially treated.

## ST. JOHN FISHER COLLEGE HOST TO UNPRECEDENTED MEETING OF CHURCH LEADERS

Mr. KEATING. Mr. President, it is with considerable pride that I invite attention to a unique and important gathering of church leaders which recently occurred at St. John Fisher College, in my home city of Rochester, N.Y. There a reception and luncheon were tendered to the leaders of the World Council of Churches by this outstanding Catholic institution. In all, some 50 world Protestant and Eastern Orthodox Church leaders, including four of the six presidents of the world council and Metropolitan Nikodim of the Russian Orthodox Church, took part in the gathering.

In welcoming the guests to the reception, the Very Reverend Monsignor Charles J. Lavery, head of the college, stated that:

> Unity has today become the great hope, not only on a national and international level, but also on the level of the spirit.

Mr. President, meetings such as this emphasize the common spiritual basis of all our major faiths. This was the first time a Roman Catholic institution had been host to delegates at a world council meeting, but I am confident that it will not be the last. Communication is essential to understanding and mutual confidence, and meetings such as this are a wonderful omen for all mankind.

I commend Monsignor Lavery for his initiative in arranging this reception. It is typical of many magnificent activities he has undertaken during his brilliant service as head of St. John Fisher College. All of us, regardless of our particular denominations, are indebted to him for the great service he has performed in cementing the bonds of love and peace which unite all believers.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an interesting article entitled "Catholics Honor Heads of Two Faiths," written by George Dugan, and published in the New York Times of September 2, 1963.

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

CATHOLICS HONOR HEADS OF 2 FAITHS—50 PROTESTANT AND EASTERN ORTHODOX CHIEFS AT FETE

(By George Dugan)

ROCHESTER, September 1.—Fifty world Protestant and Eastern Orthodox leaders were feted here today by a Roman Catholic institution.

The occasion was a reception and luncheon tendered to leaders of the World Council of Churches by St. John Fisher College. The college school is administered by the Basilian Fathers.

Council spokesmen said it was the first time so many highly placed Protestant and Eastern Orthodox leaders had joined with Catholics at a public function.

The guests included four of the six presidents of the World Council and Metropolitan Nikodim of the Russian Orthodox Church.

After the meal the Russian prelate and Archpriest Vitaly Borovoy of Leningrad chanted a blessing of thanksgiving in their native tongue. Metropolitan Nikodim then added in Latin, "Pax vobiscum" (Peace be with you").

STRESSES CHANGE

Before the luncheon grace was offered by the Right Reverend R. David Say, Anglican bishop of Rochester, England.

The Reverend Charles J. Lavery, head of the college, welcomed the guests. He reminded them that "as religious groups we are living in a greatly changed atmosphere."

"We look forward with confidence to the tasks we must undertake together," he said. "Unity has today become the great hope, not only on a national and international level, but also on the level of the spirit.

"Our mutual goal is union with God through love and union with others through a true love because of God.

"As this love grows through the power of the Holy Spirit, then the soil is prepared for us sincerely to join Christ in His prayer to the Father that we may all be one in them."

The Reverend Dr. Ernest A. Payne, general secretary of the Baptist Union of Britain and Ireland and vice chairman of the world council's policymaking central committee, also spoke. The committee is in session here.

HAILS LATE POPE

Dr. Payne described the fete as "unique." He paid warm tribute to the late Pope John XXIII.

He promised his hosts that the council's prayers would be directed at the Second Vatican Council when it reconvenes in Rome on September 29.

The four council presidents who attended the luncheon were:

The Reverend Dr. Martin Niemoeller, of the Evangelical Church in Germany, Sir Francis Ibiam, Governor of Eastern Nigeria, and a Presbyterian; the Reverend Dr. David G. Moses, member of the United Church of Northern India and president of Hislop College, Nagpur, and Charles Parlin, Methodist layman from New York.

The two other council presidents, the Most Reverend Arthur Michael Ramsey, archbishop of Canterbury, and Archbishop Iakovos, head of the Greek Orthodox Church in North and South America, were out of the city.

The two official Catholic observers at the council meeting also attended. They were the Reverend Gustav Weigel, a Jesuit, and the Reverend John B. Sheerin, a Paulist.

Other guests included:

The Reverend Dr. Franklin Clark Fry, president of the United Lutheran Church in America; Bishop Hans Lilje, of the Evangelical Church in Germany; the Right Reverend John Sadiq, bishop of Nagpur in the Church of India, Pakistan, Burma, and Ceylon; the Reverend Dr. W. A. Visser 't Hooft, general secertary of the world council, and Msgr. James C. McAniff, vicar general of the Roman Catholic diocese of Rochester.

## SAMPLE STUDY OF SOVIET TREATY PRACTICES

Mr. GOLDWATER. Mr. President, in recent weeks during discussion of the proposed nuclear test ban treaty, attention has been focused on the Soviet Union's history of treaty and agreement violations. I suggest that this pattern on the part of Communist Russia is significant and is certainly an important factor in connection with the Senate's consideration of the proposed treaty. Dr. F. G. Lassner, of the Hoover Institution, at Stanford University, has prepared what he calls a Sample Study of Soviet Treaty Practices. In this study Dr. Lassner makes clear the point that the Soviets honor treaties only so long as it is to their advantage to do so. To quote Dr. Lassner:

> Treaties of strategic significance habitually have been violated by the U.S.S.R. whenever violation was in accord with the requirements of Soviet strategic operations.

Mr. President, I feel that this study by Dr. Lassner will be of particular interest to all my Senate colleagues; therefore, I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

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

SAMPLE STUDY OF SOVIET TREATY PRACTICES

(By Dr. F. G. Lassner, Hoover Institution, Stanford University)

The following is a short study of selected Soviet treaty practices. It is not based on a comprehensive listing of all treaties; nor does this study contribute a complete analysis of how treaties fared at the hands of the Kremlin. However, a large enough sample of treaties was examined to permit a number of broad conclusions.

Economic treaties, in general, are being observed by the U.S.S.R. This is so because treaties of this sort operate to the advantage of the U.S.S.R., and because many of them are drawn with Communist-bloc states, i.e. they are treaties within the same political entity. But where trade agreements conflict with the immediate political interests of the U.S.S.R., they are wholly or partially voided (viz. treaties with such dissident satellites as Albania, China, Yugoslavia, etc.).

Many treaties signed by the U.S.S.R. especially at the end of World War II, called for "free elections," or plebiscites. The U.S.S.R. presumably expected Communist and affiliated parties to win elections in Eastern Europe. When this hope was disappointed, despite systematic attempts to bring about electoral victories by skulduggery (e.g.

outlawing of certain parties), political warfare and insurrectional methods were used to seize political power.

Treaties of strategic significance habitually have been violated by the U.S.S.R. whenever violation was in accord with the requirements of Soviet strategic operations. This will become apparent by reading, for example, the attached list of violated and observed nonaggression and friendship treaties.

Duplicity treaties sometimes are drawn by the U.S.S.R. when this suits the Communist strategic interest. An example is an agreement of October 8, 1939, in which the U.S.S.R. agreed with Germany on the division of Lithuania. A treaty between the U.S.S.R. and Lithuania concerning mutual assistance and other matters was signed—as a deception—just 2 days later, on October 10, 1939.

The U.S.S.R., on occasion, attempts to play off one country against another through the negotiation or drawing of treaties, of which one set tends to be deceptive. In 1922, the U.S.S.R. negotiated with the Western powers, only to sign the Treaty of Rapallo with Germany. In 1939, extensive discussions with France and England on mutual security were terminated through the signing of the Nazi-Soviet pact. Agreements made in 1939 with Nazi Germany on the division of Poland were annulled 2 years later by treaty with the Polish government-in-exile; in addition, the U.S.S.R. shortly thereafter drew agreements, which were not mutually compatible with two different Polish exile governments. As another example, the U.S.S.R. was anxious to obtain recognition by the United States in 1933 because of the rise of Hitler. In 1939, however, as a result of the Nazi-Soviet pact, the attitude of the U.S.S.R. became hostile to the United States and in some measure contributed to the Japanese aggression at Pearl Harbor.

The U.S.S.R. has signed agreements which have a purpose that differs from the objects stated in the treaty. The U.S.S.R., for example, joined the United Nations for many reasons connected with their strategy of revolution, but not for the humanitarian reasons stated in the U.N. Charter. Also, economic treaties with non-Communist states often have been made for purposes of penetration, and not to enhance the economic development of the treaty partner.

In summary, it may be concluded that in the Soviet scheme, treaties are a tool either to solve some practical problem (Danube River navigation or International Postal Union treaties) or, more importantly, to further the offensive-defensive strategy of the U.S.S.R. More often than not, treaties are concluded with a particular country whose assent or benevolent neutrality is needed to carry out a particular strategic operation, or else the treaty partner is itself the intended victim or target, of Soviet direct or indirect attack.

SOME CATEGORIES OF TREATIES WHICH HABITUALLY ARE VIOLATED BY THE U.S.S.R

1. Treaties pertaining to repatriation and treatment of civilians and war prisoners. A whole series of such treaties was made after World War II. Examples are:

Joint declaration by the U.S.S.R. and Japan concerning political relations, October 19, 1956 (provisions on repatriation of Japanese nationals).

Agreement concerning repatriation of Japanese prisoners of war and civilians from the U.S.S.R. and from territories under Soviet control, as well as Korean nationals from Japan to Soviet-occupied North Korea, with two annexes, December 19, 1946.

2. Treaties between the R.S.F.S.R. and certain bodies concerning establishment of autonomous republics within the R.S.F.S.R. Such autonomy on several occasions was unilaterally abrogated at a later date by the R.S.F.S.R.

3. Treaties of nonintervention. The U.S.S.R. frequently has violated such treaties outright, or has denied that activities in which it was engaged constituted an intervention within the meaning of the treaty. Intervention by the U.S.S.R. has consisted both of propaganda and political warfare, and of outright political or military activities. Examples are:

Exchange of notes between the U.S.S.R. and Rumania constituting an agreement concerning noninterference in each other's internal affairs, June 9, 1934.

Exchange of notes between the U.S.S.R. and Rumania constituting an agreement concerning noninterference in each other's internal affairs, July 23, 1934.

Exchange of notes between the U.S.S.R. and France concerning Soviet adherence to the principle of nonintervention in the Spanish civil war.

Joint declaration by the U.S.S.R. and Japan concerning political relations, October 19, 1956 (provisions on noninterference in internal affairs).

4. Treaties related to the International Labor Organization. U.S.S.R. has adhered to conventions on a variety of subjects: child labor, right to unionize, annual holidays with pay, freedom of association, etc. Some of these agreements were first drawn in the early 1920's. Examples are:

Convention concerning decrease of work hours to 40 hours per week (ILO convention No. 47) of 1937. U.S.S.R. ratified June 4, 1956.

Convention concerning slavery of 1926–53. U.S.S.R. ratified August 1956. Several supplementary conventions of 1956 on abolition of slavery and slave trade "and institutions and practices similar to slavery" ratified by the U.S.S.R.

Convention concerning equal remuneration for men and women workers for work of equal value (ILO convention No. 100), ratified by the U.S.S.R. on April 4, 1956.

Convention concerning forced or compulsory labor (ILO convention No. 29) of 1930/1946. U.S.S.R. ratified June 4, 1956.

5. Treaties pertaining to the control of narcotics. These are violated by the U.S.S.R. through proxies (China, Cuba). Examples are:

International Opium Convention, with annex and protocol, February 19, 1925. Soviet adherence October 31, 1935.

Convention for limiting the manufacturing and regulating the distribution of narcotic drugs, with protocol of signature, July 31, 1931. Soviet adherence October 31, 1935.

Protocol amending the agreements, conventions, and protocols on narcotic drugs concluded 1912, 1925, 1931, 1936, December 11, 1946.

6. Treaties establishing certain rules or regulations, or prohibiting certain practices. These either have been or are being violated by the U.S.S.R.; they are antithetical to Soviet custom and observation of such agreements cannot be expected. The U.S.S.R. was not a signatory to some of these treaties before World War II, and went out of its way to act contrary to the spirit of many of the provisions. Examples are:

Geneva convention concerning the treatment of prisoners of war, with five annexes, 1949. Supersedes agreements of 1929.

Geneva convention concerning the protection of civilian persons in time of war, with three annexes, 1949.

Convention on the prevention and punishment of the crime of genocide, December 9, 1948.

Convention on the political rights of women, December 20, 1952, and March 31, 1953.

Recognition of the Hague conventions by the U.S.S.R., March 7, 1955.

International convention for suppression of counterfeiting currency, with protocol, April 20, 1929.

Convention on forced labor, June 28, 1930.

7. Armistice agreements and/or peace treaties after World War II contained many provisions violated by the U.S.S.R., especially in treaties with the present satellite countries. The U.S.S.R. also hampered allied control commissions in carrying out their assignments. Examples of such provisions are: Free elections, noninterference in internal affairs, inspections, etc.

8. Some miscellaneous agreements wholly or partially violated by the U.S.S.R.:

Exchange of notes between the U.S.S.R. and the United States concerning establishment of diplomatic relations, with related documents. November 16, 1933. (Some provisions of this agreement, especially those in which signatories promise to refrain from certain activities, have been violated.)

Joint declaration by the U.S.S.R. and Japan pledging respect for the territorial integrity and inviolability of Manchukuo and the Mongolian Peoples Republic, April 13, 1941.

Agreement between the U.S.S.R. and the United Kingdom providing for limitation of naval armament and exchange of information concerning naval construction, with protocol of signature, July 17, 1937. Modification July 6, 1938. (U.S.S.R. never exchanged any information.)

November 16, 1937: (1) Convention for creation of an International Criminal Court, and (2) convention for prevention and punishment of terrorism.

Convention concerning privileges and immunities of the United Nations, February 13, 1946—U.S.S.R. accession September 22, 1953 (agreements on duties and privileges of diplomats frequently are violated by the U.S.S.R.).

Kellogg-Briand Pact. Treaty of Paris, signed August 27, 1928. Renunciation of war. Protocol concerning entry into force of the general treaty of August 27, 1928, for renunciation of war as an instrument of national policy (Litvinov Protocol). February 9, 1929, U.S.S.R.—Estonia, Latvia, Poland, Rumania—later Lithuania, Danzig, Persia.

Commercial treaties with Albania and China have been abrogated by the U.S.S.R. to a greater or lesser degree as a result of the political disagreements with these countries.

Agreements between the U.S.S.R. and the United States regarding return of lend-lease naval vessels.

Agreements between the U.S.S.R. and other Allied Powers on establishment of provisional government, holding of elections, etc., in Korea.

Agreement by the Allied Control Council for Germany concerning establishment of three corridors for aid travel between Berlin and West Germany, November 30, 1945.

NEUTRALITY, FRIENDSHIP, MUTUAL ASSISTANCE, AND NONAGGRESSION TREATIES BETWEEN THE U.S.S.R. AND OTHER COUNTRIES

Where the U.S.S.R. had a strategic goal or some immediate or long-range political objective, these have been violated. When this was not the case, if the other contracting party was geographically removed from the U.S.S.R., or where treaties were drawn with other Communist states, the treaties in general have been observed.

*Not violated*

Treaty of friendship and neutrality between the U.S.S.R. and Turkey, with three protocols, December 17, 1925.

Treaty of neutrality and nonaggression between the U.S.S.R. and Germany, with exchange of notes, April 24, 1926. Extended 1931.

Treaty of neutrality and nonaggression between the U.S.S.R. and Afghanistan, with final protocol, August 31, 1926. Extended 1931, 1936, and 1955.

Treaty of friendship, nonaggression, and neutrality between the U.S.S.R. and Italy, September 2, 1933.

Gentlemen's agreement between the U.S.S.R. and the Mongolian People's Republic concerning mutual aid in case of attack by a third party, November 27, 1934.

Protocol of mutual assistance between the U.S.S.R. and the Mongolian People's Republic, March 12, 1936. Converted into treaty of friendship and mutual assistance, February 27, 1946.

Treaty of nonaggression between the U.S.S.R. and Germany, August 23, 1939, and secret protocol concerning spheres of interest in eastern Europe.

Treaty of friendship, collaboration, and mutual assistance between the U.S.S.R. and Rumania, February 4, 1948.

Treaty of friendship, collaboration, and mutual assistance between the U.S.S.R. and Bulgaria, March 18, 1948.

Treaty of friendship, collaboration, and mutual assistance between the U.S.S.R. and Finland, April 6, 1948.

Treaty of friendship, alliance, and mutual assistance between the U.S.S.R. and the Chinese People's Republic, February 14, 1950.

Treaty of friendship, cooperation, and mutual assistance (Warsaw Pact), May 14, 1955. U.S.S.R., Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Rumania.

State Treaty for Austria, May 15, 1955, U.S.S.R., United Kingdom, United States, France, Austria. (Not an outright nonaggression treaty, but Austria's status guaranteed by U.S.S.R.)

*Violated*

(NOTE.—The nonaggression pacts with the three Baltic countries were violated by the U.S.S.R. when the latter, in June of 1940, sent each country an ultimatum demanding formation of a new government and the entrance of Soviet troops into major cities.)

Treaty of friendship between the U.S.S.R. and Tannu-Tuva, August 1926 (included reciprocal recognition of independence). U.S.S.R. later annexed.

Treaty of nonaggression between the U.S.S.R. and Lithuania, with two exchanges of notes, September 28, 1926. Extended 1931, 1934, reaffirmed by treaty of October 10, 1939.

Convention between the U.S.S.R. and Lithuania concerning the definition of aggression, with annex, July 5, 1933.

Treaty of nonaggression and neutrality between the U.S.S.R. and Latvia, March 9, 1927. Extended 1932 and 1934.

Treaty between the U.S.S.R. and Latvia on conciliation procedure, June 18, 1932.

Pact of mutual assistance between the U.S.S.R. and Latvia, October 5, 1939.

Treaty between the U.S.S.R. and Finland concerning nonaggression and the peaceful settlement of disputes, with protocol of signature January 21, 1932. (U.S.S.R. expelled from League of Nations for violating this treaty.) Extended 1934.

Convention between the U.S.S.R. and Finland concerning conciliation procedure, April 22, 1932.

Treaty between the U.S.S.R. and Finland concerning friendship, cooperation, and mutual assistance. April 6, 1947. Extended 1955.

Treaty between the U.S.S.R. and Estonia concerning nonaggression and the peaceful settlement of disputes, May 4, 1932. Extended 1934.

Convention between the U.S.S.R. and Estonia concerning conciliation procedure, June 16, 1932.

Pact of mutual assistance between the U.S.S.R. and Estonia, September 28, 1939.

Treaty of nonaggression between the U.S.S.R. and Poland, with two protocols of signature, July 25, 1932. Extended 1934.

Convention between the U.S.S.R. and Poland concerning conciliation procedure, November 23, 1932.

Joint communique by the U.S.S.R. and Poland concerning diplomatic and commercial relations, November 26, 1938. Confirms 1932 nonaggression treaty.

Note from U.S.S.R. to Poland abrogating existing treaties between the U.S.S.R. and Poland, September 17, 1939. Reason: Polish Government has "ceased to exist". Followed by joint declaration of friendship and mutual aid by the U.S.S.R. and the Polish Government-in-Exile, December 4, 1941.

Treaty of nonaggression between the U.S.S.R. anad France, November 29, 1932.

Convention between the U.S.S.R. and France, concerning conciliation procedure, November 29, 1932.

Treaty of mutual assistance between the U.S.S.R. and France, with protocol of signature. May 2, 1935.

(NOTE.—The nonaggression pact was certainly violated in spirit through the Russo-German pact of 1939; and the mutual assistance pact was violated outright by the Russo-German pact of 1939.)

Treaty of mutual assistance between the U.S.S.R. and Czechoslovakia, with protocol of signature, May 16, 1935.

Treaty of friendship, mutual assistance, and postwar collaboration between the U.S.S.R. and the Czechoslovakian Government-in-Exile, with protocol, December 12, 1943.

Treaty of friendship, mutual assistance, and postwar collaboration between the U.S.S.R. and Yugoslavia, April 11, 1945. (Denounced by the U.S.S.R. September 28, 1949; in October, Yugoslavia accused the U.S.S.R. of having broken the treaty. Most commercial treaties between the U.S.S.R. and Yugoslavia violated by the U.S.S.R. after the break in relations.)

Treaty between the U.S.S.R. and the United Kingdom concerning alliance in the war against Germany and collaboration and mutual assistance after the war, May 26, 1942. Annulled by U.S.S.R. on May 7, 1955.

Treaty of alliance and mutual assistance between the U.S.S.R. and the French Provisional Government, December 19, 1944 (annulled by U.S.S.R. May 7, 1955).

Pact of neutrality between the U.S.S.R. and Japan, April 13, 1941 (denounced by U.S.S.R. on April 5, 1945).

Treaty of friendship, collaboration, and mutual assistance between the U.S.S.R. and Hungary, February 18, 1948 (violated as a result of Soviet actions in Hungary in 1956).

Treaty of nonaggression between the U.S.S.R. and China, August 21, 1937.

Agreement concerning the evacuation of Soviet forces from Chinese territory after the capitulation of Japan, July 11, 1945.

Treaty of friendship and alliance between the U.S.S.R. and China, August 14, 1945 (annulled by exchange of notes of February 14, 1950 between the U.S.S.R. and the Chinese People's Republic. Declared null and void by Government of Republic of China on February 25, 1953—the General Assembly of the U.N. accused the U.S.S.R. of violating this treaty).

Exchange of notes between the U.S.S.R. and China concerning relations between the U.S.S.R. and China, August 14, 1945. Supplements the above treaty. Some clauses violated by the U.S.S.R.

Exchange of notes between the U.S.S.R. and China concerning Outer Mongolia, August 14, 1945 (calls for a plebiscite).

Additional agreements made about the same time (about Darien, Port Arthur, etc.), violated by the U.S.S.R. in fact or in spirit.

Exchange of telegrams between the U.S.S.R. and the Chinese People's Republic concerning establishment of diplomatic relations, October 1, 1949. (On same day, the U.S.S.R. informed Nationalist diplomatic representative in Moscow that U.S.S.R. considered him to represent only the province of Canton, and would break off relations. This appears to be how the U.S.S.R. rid itself of treaty obligations with Nationalist China.)

## THE MARCH ON WASHINGTON

Mr. DOUGLAS. Mr. President, last Wednesday the city of Washington witnessed one of the most significant demonstrations in the history of our Republic. More than 200,000 Americans—both Negroes and whites—marched from the Washington Monument to the Lincoln Memorial. In perfect order and with great dignity and restraint, they marched to show their deep concern that equal civil rights should be accorded all American citizens, regardless of their race. This is the first task of our democracy. We should do this in order to be true to our religious faith. We should do it in order to make the 14th amendment a reality in all sections of our country.

I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, salient excerpts from the notable addresses delivered on that occasion, sketches of the 10 leaders of the march, and editorials on the march which have been published in a number of leading American newspapers.

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

[From the New York Times]

EXCERPTS FROM STATEMENTS AT LINCOLN MEMORIAL, AUGUST 28, 1963

MOST REV. PATRICK O'BOYLE, ARCHBISHOP OF WASHINGTON

*Invocation*

In the name of the Father and of the Son and of the Holy Ghost, amen.

Our Father, who art in heaven, we who are assembled here in a spirit of peace and in good faith dedicate ourselves and our hopes to You. We ask the fullness of Your blessing upon those who have gathered with us today, and upon all men and women of good will to whom the cause of justice and equality is sacred. We ask this blessing because we are convinced that in honoring all Your children, we show forth in our lives the love that You have given us.

Bless this Nation and all of its people. May the warmth of Your love replace the coldness that springs from prejudice and bitterness. Send in our midst the Holy Spirit to open the eyes of all to the great truth that all men are equal in Your sight. Let us understand that simple justice demands that the rights of all be honored by every man.

Give strength and wisdom to our President and Vice President. Enlighten and guide the Congress of these United States. May our judges in every court be heralds of justice and equity. Let just laws be administered without discrimination. See to it, we implore, that no man be so powerful as to be above the law, or so weak as to be deprived of its full protection.

We ask special blessing for those men and women who in sincerity and honesty have been leaders in the struggle for justice and harmony among races. As Moses of old, they have gone before their people to a land of promise. Let that promise quickly become a reality, so that the ideals of freedom, blessed alike by our religious faith and our heritage of democracy, will prevail in our land.

Finally, we ask that You consecrate to Your service all in this crusade who are dedicated to the principles of the Constitution of these United States. May we be sensitive to our duties toward others as we demand from them our rights. May we move forward

without bitterness, even when confronted with prejudice and discrimination.

May we shun violence, knowing that the meek shall inherit the earth. But may this meekness of manner be joined with courage and strength so that with Your help, O heavenly Father, and following the teaching of Christ, Your Son, we shall now and in the days to come live together as brothers in dignity, justice, charity, and peace. Amen.

REV. DR. EUGENE CARSON BLAKE, NATIONAL COUNCIL OF CHURCHES

I wish indeed that I were able to speak for all Protestant, Anglican and Orthodox Christians as I speak in behalf of full justice and freedom for all, born or living under the American flag.

But that is precisely the point. If all the members and all the ministers of the constituency I represent here today were ready to stand and march with you for jobs and freedom for the Negro community together with all the Roman Catholic Church and all of the synagogues in America, then the battle for full civil rights and dignity would be already won.

I do, however, in fact, officially represent the Commission on Religion and Race of the National Council of Churches.

For many year now the National Council of Churches and most of its constituent communions have said all the right things about civil rights. Our official pronouncements for years have clearly called for "a nonsegregated church in a nonsegregated society." But as of August 28, 1963, we have approved neither a nonsegregated church nor a nonsegregated society.

And it is partially because the churches of America have failed to put their own houses in order that 100 years after the Emancipation Proclamation, 175 years after the adoption of the Constitution, 173 years after the adoption of the Bill of Rights, the United States of America still faces a racial crisis.

We do not, therefore, come to this Lincoln Memorial in any arrogant spirit of moral or spiritual superiority to "set the Nation straight" or to judge or to denounce the American people in whole or in part.

Rather we come—late, late we come—in the reconciling and repentant spirit in which Abraham Lincoln of Illinois once replied to a delegation of morally arrogant churchmen. He said "Never say God is on our side, rather pray that we may be found on God's side."

We come in the fear of God that moved Thomas Jefferson of Virginia, whose memorial stands across the lagoon, once to say: "Indeed, I tremble for my country, when I reflect that God is just."

Yes, we come to march behind and with these amazingly able leaders of the Negro Americans. We come to present ourselves this day; our souls and bodies, to be "a living sacrifice, holy and acceptable to God, which is our reasonable service," in a kind of tangible and visible sacrament which alone in times like these can manifest to a troubled world the grace that is available at Communion table or high altar.

MATHEW AHMANN, CATHOLIC CONFERENCE FOR INTERRACIAL JUSTICE

Who can call himself a man, say he is created by God, and at the same time take part in a system of segregation which destroys the livelihood, the citizenship, family life and the very heart of the Negro citizens of the United States?

Who can call himself a man, and take part in a system of segregation which frightens the white man into denying what he knows to be right, into denying the law of his God?

The wind of the racial revolution has finally bent the reeds of the conscience of our people. Never before has the direction we must take been so clear. Yet, many bend before the winds of justice in confusion; the balance yet lies with the silent and fearful American.

It is he who sees the direction of the future dimly before his conscience, who must act, if a wholesome integrated community of Negro and white Americans is to be built without violence and without rending this country's spirit.

The United States of America is a country which produced the Marshall plan, helped resurrect the spirit and economy of Europe with great dedication and billions of dollars. We have come to the aid of the refugees of the world.

What man can say that this great country with its democratic ideals, its vital and resilient spirit, its sophisticated resources cannot bring an end to racial discrimination at home now, and within a decade or two end the other disabilities under which, for so long, so many Negro citizens have labored.

We dedicate ourselves today to secure Federal civil rights legislation which will guarantee every man a job based on his talents and training; legislation which will do away with the myth that the ownership of a public place of business carries the moral or legal right to reject a customer because of the color of his hair or of his skin.

We dedicate ourselves to guarantee by legislation that all American citizens have integrated education and the right to vote on reaching legal age.

We dedicate ourselves today to secure a minimum wage which will guarantee economic sufficiency to all American workers, and which will guarantee a man or a woman the resources for a vital and healthy family life, unencumbered by uncertainty, and by racial discrimination. A good job for every man is a just demand, and it becomes our motto.

But, we are gathered, too, to dedicate ourselves to building a people, a nation, a world which is free of the sin of discrimination based on race, creed, color or national origin; a world of the sons of God, equal in all important respects; a world dedicated to justice, and to fraternal bonds between men.

RABBI JOACHIM PRINZ, PRESIDENT OF AMERICAN JEWISH CONGRESS

I speak to you as an American Jew.

As Americans we share the profound concern of millions of people about the shame and disgrace of inequality and injustice which make a mockery of the great American idea.

As Jews we bring to the great demonstration, in which thousands of us proudly participate, a twofold experience—one of the spirit and one of our history.

In the realm of the spirit, our fathers taught us thousands of years ago that when God created man, he created him as everybody's neighbor. Neighbor is not a geographic term. It is a moral concept. It means our collective responsibility for the preservation of man's dignity and integrity.

From our Jewish historic experience of three and a half thousand years we say:

Our ancient history began with slavery and the yearning for freedom.

During the Middle Ages my people lived for a thousand years in the ghettos of Europe.

Our modern history begins with a proclamation of emancipation.

It is for these reasons that it is not merely sympathy and compassion for the black people of America that motivates us, it is above all and beyond all such sympathies and emotions a sense of complete identification and solidarity born of our own painful historic experience.

When I was the rabbi of the Jewish community in Berlin under the Hitler regime, I learned many things. The most important thing that I learned in my life and under those tragic circumstances is that bigotry and hatred are not the most urgent problem. The most urgent, the most disgraceful, the most shameful, and the most tragic problem is silence.

A great people which had created a great civilization had become a nation of silent onlookers. They remained silent in the face of hate, in the face of brutality and in the face of mass murder.

America must not become a nation of onlookers. America must not remain silent. Not merely black America, but all of America. It must speak up and act, from the President down to the humblest of us, and not for the sake of the Negro, not for the sake of the black community but for the sake of the image, the idea and the aspiration of America itself.

Our children, yours and mine in every school across the land, every morning pledge allegiance to the flag of the United States and to the Republic for which it stands and then they, the children, speak fervently and innocently of this land as a land of "liberty and justice for all."

The time, I believe, has come to work together—for it is not enough to hope together, and it is not enough to pray together—to work together that this children's oath—pronounced every morning from Maine to California, from North to South—that this oath will become a glorious, unshakable reality in a really renewed and united America.

A. PHILIP RANDOLPH, SLEEPING CAR PORTERS

We are gathered here in the largest demonstration in the history of this Nation. Let the Nation and the world know the meaning of our numbers. We are not a pressure group, we are not an organization or a group of organizations, we are not a mob. We are the advance guard of a massive morale revolution for jobs and freedom.

This revolution reverberates throughout the land touching every city, every town, every village where black men are segregated, oppressed and exploited.

But this civil rights revolution is not confined to the Negroes; nor is it confined to civil rights. Our white allies know that they cannot be free while we are not. And we know that we have no interest in a society in which 6 million black and white people are unemployed, and millions more live in poverty.

Nor is the goal of our civil rights revolution merely the passage of civil rights legislation.

Yes, we want all public accommodations open to all citizens, but those accommodations will mean little to those who cannot afford to use them.

*Backs school aid*

Yes, we want a Fair Employment Practice Act, but what good will it do if profits geared to automation destroy the jobs of millions of workers, black and white?

We want integrated public schools, but that means we also want Federal aid to education, all forms of education.

We want a free democratic society dedicated to the political, economic, and social advancement of man along moral lines.

Now, we know that real freedom will require many changes in the Nation's political and social philosophies and institutions. For one thing we must destroy the notion that Mrs. Murphy's property rights include the right to humiliate me because of the color of my skin.

The sanctity of private property takes second place to the sanctity of a human personality.

The plain and simple fact is that until we went into the streets the Federal Government was indifferent to our demands.

All who deplore our militants, who exhort patience in the name of a false peace, are in fact supporting segregation and exploitation. They would have social peace at the expense of social and racial justice. They

are more concerned with easing racial tensions than enforcing racial democracy.

The months and years ahead will bring new evidence of masses in motion for freedom. The march on Washington is not the climax to our struggle but a new beginning, not only for the Negro but for all Americans, for personal freedoms and a better life.

Look for the enemies of Medicare, of higher minimum wages, of social security, of Federal aid to education, and there you will find the enemy of the Negro, the coalition of Dixicrats and reactionary Republicans that seek to dominate the Congress.

We must develop strength in order that we may be able to back and support the civil rights program of President Kennedy.

We here, today are only the first wave. When we leave it will be to carry on the civil rights revolution home with us, into every nook and cranny of the land. And we shall return again, and again, to Washington in ever-growing numbers until total freedom is ours.

MRS. DAISY BATES, NAACP DIRECTOR

The women of this country, Mr. Randolph, pledge to you, to Martin Luther King, Roy Wilkins and all of you fighting for civil liberties, that we will join hands with you as women of this country.

We will kneel-in, we will sit-in, until we can eat in any counter in the United States. We will walk until we are free, until we can walk to any school and take our children to any school in the United States. And we will sit-in and we will kneel-in and we will lie-in if necessary until every Negro in America can vote. This we pledge you, the women of America.

WALTER P. REUTHER, AUTO WORKERS PRESIDENT

For 100 years the Negro has searched for first-class citizenship. I believe that they cannot and should not wait until some distant tomorrow—they should demand freedom now. Here and now.

It is the responsibility of every American to share the impatience of the Negro Americans. And we need to join together, to march together and to work together until we've bridged the moral gap between American democracy's noble promises and its ugly practices in the field of civil rights.

There is a lot of noble talk about brotherhood and then some Americans drop the brother and keep the hood.

To me, the civil rights question is a moral question which transcends partisan politics, and this rally today should be the first step in a total effort to mobilize the moral conscience of America and to ask the people in Congress of both parties to rise above their partisan differences and enact civil rights legislation now.

Now the President—President Kennedy—has offered a comprehensive and moderate bill. That bill is the first meaningful step. It needs to be strengthened. It needs FEPC and other stronger provisions. And the job question is crucial; because we will not solve education or housing or public accommodations as long as millions of American Negroes are treated as second-class economic citizens and denied jobs.

I am for civil rights, as a matter of human decency, as a matter of common morality. But I am also for civil rights because I believe that freedom is an indivisible value. That no one can be free unto himself, and when Bull (formerly Safety Commissioner Eugene) Connor with his police dogs and firehoses destroys freedom in Birmingham he is destroying my freedom in Detroit.

This rally is not the end, it's the beginning. It's the beginning of a great moral crusade to arouse America to the unfinished work of American democracy. The Congress has to act. And after they act, we have much work to do.

ROY WILKINS, EXECUTIVE SECRETARY, NAACP

We came to speak here to our Congress, to those men and women who speak here for us in that marble forum over yonder on the Hill.

They know, from their vantage point here, of the greatness of this whole Nation, of its reservoirs of strength, and of the sicknesses which threaten always to sap its strength and to erode, in one or another selfish and stealthy and specious fashion, the precious liberty of the individual which is the hallmark of our country among the nations of the earth.

We want employment and with it we want the pride and responsibility and self-respect that goes with equal access to jobs. Therefore we want an FEPC bill as a part of the legislative package.

Now for 9 years our parents and their children have been met with either a flat refusal or token action in school desegregation. Every added year of such treatment is a leg iron upon our men and women of 1980. The civil rights bill now under consideration in the Congress must give new powers to the Justice Department to enable it to speed the end of Jim Crow schools, South and North.

Now, my friends, all over this land, and especially in parts of the Deep South, we are beaten and kicked and maltreated and shot and killed by local and State law enforcement officers.

It is simply incomprehensible to us here today and to millions of others far from this spot that the U.S. Government, which can regulate the contents of a pill, apparently is powerless to prevent the physical abuse of citizens within its own borders.

Now, the President's proposals represent so moderate an approach that if it is weakened or eliminated, the remainder will be little more than sugar water.

Now, we expect the passage of an effective civil rights bill. We commend those Republicans in both Houses who are working for it. We salute those Democrats in both Houses who are working for it.

In fact, we even salute those from the South who want to vote for it but don't dare to do so. And we say to those people, just give us a little time, and one of these days we'll emancipate you. They'll get to the place where they can come to a civil rights rally, too.

If those who support the bill will fight for it as hard and as skillfully as the southern opposition fights against it, victory will be ours.

DR. MARTIN LUTHER KING, JR., SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE

Now is the time to make real the promises of democracy. Now is the time to rise from the dark and desolate valley of segregation to the sunlit path of racial justice. Now is the time to lift our Nation from the quicksands of racial injustice to the solid rock of brotherhood. Now is the time to make justice a reality for all of God's children.

There will be neither rest nor tranquillity in America until the Negro is granted his citizenship rights. The whirlwinds of revolt will continue to shake the foundations of our Nation until the bright day of justice emerges.

And that is something that I must say to my people who stand on the threshold which leads to the palace of justice. In the process of gaining our rightful place we must not be guilty of wrongful deeds.

Again and again, we must rise to the majestic heights of meeting physical force with soul force. The marvelous new militancy which has engulfed the Negro community must not lead us to a distrust of all white people, for many of our white brothers as evidenced by their presence here today have come to realize that their destiny is tied up with our destiny.

*Never be satisfied*

There are those who are asking the devotees of civil rights, "When will you be satisfied?" We can never be satisfied as long as the Negro is the victim of the unspeakable horrors of police brutality. We can never be satisfied as long as our bodies, heavy with the fatigue of travel, cannot gain lodging in the motels of the highways and the hotels of the cities.

We can never be satisfied as long as our children are stripped of their selfhood and robbed of their dignity by signs stating "for whites only." We cannot be satisfied as long as the Negro in Mississippi cannot vote and the Negro in New York believes he has nothing for which to vote.

No; we are not satisfied and we will not be satisfied until justice rolls down like water and righteousness like a mighty stream.

Now, I am not unmindful that some of you have come here out of great trials and tribulations. Some of you have come fresh from narrow jail cells.

Continue to work with the faith that honor in suffering is redemptive. Go back to Mississippi, go back to Alabama, go back to South Carolina, go back to Georgia, go back to Louisiana, go back to the slums and ghettos of our northern cities, knowing that somehow this situation can and will be changed. Let us not wallow in the valley of despair.

Now, I say to you today, my friends, so even though we face the difficulties of today and tomorrow, I still have a dream. It is a dream deeply rooted in the American dream. I have a dream that one day this Nation will rise up and live out the true meaning of its creed: "We hold these truths to be self-evident, that all men are created equal."

I have a dream that one day on the red hills of Georgia the sons of former slaves and the sons of former slaveowners will be able to sit down together at the table of brotherhood.

I have a dream that one day even the State of Mississippi, a State sweltering with the people's injustice, sweltering with the heat of oppression, will be transformed into an oasis of freedom and justice.

I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin, but by the content of their character.

This is our hope. This is the faith that I go back to the South with—with this faith we will be able to hew out of the mountain of despair a stone of hope.

JAMES FARMER, NATIONAL DIRECTOR OF CORE

(Delivered by Floyd B. McKessick, national chairman of the Congress of Racial Equality, for Mr. Farmer, who is in jail in Louisiana on charges stemming from civil rights demonstrations.)

From a soft Louisiana parish jail, I salute the march on Washington for jobs and freedom. Two hundred and thirty-two freedom fighters jailed with me in Plaquemine, La., also send their greetings.

I wanted to be with you with all my heart on this great day. My imprisoned brothers and sisters wanted to be there too. I cannot come out of jail while they are still in; for their crime was the same as mine—demanding freedom now. And most of them will not come out of jail until the charges are dropped or their sentences reversed.

I know that you will understand my absence. So we cannot be with you today in body, but we are with you in spirit. By marching on Washington your tramping feet have spoken the message—the message of our trouble in Louisiana.

You have come from all over the Nation and in one mighty voice you have spoken to the Nation. You have also spoken to the world. You have said to the world by your presence here as our successful direct action

in numberless cities has said, that in the days of thermonuclear bombs, violence is outmoded to the solution of the problems of men.

It is a truth that needs to be shouted loudly. And no one else anywhere in the world is saying it as well as the American Negro through their nonviolent direct action.

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[From the New York Times, Aug. 29, 1963]

SKETCHES OF THE 10 LEADERS OF CIVIL RIGHTS MARCH ON WASHINGTON

MATHEW AHMANN

Executive director of the National Catholic Conference for Interracial Justice. Was organizer and executive secretary of the National Conference on Religion and Race in Chicago a year ago. Graduate of St. John's University in Minnesota. Author of "The New Negro" and "Race: Challenge to Religion." Married, father of four children. Thirty-one years old. Did graduate work in sociology at the University of Chicago. Was social worker for the Chicago Department of Welfare. Acted as business and circulation manager of Today magazine. Field representative of the Catholic Interracial Council of Chicago. Later, its assistant director and action director.

DR. EUGENE CARSON BLAKE

Chief executive officer of the United Presbyterian Church in the U.S.A. President of the National Council of Churches of Christ until 1957, now serves as vice chairman of the council's commission on religion and race. Urbane, toughminded liberal. Attended Lawrenceville School, Princeton, and Princeton Theological Seminary. Taught school in India, taught religion at Williams College and has held pulpits in Pasadena, Calif., Albany, N.Y., and New York City. Was an opponent of McCarthyism in the 1950's. Arrested in a Baltimore civil rights demonstration this summer. Fifty-six years old. Is married to the former Valina Gillespie. No children.

MARTIN LUTHER KING, JR.

Founder and president of the Southern Christian Leadership Conference. Helped direct the Negro bus boycott in Montgomery, Ala., in 1956 and the Birmingham demonstrations last May that preceded the summer's national wave of protests. Has been in jail at least 12 times. Travels 200,000 miles a year on civil rights business. Son of a clergyman, is copastor of Ebenezer Baptist Church in Atlanta. Left Morehouse College in Atlanta in 1948 to attend Crozer Theological Seminary, Chester, Pa., where he was voted outstanding student in his class. Received Ph. D. from Boston College in 1955. Married to the former Coretta Scott. Is 34 years old. Has three children.

JOHN LEWIS

Chairman of the Student Nonviolent Coordinating Committee. At 25, youngest of civil rights leaders. Former philosophy student at Fisk University, Nashville. Graduate of American Baptist Seminary. Took part in freedom ride from Washington to Birmingham, Ala., in 1961. Beaten by white mob when riders arrived at Montgomery, Ala. Arrested 24 times in civil rights demonstrations. Was also attacked by a white during a freedom ride stop in South Carolina. Succeeded Charles McDew, becoming the third chairman of the student committee, known popularly as SNICK. Is a member of the militant Nashville group, which has provided a number of leaders to the civil rights struggle. Is unmarried.

FLOYD B. M'KISSICK

National chairman of the Congress of Racial Equality. Marching in place of CORE president, James Farmer, who chose to remain in jail in Louisiana rather than come to Washington. Joined civil rights movement at age of 12 when pickets from his home town of Asheville, N.C., demonstrated at the State capitol in Raleigh against lack of accreditation for the Negro law school at North Carolina College. Graduate of University of North Carolina Law School, where he became the first Negro to attend after winning a suit to force his admission. Largely authored the Durham plan, successful negotiating formula used in Durham and other North Carolina cities. Married to the former Evelyn Williams. Has four children.

RABBI JOACHIM PRINZ

President of the American Jewish Congress. Expelled from Germany by Adolf Eichmann in 1937, when he was rabbi of the Berlin Jewish Community. Rabbi of Temple B'nai Abraham in Newark, N.J. in 1939. A lifelong Zionist, he quit the active Zionist movement when Israel became a nation in 1948, a step that brought him much criticism. Has been in frequent civil rights controversies. Won a libel suit against a rightwing magazine that called him a Communist. Has been a U.S. citizen since 1944. Married to the former Hilde Goldschmidt. Has four children, one by adoption. Is 61 years old.

A. PHILIP RANDOLPH

Director of the march on Washington for jobs and freedom. Founder and president of the Brotherhood of Sleeping Car Porters. Only Negro vice president of the AFL–CIO. Organizer of two previous mass movements on the Capital, including the march-on-Washington movement in 1941, the antecedent of today's march, which prompted President Franklin D. Roosevelt to establish the Fair Employment Practices Commission. Born in Crescent City, Fla., son of a preacher. Worked his way through the City College. Arrested in 1917 but soon released for opposition to entry in World War I. Is 74 and married to the former Lucille Campbell—and to the works of Shaw and Shakespeare.

WALTER P. REUTHER

President of the United Automobile Workers Union, vice president and head of the industrial union department of the AFL–CIO. An oldtimer at picketing and labor demonstrations. One of three members of the AFL–CIO executive council who strongly criticized that group's failure earlier this month to endorse today's march. Is married to the former May Wolf. Has two children. Is 55 years old. Father and grandfather were active union officials. Completed high school through night courses. Active tennis player, swimmer, and hiker. Received CIO's award for furthering fight against racial discrimination in late 1940's.

ROY WILKINS

Executive secretary of the National Association for the Advancement of Colored People. Chairman of the leadership conference on civil rights. Joined the NAACP in 1931, after resigning the managing editorship of the Kansas City Call. Served as assistant secretary, under the late Walter White. Elected to succeed White in 1955. Native of St. Louis, was graduated from University of Minnesota in 1923. Married the former Aminda Badeau in 1929. Is 62 years old. Succeeded Dr. W. E. B. DuBois in 1934 as editor of the Crisis, official organ of the NAACP. Avid reader and author in his own right. Received elementary and secondary education in St. Paul.

WHITNEY M. YOUNG, JR.

Executive director of the National Urban League. Forty-two years old. Former dean of Atlanta University's School of Social Work. Abandoned premedical studies for social work after combat engineer duty in the Army in Europe in World War II. Joined staff of St. Paul Urban League in 1947. Became director of Omaha Urban League in 1950. Quit in 1954 to accept the Atlanta University post. Served on the President's Committee on Youth Employment and the President's Committee on Equal Opportunity in the Armed Forces. Received the Florina Lasker award in 1959 for outstanding achievement in the field of social work. Elected head of National Urban League in 1961.

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[From the Washington Post, Aug. 29, 1963]

LIVING PETITION

Freedom—the sound and spirit of the word alike—reverberated yesterday across the grounds of the Washington Monument. At the end of the Mall, inside the great Memorial erected to his memory, the gaunt, grave, silent figure of the Great Emancipator sat and listened, remembering, perhaps, the words of other marchers for freedom long, long ago: "We are coming, Father Abraham, 300,000 strong." Surely Abraham Lincoln yesterday heard the voices singing "Glory, Glory, Hallelujah," demanding fulfillment at last of the promise for which he lived and died, and shouting with simple faith in themselves and in their fellow Americans: "We shall overcome. We shall overcome."

They came from every portion of America. California had a throng there under a proudly held banner of the State. There was a delegation from West Memphis, Ark. The NAACP of Evansville, Ind., turned out in strength. So did the NAACP of Shreveport, La., and of Erie, Pa., and of Pittsfield, Mass., and of an endless catalog of the towns and cities of the land.

Every kind and class of American was there. The Vermont Stone Cutters Association formed a goodly group. The Amalgamated Meat Cutters & Butcher Workers of North America, the United Automobile Workers, the civil libertarians of every hue, the Protestants, Catholics and Jews, white men and black men, black women and white women, children and their parents and their grandparents, the humble and the great—all were present. America sent to that great meeting in her Capital the representatives of every one of her manifold aspects and estates.

It was part picnic, part prayer meeting, part political rally, combining the best and most moving features of each. It was a happy crowd, much more gay than grim, full of warmth and good feeling and friendliness, instinct with faith and high hope, united in a sense of brotherhood and common humanity. It was a most orderly march, not with the precision of a military parade but with the order that grows out of a clear sense of common purpose, a fixed and certain destination.

No one could view that vast sea of faces turned upward toward the Lincoln statue without an awareness of commitment and dedication. No one could hear the scourging words spoken yesterday by A. Philip Randolph and Martin Luther King and others without a sense of guilt and grief and shame. No one could hear the tones of Marian Anderson's deep and beautiful voice singing, "He's Got the Whole World in His Hands," without profound emotion and involvement.

If the words spoken yesterday were heard by Abraham Lincoln at one end of the Mall, let us hope that they were heard by the Congress of the United States at the other end. For this was something much more than a mere outlet for emotion. Dr. King was altogetehr right in saying that "Those who hope that the Negro needed to blow off steam and will now be content will have a rude awakening if the Nation returns to business as usual. There will be neither rest nor tranquillity in America until the Negro is granted his citizenship rights. The whirlwinds of revolt will continue to shake the foundations of our Nation until the bright day of justice emerges."

There is a magnificent opportunity at hand to cut out once and for all a cancer in America demeaning and degrading to all Americans. Not Negroes alone, not white libertarians alone but Americans in general marched yesterday—and must march in unity and in brotherhood tomorrow and tomorrow.

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[From the New York Times, Aug. 29, 1963]

EQUALITY IS THEIR RIGHT

The huge assemblage of Negro and white citizens in Washington yesterday to demand equality in all aspects of American life embodied, in concept and in execution, the noblest tradition of our democracy. It reflected their conviction that, if enough of the people demonstrate that they care enough, no force in the United States is more powerful than an appeal to conscience and to basic morality.

They massed, 200,000 strong, at the Lincoln Memorial beside the seated figure of the President who signed the Emancipation Proclamation a century ago. Their declarations of resolve to make that freedom real—in jobs, voting rights, schools, housing, and access to places of public accommodation—echoed Lincoln's own warning: "Those who deny freedom to others deserve it not for themselves; and, under a just God, cannot long retain it."

From President Kennedy came assurances that most Americans have given decisive recognition to the principle that every citizen is entitled to full participation in the national community. How decisive this recognition is in Congress will be demonstrated in the action of the House and Senate on the President's omnibus civil rights bill. The marchers made it plain that they regarded the administration package as a minimal legal underpinning for equal treatment and equal opportunity. Any substantial dilution, in the words of Roy Wilkins of the National Association for the Advancement of Colored People, would make the bill "little more than sugar water."

The discipline maintained by the civil rights pilgrims was as impressive as their dedication. That so vast a movement could be carried out with such decorum is a tribute to the responsibility of both leaders and followers—a responsibility not always evident in other demonstrations.

It was a day of special gratification for A. Philip Randolph, the 74-year-old leader of the Brotherhood of Sleeping Car Porters, who perhaps more than any other American, has consecrated his life to the fruition of the civil rights movement. The massive dignity that has always been his armor against the walls of racial exclusion was the dominant characteristic of the crusade he led to the Capital.

Whether the march will change any votes on Capitol Hill no one can be sure. The segregationists lost no time in making it plain that they were unimpressed—that, if anything, they were more confirmed than ever in their hostility to the President's program. But for those who were uncommitted the spirit of the marchers and the depth of feeling that brought them hundreds of miles to Washington must leave a mark. The Reverend Charles Billups, captain of a busload of Alabama Negroes, may have summed it all up best.

"The only weapon we have," he declared, "is protest. This ride isn't going to be a waste of time. I think this march will be remembered indefinitely." So do we.

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[From the Chicago's American, Aug. 29, 1963]

A SMILING MARCH

The great anxiety among friends of the Negroes in their struggle for full civil rights was that the march on Washington should be carried out in good order.

It did better than that—it was carried out in extreme good nature. With something like 200,000 people engaged in it, it moved in a smiling mass from the Washington Monument to the Lincoln Memorial.

The object of the march was to persuade Members of Congress to vote for the civil rights bills. Some of the Members called this "a new concept of lobbying." It was not, however, actually new. It had been tried out, unsuccessfully, by Coxey's Army 70 years ago and by the bonus marchers in 1932.

Most of the Congressmen no doubt already had their minds made up on the civil rights bill, but in any case they were on hand to meet the Negro leaders and discuss the matter with them. This was made much simpler by the fact the marchers were not scowling threats of reprisal but were friendly and confident.

The marching crowd was, naturally, mostly Negro, although thousands of white people were in it too. The marchers had poured into Washington from every part of the United States to join in the demonstration. They had come by air, by train (a couple trainloads were from Chicago), by automobile, and by bus. Their presence made it clear that the Negroes were deeply resolved to get the rights given them by the Constitution, and that countless white people were ready to help them.

The gathering of the huge crowd into an organized unit was a tremendous task, and we congratulate the planners and managers—mostly Negroes—on accomplishing it brilliantly.

A well-arranged, dignified march on Washington has been carried out at last, and it is a pleasure to give credit for it to the organizing genius of Negro leaders and to the good sense and friendly outlook of the Negro marchers.

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[From the Washington Daily News, Aug. 29, 1963]

YESTERDAY'S MARCH

James Baldwin, the talented Negro writer, dealt perceptively with the problem in a brief, off-the-cuff interview during yesterday's historic march on Washington.

It is time, he said, for Americans to get over their terror of the Negro.

If it is time, and we think it is, the march should have great impact.

Clear across the land the fearful had predicted trouble. Much Washington business was closed on the ostensible theory that traffic jams thus would be limited. But another motive was fear of vast disorder. The simple fact is the Nation's Capital, aside from the assembly area, practically was deserted—as quiet and as traffic-free as on a Sunday morning.

The conduct of the great throng, estimated at more than 200,000, put those fears to shame. The marchers were orderly, well mannered, and quietly dressed.

There was no disorder.

For this, great credit is due the Metropolitan Police and police reserves, the National Guard, and other special forces pressed into service for the occasion. These men conducted themselves in a remarkably friendly, kind, and relaxed manner. It was almost as if they, themselves, had been caught up in the excitement of brotherhood. In any case, they left no doubt as to whose comfort and safety they were there to insure.

The marchers disciplined themselves. They waited patiently for their turn to cross the street, standing aside so those in the rear could see. And their speakers were both dignified and articulate.

To our mind, the spirituals of Mahalia Jackson and the inspired eloquence of the Reverend Martin Luther King most closely reflected the spirit of the throng, and the applause they evoked could be heard for blocks beyond the Lincoln Memorial. Indeed, it was heard around the world.

Reverend King termed the Negro "an exile in his own land."

When the Negro tried to cash the check of liberty written in the Declaration of Independence, he said, it came back marked "insufficient funds." But still, he said, he refused to believe the "bank of justice" is bankrupt and urged faith and trust in white citizens saying, "We cannot walk alone."

No one, of course, can walk alone, of whatever race or nationality or condition. The human family, inevitably, grows closer and closer. And as another speaker said yesterday, in a world which has created the thermonuclear bomb, malice is a suicidal urge. If the Negro's firm determination to win social progress by peaceful protest proves itself, he will have contributed immeasurably to the stability of the institutions which, in aggregate, represent civilization itself.

Close your eyes to the dark complexion of the great majority of the watchers and one heard the lesson loud and clear; then this did not seem essentially a Negro demonstration at all. It was a gathering in the authentic American tradition of trying to get ahead through barriers of class and station. The spiritual overtones were phrased in the still familiar catchwords of the American Revolution and independence.

All in all, yesterday's march was a respectful exercise of the right of the people to assemble and petition for redress of grievances. It is difficult to deny the justice of the list of eight demands to which they pledged themselves, though many may question the suggested methods of achieving them.

The judgment of those who inspired the march, and persisted against the advice of even many of their friends, was amply vindicated.

The demonstration is bound to have a favorable effect, both on Congress and the country.

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[From the Evening Star, Aug. 29, 1963]

THE MARCH AND ITS MEANING

Yesterday in Washington, all in all, was a good day. The fact that such a massive demonstration could be brought off without serious mishap was in itself historic. The organizers of the demonstration, and local officials, deserve all our congratulations.

There was, not surprisingly, bitterness in the speeches. Yet the things that seemed to set the mood of the occasion—and that stick in one's mind today—were the good-natured things. The cheerful manners displayed throughout—the expectant atmosphere at the Washington Monument as each arriving group added its enthusiasm to the congregation—bobbing signs on sunlit Constitution Avenue, packed for an hour with a chanting tide of strollers—tired feet being cooled in the Reflecting Pool—all the singing—especially Mahalia Jackson, suddenly bringing the crowd to roaring life with her proud trumpet voice—the hypnotic swing of Martin Luther King's oratorical finale. And above it all the shadowy figure of Lincoln, pensive and benevolent on his marble throne.

The march, no doubt, gave Negroes new confidence in themselves and what they can accomplish; otherwise, it seems unlikely to have much effect on civil rights progress, one way or the other. Not many minds were changed—certainly not in Congress. Television watchers around the country who found themselves moved by the proceedings were not segregationists when they tuned in. Perhaps the zeal of the marchers themselves, and of other activists in the cause, may have been sharpened by the experience here. On the other hand, surveys seem to indicate a bad reaction, in presumably sympathetic urban areas, to the whole concept

of this demonstration. Whether, on balance, the effort of August 28 was worth it in a practical sense will be debated for a long time to come.

It will not have been worth it if the euphoria of the occasion leads to impossible hopes. In the day's speeches, one line recurred again and again: "We want freedom now." It is important that all concerned understand what these words legitimately mean—and what they cannot mean. They cannot mean that the Negro is going to achieve full status in our system now, no matter who wishes it. If he expects otherwise, he is doomed to cruel disappointment.

Freedom, yes—in a formal sense. The Negro is entitled to freedom from legal restraints on his citizenship rights. He is justified in insisting, with support from all Americans, that no law should inhibit his education, housing, public accommodations, access to jobs, political expression, and the like. As a matter of fact, however, he is not going to obtain even these minimum objectives immediately and everywhere. And when he has obtained them, as he must—when his Government finally treats him as an individual citizen, without regard to the color of his skin—the problem of Negroes as a group will not have been solved. Long after legal segregation is gone, economic and social segregation will remain. The only process that ultimately can lead large numbers of Negroes out of their trap of frustration is the hard, slow, cumulative process of education. It will happen, but not now. Not this year, or next year, or in this generation.

All intelligent Negro leaders know this. Though no one said it at the Lincoln Memorial yesterday, they did sing it. The anthem of this revolution is: "We Shall Overcome—Someday." That last word was put there by someone who knew the difference between truth and demagoguery.

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[From the New York Herald Tribune, Aug. 29, 1963]

A GREAT DAY IN AMERICAN HISTORY

The march on Washington was an inspiring example of constructive citizenship. It proved that a vast number of people can assemble in order, and dignity, for a righteous cause.

The demonstration in the Nation's Capital was in every way a credit to all its leaders, and to all its participants. They did what they planned—to speak in a mighty voice for equal rights for all. Credit also goes to the police, who conducted themselves superbly, to the administration, which gave intelligent counsel, and, we might add, to potential troublemakers who decided on restraint.

The cynic can say that the marchers didn't change a single vote in Congress. They may ask: What was accomplished?

Well, the mere fact that there was a demonstration, in such size and organized success, advanced the cause of racial equality. It was a skillful piece of propaganda, of course, but the march on Washington can't be ignored as a persuasive force. Call it pressure if you will, but it was pressure—peaceable, decent, and honorable—for what is right.

The spirit of the demonstration spoke eloquently for individual rights, and its orderliness reflected the nobility of its purpose and the dedication of its movers. We have in truth witnessed a historic day in the fight for democratic ideals.

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## CHICAGO URBAN LEAGUE STATEMENT ON CIVIL RIGHTS LEGISLATION

Mr. DOUGLAS. Mr. President, a few weeks ago Mr. Edwin C. Berry, the highly respected executive director of the Chicago Urban League, presented to me a forceful and impressive statement of his views on the President's civil rights legislative proposals and other legislation in this field. Mr. Berry writes with great authority and understanding of the effects of discrimination against Negroes in public accommodations, schooling, employment, voting, and the administration of Federal programs. His statement is constructive, and deserves the attention of all Members of Congress. I hope it will be widely studied; and I ask unanimous consent that it be printed in the RECORD.

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

STATEMENT BY EDWIN C. BERRY, EXECUTIVE DIRECTOR, CHICAGO URBAN LEAGUE, SATURDAY, AUGUST 3, 1963, IN THE OFFICE OF SENATOR PAUL H. DOUGLAS, CHICAGO

The administration's civil rights program is an imperative first step to help Negroes in Illinois and the Nation break down barriers which restrict their rights to equal opportunities.

The President's omnibus civil rights package represents the historic high water mark by the Federal Government in the proposal of plans and policies necessary to wipe out second-class citizenship. While it is the furthest Government has ever gone nationally toward providing the framework for civil rights solution, it nevertheless represents the irreducible minimum of legislation urgently needed for progress in human rights.

There can be no compromise on this legislation. There can be no watering it down. The alternative to passage of this legislation may well be a reign of strife and violence paralyzing our cities which could do untold and irreparable damage to our society.

In brief, the Government's program calls for:

1. Equal access for all citizens to public places such as hotels, restaurants, and theaters.

2. Empowering the Attorney General to file suits against school boards accused of racial discrimination and to provide aid for school districts that are desegregating.

3. Broadening the Federal manpower and training programs to reduce unemployment.

4. Strengthening the powers of the President's Committee on Equal Employment Opportunities, headed by Vice President LYNDON JOHNSON.

5. Creation of a Federal community relations service to assist biracial committees in towns and cities to bring about orderly integration.

6. To extend the life of the Federal Civil Rights Commission.

7. To strengthen Negro voting rights by a Federal statute guaranteeing the right of any person with a sixth grade education to vote.

To begin with, I would like to point out that the Nation as a whole and all minority groups in particular will benefit if these forward steps are passed by Congress. Life will hold new meaning, dignity, and opportunity for 20 million Negroes as well as many millions of other minority group persons if the President's program is enacted. There are more than 1 million Mexican Americans, 5,500,000 Jews, 900,000 Puerto Ricans, 500,000 American Indians, and 700,000 persons of oriental descent, as well as millions of persons of the Catholic faith who frequently encounter bias and who will be benefited by the President's bills.

In addition, the implementation of civil rights legislation will provide a spur that may yet energize the sluggish pace of economic growth, reduce the welfare load, reduce expenditures for delinquency and dependency, and curtail the staggering burden of foreign aid expenditures necessitated, in part, by the resentment of colored people abroad to practices of racial discrimination in this country.

PUBLIC ACCOMMODATIONS

If anything, property rights of individual businessmen will be enhanced and property values increased rather than curtailed by these civil rights proposals. In a very practical sense, the dollar value of any business which excludes certain groups from its patronage is going to be markedly less than the dollar volume of businesses which enjoy nonrestrictive sales policies. Reports from the South concerning department stores which have voluntarily desegregated indicate an early upsurge at the cash register.

The only persons who ought be denied the right to patronize public places are those who are drunken or disorderly and whose presence poses a real, rather than a fictional threat to property rights. Property values in America have been increased by the labor and toil of persons from every nation in the world and representing every faith, race and walk of life.

Recently, novelist John Howard Griffin, author of "Black Like Me" darkened his skin color and went into the South. The black Mr. Griffin was denied service at numerous restaurants and department stores. He then removed his artificial color and returned to the same places of business to find that he was served and accepted. It is ludicrous for diehard southern spokesmen to contend that Mr. Griffin, the white man, did not jeopardize property rights but that Mr. Griffin, the Negro, did. If anyone is placing the property rights of a businessman in jeopardy, it is those in business themselves who restrict their dollar volume by their failure to serve all men regardless of creed or color.

The public accommodations plank will benefit Negroes traveling through not only the South but through Northern and Western States, too. Right here in neighboring Indiana a recent civil rights survey cited in the Hammond Times states that in 16 cities customers are denied service because of their color in 22 percent of roller rinks, 23 percent of motels, 31 percent of trailer courts, 45 percent of all taverns, and 56 percent of all nursing homes, even though Indiana, like 29 other States, has a public accommodations statute.

Negroes, today, must wear an invisible mask of psychological scar tissue because of their rejection by headwaiters and motel operators and drugstore soda jerks. The Negro cannot say "I want a soda" or "I want a glass of water" but "Where can I get a drink of water?" or "Where can I get a soda?" The further south one travels in Illinois, the more frequent is the discrimination encountered in public places. As a general rule, it would seem that State investigatory commissions are too understaffed to give early attention to charges of discrimination in public places brought by Negroes. Moreover, if past performance is any kind of guide, the passage of a Federal law outlawing bias in public places will give countless fairminded and courageous businessmen throughout the Nation a rationale to take the lead in integrating their businesses. Those who presently fear to act contrary to local custom can take pride in the fact that a new national law will have been passed obliging them to open their doors to Negro Americans.

It is our conviction that the public accommodations section should be strengthened to include stringent penalties against businessmen who would deny service to Negroes. Men must be judged in the American tradition—on their merits as individuals—rather than on their ethnic or racial origins. It is the most galling injustice to see a Negro

judge denied a cup of coffee in a diner while a white hoodlum dines at leisure at the counter.

SCHOOLS

A plank in the proposed legislation of urgent concern to Negroes in both the North and the South is that of racial segregation in the public schools.

The Government reports that since the historic Supreme Court decision of 1954 striking down the concept of "separate but equal" and advising school districts to exercise "all deliberate speed" in desegregating, only 8 percent of southern school districts have desegregated their facilities. It has been said that, at this rate of progress, it will require another century before all southern school districts have integrated. Here in Chicago, the number of integrated schools is hardly any different than that of the South. Ninety percent of all pupils attending elementary schools are enrolled in institutions that are completely or virtually schools of all, or one, race. As you know, studies by the Urban League have found that Negro students here are attending schools with older facilities and fewer facilities, with more substitute and more uncertified teachers, and with less vocational and training opportunities than their white counterparts. It is not surprising then to recognize why half of all Negro youths in Chicago fail to earn their high school diplomas. Although their need for quality and equality of education is great, they are being systematically starved and deprived of the knowledge which is indispensable to the exercise of their obligations as citizens and to their right for equal opportunities in employment.

At the same time, the preference of all-white and all-Negro schools instills feelings of inferiority in Negro children and feelings of racial superiority in white children. White children today are developing the unrealistic idea that they are personally superior while Negro children develop the equally unrealistic idea that they are personally inferior. Both concepts are fallacious, detrimental to the healthy development of the individual, and foster personality characteristics which conflict with the values of the American democratic tradition. A growing body of evidence indicates that confusion, conflict, moral cynicism and disrespect for authority is occurring in white children because of the schism between our religious and democratic principles of brotherhood and actual practices of segregation. The white pupil in the all-white school begins to feel that the moral law does not apply to him, that racial exclusion is preferable; and acquires distorted views of Negroes with whom he has had no contact. In turn, Negro pupils suffer feelings of inferiority and personal humiliation which confuse them about their individual worth, seriously lower their levels of aspiration and hinders their capacity to learn and relate to others. There is no evidence that Negro pupils in segregated schools can distinguish whether their institutions are segregated by law, as in the South, or because of housing segregation, as in the North.

A Federal law empowering the Attorney General to file suit against a discriminatory school system would have particular meaning here in Illinois where local school boards, under the provisions of the newly passed Armstrong law, are obliged to cease and desist from discrimination.

The administration's proposal could be strengthened by an amendment requiring segregated districts to submit desegregation plans as well as timetables for orderly changes in keeping with the U.S. Supreme Court's recent decision in a case concerning Memphis, Tenn., in which the Court declared that, "The basic guarantees of our Constitution are warrants for the here and now."

On the subject of education, I would like to point out that, in my opinion, the current riots against Negroes, such as the one in Englewood, stem, in good measure, from segregrated schooling. The arrogance which segregation instills in white children, as well as a cynical disrespect for law and order and the notion that they are above the law, is visible in the tragic drama now being enacted in Englewood, where hundreds of teenagers are roaming the streets in defiance of the Negroes' right to live where they please.

These teenagers may have been taught about democracy, but it is difficult to believe that words about equality are little more than abstractions when delivered in an all-white classroom in an all-white school in an all-white neighborhood. The white power structure here might also point out that the right to live where one pleases in accordance with their ability to pay is the right which Negroes are attempting to assert by nonviolent means. They should not be denied this right by violence. If Englewood area homeowners are so concerned about property values, they can begin helping to maintain them by refraining from throwing rocks through windows.

The Federal Government ought also assist Negroes in education by requiring many of the smaller colleges which discriminate against them to accept them under the public accommodations section. This should also include banning of quota systems against Negroes and other minorities by the better white medical and law schools.

EMPLOYMENT

In employment, a condition of chronic economic depression hovers like a pall over Negro communities throughout the Nation. In Chicago 11 percent of the Negro labor force is unemployed because of discrimination and automation. Moreover, in no year since the termination of the Second World War has unemployment among Chicago Negroes been less than 10 percent. The President has said that any community suffering from chronic unemployment in excess of 7 percent is a depressed area and entitled to special Federal aid. I would like to point out that this city's Negro ghetto—housing 900,000 persons comprising a population greater than the entire city of Cleveland, Ohio—constitutes such a depressed area where joblessness, hopelessness, and despair are mortared into the brick and cement of everyday life.

While Negro income has been increasing here and nationally, it has not kept pace with increasing income reported by white families. According to figures by the National Urban League, the median annual income of Negro families has declined in the past decade from 57 percent that of white family income to 53 percent of white family income. Today, the Negro male worker has a median annual income of $3,075 as compared with the male white worker's $5,137. In my opinion, it is extremely difficult for any worker to support a family on $5,137—or $100 a week—much less $3,075, or about $60 a week.

For these reasons, it is imperative that FEPC legislation be enacted by the Congress to outlaw discrimination in private industry, even though it has not yet been requested by the President. The recommendations of Senators HUBERT H. HUMPHREY and ABRAHAM RIBICOFF calling for an FEP statute on the Connecticut State model ought be translated into legislation and law. Their recommendations, which would bar bias by unions as well as employers, and in promotion and apprenticeship and other training programs, are indispensable if Negroes are to achieve a higher level of self-sufficiency.

Negroes have been systematically denied equal opportunities in unions, apprenticeship programs, and vocational schools because of their color. The results lead to reports like the one by the U.S. Census Bureau on craftsmen, foremen, and other related workers in Chicago for 1960. This report disclosed that, of 345,000 workers in these areas, only 18,181—or 5.3 percent—were Negro, although Negroes made up about 25 percent of the city's population. Some excerpts from that report document the stone wall of racial hatred which exists against Negro jobseekers.

"In 1960, only 603 of 22,239 carpenters were Negroes, or 2.8 percent; only 322 of 14,050 electricians were Negroes, or 2.3 percent; only 1,310 out of 13,986 painters, paper hangers, and glaziers were Negroes, or 9.4 percent; only 270 of 11,240 plumbers and pipefitters were Negroes; only 62 out of 2,264 structural metal workers were Negroes; only 48 out of 5,969 tinsmiths, coppersmiths, and sheet metal workers were Negroes—less than 1 percent; out of 1,039 boilermakers, only 34 were Negroes; out of 29,041 machinists and job fitters, only 1,059 were Negroes; out of 11,742 printing craftsmen excluding compositors and typesetters, only 252 were Negroes; out of 1,371 airplane mechanics, only 50 were Negroes; out of 2,416 locomotive engineers, only 4 were Negroes; and out of 1,553 locomotive firemen, only 21 were Negroes."

A Federal FEP law which says that industry must hire qualified Negroes, but which fails to open up labor unions, training programs, and vocational schools to permit Negroes to qualify themselves for skilled employment is only kidding. Americans who adhere to the interracial community of thought will no longer stand for such tomfoolery.

While it is true that Negroes are making headlines each week concerning their breakthroughs in new employment, progress into the skilled, managerial, and professional areas appears to be far less rapid than the rate at which unskilled and semiskilled blue collar Negroes are being automated out of work.

In the professions and white collar positions, anti-Negro bias has turned our downtown areas, at rush hours, into places which resemble a snowstorm with only a few colored flakes sprinkled in. Nationally, only 1 Negro in 16 holds a white collar job, compared with 1 of 6 white employees. Locally, fields such as insurance, banking, finance, electronics, and mass communications remain predominantly all-white citadels. In the communications field, there is no clearer indication of America's dilemma than the news policies of the press, radio, and television with their full coverage of civil rights and their general dedication to the concepts of equality on one hand—and their hiring policies on the other hand.

A Federal FEPC could crumble the fortresses of discrimination before the majesty of the law. Here in Illinois, the passage of a State FEP act in 1961 brought a flood of phone calls to the Urban League from employers requesting qualified Negroes. More than 100 corporations, government offices, and other places of business, hired Negroes for the first time or promoted Negroes to skilled or professional positions for the first time through the offices of the Urban League as a direct result of the new law. While significant gains were made, the relatively weak Illinois statute is not sufficiently inclusive to bring most employers under the purview of nonbias legislation. A supporting Federal law regulating interstate commerce would provide a framework within which Negroes who have fought for their country will have the opportunity to work for their country.

A Federal law regulating employment is desperately needed because the hiring and promotion policies of employers—if the Chicago record is any yardstick—range from tokenism to racism. Racism must go and tokenism must go. The great corporations in America, who control the bulk of the wealth, the resources, and the financing for our free enterprise system must extend the American heritage of free enterprise to all qualified men who labor and toil rather than to only

qualified white men. As the Bureau of Jewish Employment Problems reported here 4 years ago, at least 1,484 Chicago firms are known to bar Jews, Catholics, or Protestants from office jobs. Some 700 of these firms are large corporations, some of which held at that time Federal contracts. More recently, the American Jewish Congress reported that discrimination by private employment agencies in six major cities, including Chicago, is "shockingly widespread" and that 90 percent of the employment agencies surveyed agreed to fill telephone calls for "a white Protestant stenographer" even though they are prohibited from doing so by State law.

The magnitude and enormity of discrimination against Negroes was spelled out by the Bureau of Jewish Employment Problems report. It studied the records of white collar employment agencies which had in their files 30,000 applications for help. Findings showed that 27 percent of the positions involved discrimination on the basis of religion or nationality and that 98 percent of the openings excluded nonwhites. While I have no doubt that these figures have improved a few percentage points since 1959, I am also convinced that the average qualified Negro in Chicago today, more likely than not, will be discriminated against at the employment agency, *in the employers'* offices, in the union office, in the vocational school, and in the apprenticeship program. In short, every single means by which a man might enter into the work force in order to support himself and his family is almost certain to represent an economic bottleneck through which he can only creep on all fours toward the shining goal of a decent job.

While the President's program for broadening the Federal manpower and training agencies are vital, it is imperative that a bill barring discrimination in apprenticeship, on-the-job training and other joint labor-management training programs must be enacted. A bill introduced several weeks ago by Representative OGDEN REID of New York calling for the creation of a five-member apprenticeship training commission appointed by the President to regulate labor organizations, employers and certain other hiring and training organizations would do much to get at the taproots of employment discrimination and deserves public support.

Until job bias is removed, Chicago will continue to suffer losses which have been estimated at a minimum of $500 million annually. This is sheer economic stupidity. It is a flagrant waste of purchasing power, manpower and brainpower. Nationally, the Urban League estimates the country's losses from employment discrimination alone at $28 billion. Viewed another way, if job bias continues to siphon off money at this rate, we *shall have* suffered an economic loss at the end of 11 years great enough to have paid off our entire national debt of $306 billion.

A nation which has invested billions of dollars to conserve its timber stands and water resources can do no less than undertake the conservation of its human resources. Discrimination not only produces income losses to minorities by the denial of jobs and promotion, but it increases the task of employers to find qualified personnel and strains the public taxing resources while making it difficult for the depressed minorities to carry a greater share of the tax load.

It is a travesty for corporations holding Government contracts to actively promote that discrimination which weakens the Nation at home and hinders its military posture abroad. The principal purpose of military and economic expenditures is to secure the outposts of democracy around the globe from assault by dictators. Yet, it is anomalous and ironic that those manufacturing the weapons of defense should, by their moral and legal dereliction, put propaganda weapons into the hands of our enemies. There is strong evidence, here and elsewhere, to indicate that many defense contractors sworn to uphold fair hiring and promotion policies stand in naked contempt of their obligations. Legislation strengthening the powers of the President's Committee on Equal Employment Opportunities would be a blow to discrimination at home and to our enemies abroad.

Unemployment in our urban ghettos is an economic time bomb ticking toward an explosion of tragic proportions. Fifty percent of Negro males between the ages of 16 and 21 have no gainful employment and are on the streets this summer. Many of their fathers, the hardest hit by automation and discrimination, are also sitting on their front porches. If these are denied the opportunity to forage for food in socially acceptable patterns—if they cannot work, they will beg or steal—but these men will not stand by idly while their families go hungry. The congressional committees taking testimony on the civil rights programs are trifling with time. While no man should presume to tell Congress how to work, the Congress ought recognize that it is taking testimony concerning men who are out of work and who are out of patience with being out of work. If the Congress wishes to avoid a reign of strife, and public disorder paralyzing our urban centers and stifling our economic growth, it must act swiftly to adopt and implement the President's programs for relief and change.

Negro Americans are in total revolt against the status quo. They are not only fighting for their liberty, but for life itself.

OTHER PROPOSALS

The President has asked the Congress to extend the life of the Civil Rights Commission and to strengthen Negro voting rights. These are excellent measures and should be adopted. The plank calling for creation of a Federal community relations service to assist biracial committees speed integration in towns and cities across the Nation is also priority legislation if public order is to be preserved. In cities having agencies like the Urban League, the pace of integration generally appears to be more rapid and winning greater communitywide acceptance by men of all colors.

In our opinion, however, the proposal on voting might be significantly improved by urging universal suffrage rather than requiring persons to have at least a sixth grade education before they can vote. In Louisiana, we are told that 58 percent of that State's Negroes could not fulfill this educational requirement. Thus, persons with the greatest interest in electing responsible school board officials to improve their educational opportunities will be still denied the right to do so, and a vicious cycle will be perpetuated. In addition, the suggestion to establish Federal voting registrars to enroll Negroes on a wholesale basis strikes us as a sound one. A Federal building, like the post office, flying the U.S. flag and manned by Federal civil service employees protected by armed marshals is obviously needed in many communuities where men today are being shot, intimidated and assaulted in the attempt to exercise their constitutional voting right.

Negroes must be protected from violence when they seek to vote. An addition to the Federal civil rights package empowering the Attorney General to file civil rights suits to guarantee the right to vote and to be protected from police brutality should be passed.

In addition, the general public must be spared the burden of seeing their Federal taxes poured into the ratholes of discrimination. No public moneys should be allocated by the Government for any project which will indulge bigots with the spectacle of separate facilities, or for construction of segregated schools or military installations or for the construction of any federally aided project or public works built by discriminatory contractors.

For instance, if Mississippi is to get the proposed $400 million Federal space research center, it must be built without separate lunchrooms and toilets. This would not only prevent the immoral waste of tax dollars for duplicate and degrading facilities, but would have a salutary educational value by preparing Mississippians for the coming shock that they will not find any separate toilet facilities on the moon.

The withholding of any Federal aid for any segregated project, whether a sewer in a depressed area or an Army base in a thriving one, embodies the "tax dollar concept" which the National Urban League and other civil rights agencies believe is a vital one in laying Jim Crow to rest. By applying the concept in all areas of Federal jurisdiction, from public works to banks which make use of the Federal deposit system, the Government's task of destroying discrimination will have been advanced on a broad frontier.

An example of the exercise of this authority right here in Chicago would be the right of the Federal Public Housing Authority to withhold approval of U.S. moneys for construction of housing by the Chicago Housing Authority on sites built inside of, or contiguous to, predominantly Negro areas if reasonable evidence exists that such sites will contribute to the ghetto pattern of development. Under the President's Executive Order No. 11063 on equal opportunity in housing, local housing agencies may still concentrate low-rent projects in predominantly Negro areas. By applying the tax dollar concept to this well-intended Federal order, the Public Housing Authority could prevent the CHA from erecting a number of sites which they now seek to build in predominantly Negro areas of residence on grounds that no Federal taxes can be used to promote segregation.

SUMMARY

It has been estimated that discrimination costs this Nation an estimated $28 billion in employment alone. When the aggregate total of racial hatred in employment, housing, education, health and welfare and foreign aid is added up, the total in billions of dollars must be nearly beyond the imagination of mortal man to grasp. This toll is all the more unbearable because it is needless. Moreover, the ramifications of our discrimination overseas are such that the whole question of national survival enters into the picture.

When Negroes are deprived of their just rights in Little Rock or Deerfield, the loss is not restricted to those persons directly affected, both white and black, but to the entire Nation. The time has come to recognize that injustice at home arms our enemies abroad. The North Koreans were regaled with tales of our discrimination against Negroes for years before being incited to attack South Korea. There is a direct relationship between the deaths of American troops in Korea, Laos, or Vietnam at the hands of foreign colored soldiers and the activities of white supremists here. Those who oppose serving Negroes in restaurants or admitting them to suburban housing may face the sterner test of taking on two-thirds of a world peopled by men of color who resent the insults and indignities heaped on their diplomats and first citizens assigned to counsels and missions here. Thus, learning to live amicably with Negroes at home is an indispensable prerequisite to learning how to live with the rest of mankind. The surest way to prevent the Soviet Union or any other Communist power from "burying us" is to bury Jim Crow first.

To our credit, after nearly 350 years, we have begun to face up to our obligations and responsibilities as a people. The disturbances sweeping the Nation during this sum-

mer of change and discontent are deep, serious, and grave. But they need not be schismatic and destructive. They represent a rendezvous with our consciences which, we as a people, ought to welcome with glad hearts. Let us take strength from the fact that this Nation has begun at last to put away its tradition of racial hatred and discrimination. In so doing, what began as a Negro revolution and has broadened into a revolt by all minorities for a better day, may yet broaden into a second American revolution as breathtaking and earthshaking as the shot heard around the world in 1776. This second American revolution, with its growing support by all manner of men, black, white, yellow, Christian, and Jew, shows every promise of completing the business that was begun by the first American revolution. It shows promise of giving all men the right to representation at the ballot box as well as the burden of taxation at the assessor's office. It shows promise of giving to those men who were not created equal the right to create themselves equal. And it gives to all Americans, regardless of race, faith, or belief, the opportunity to unify the Nation so that the distinctions of the past which have separated us for so long may give way to a democracy of the present which shall unify us forever.

## A TRIBUTE TO LABOR

Mr. INOUYE. Mr. President, on the Fourth of July it is the customary practice to remind ourselves of the unstinting heroism and selfless sacrifice of our Founding Fathers. This is as it should be. Contemporary America would not have been possible without the contributions of the men of the American Revolution.

However, we did have another struggle, a continuing struggle, which we commemorated yesterday. This is the movement of labor for a decent standard of living for themselves and for their children, for a life of honor and self-respect in the community at large, for a future free from the evils of man's inhumanity to man.

Labor has worked long and hard to make possible the economic gains which nowadays we often take for granted. Minimum wages, workmen's compensation, and child labor prohibitions were unheard of a generation or two ago. But due to the untiring efforts of working people all over this Nation, we now look upon these laws as indispensable to the health, welfare, and security of all.

Important as these economic gains have been, labor should also be recognized for its contributions to some of the major social gains of this century. These social gains have benefited not only those in the ranks of labor, but also the general citizenry of our Nation. I refer, for example, to those among the trade-union movements of the past who strongly urged the creation of a comprehensive public school system. Today, there are in the ranks of labor those who continually urge modernization and updating of that school system, which has come to be among the best in the world.

Labor should also be given credit for its part in extending civil rights in the history of this country. Before 1860, the right to vote was often denied to those who did not own property. Early union movements sought to give all wage earners the right of the franchise.

In recent times, labor has fought to extend civil rights to all. Organized labor has sought to give to the American Negro the same political, economic, and social rights and privileges which other Americans have taken for granted over the years.

In many ways, these social gains and the economic gains are part and parcel of the same advances made by labor. Economic gains, such as those I have mentioned, and such additional ones as old-age pensions, industrial safety laws, and the broad coverages of the social security system, undoubtedly help the workingman. But who is to deny that by helping the workingman, such laws ultimately help the general society to make social advancements?

Who is to deny that social gains—such as extended franchise rights and civil rights—and educational gains—such as a modern public school system—eventually redound to the benefit of all—the workingman and the community at large?

In this sense, the American labor movement has heeded well the counsel of a pioneer organizer, Samuel Gompers, who stated:

> I do not value the movement only for its ability to get higher wages, better clothes, and better homes. Its ultimate goal is to be found in the progressively evolving life possibilities in the life of each man and woman. My inspiration comes in opening opportunities that all alike may be free and live to the fullest.

Without a doubt, Mr. President, labor will be accorded their proper place in the history of a developing America. We who today are their beneficiaries should spend a day in thanksgiving for their sacrifices and efforts of the past. The general affluence of our society and the pervasive intellectual and institutional advancements of our country are in great measure due to the contributions of labor.

Labor, however, duly recognizes the challenges it faces in the future. Labor organizations fully realize that social programs must be continued and expanded, for the benefit of all. Toward this end, we find various labor groups committed to all types of community programs, ranging from help for the aging and rehabilitation for the physically disabled, to consumer counseling services and service to all children and youth.

Labor duly recognizes the challenges it faces with regard to the trust and faith entrusted to it. We find evidence of this in making a comparison between the losses suffered by companies that furnish bonds to union officials, as well as to officers of banks, savings and loan firms, and similar financial institutions. These figures indicate that the losses are significantly smaller among the thousands of union officials who are now required to be bonded under the Landrum-Griffin Act, as compared to the millions of dollars paid out annually to cover thefts by those who are bonded in other institutions. In 1961, for example, premiums paid by banks and other institutions totaled $23,944,000, with losses amounting to $17,095,000, for a loss ratio of 71.4 percent. In the same year, premiums paid by unions totaled $1,462,000, with losses at $257,000, for a loss ratio of 17.6 percent.

In the previous year, the difference was even greater. Premiums paid by banks and other institutions totaled $21 million, with losses at $17 million, for a loss ratio of 81 percent. Unions, on the other hand, paid a total of $1,402,000 in premiums, with losses amounting to $104,000, for a loss ratio of 7.4 percent.

William Botkin, international secretary-treasurer of the International Woodworkers of America, indicated that labor unions are now compiling figures, over a 5-year period, including premiums, losses, and the amounts recovered from guilty individuals, to support labor's attempts to receive lower rates on bonds for union officials. I am certain the figures will prove that on the basis of past and present performances, labor deserves much lower rates.

Labor is meeting this challenge and is discharging itself rather well. But on the basis of what I have said, it should not be concluded that all labor unions are pristine pure and lily white. Continuing efforts must be made by labor organizations to discharge fully and honestly the public trust. Every indication is that this is precisely what is happening.

Therefore, Mr. President, I join with millions of other citizens of this country in paying tribute to the workingman of America, who, through his various organizations, has indelibly left his mark on the pages of our history.

## AVERELL HARRIMAN EXPLAINS THE ATOMIC TEST BAN TREATY

Mr. CHURCH. Mr. President, Averell Harriman deserved a full-fledged welcome when he returned to Washington after the negotiation and initialing of the treaty that soon will come before the Senate for approval. Perhaps it was better, however, that he was not so honored, for it would have been somewhat incongruous to greet, with a many-gunned salute, a man who had just negotiated a nuclear test ban agreement. In the absence of any official ceremony to recognize such an accomplishment, the simple, informal, and wholly sincere welcome extended by his friends and neighbors was a most moving and appropriate event.

I ask unanimous consent that an article, by Max Freedman, which expresses well the mood of that occasion and the stature of the man who was honored, be printed at this point in the RECORD.

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

[From the Washington (D.C.) Evening Star, July 31, 1963]

HARRIMAN EXPLAINS A-TEST TREATY—INSIGHT INTO HOPES THAT INSPIRED PACT FOUND IN ENVOY'S RESTRAINED REMARKS

(By Max Freedman)

Sometimes a small occasion explains a great event. That happened on Sunday

night when Mr. Harriman returned to Washington after reporting to President Kennedy on the negotiations in Moscow which produced the test ban treaty. A group of friends and admirers gathered outside his home to welcome him after his successful mission. It was no time for a set speech but in his informal remarks Mr. Harriman gave the whole country a sudden revealing insight into the purposes and hopes which inspire the treaty.

For anyone with a sense of history, it seemed specially appropriate that Mr. Harriman should have brought back this treaty. He knew Russia in the compulsory comradeship of war. Just as he had later been the first to predict the range of Stalin's ambition. Now, in different conditions, he had returned with a treaty which may open a new and better phase in the cold war. There was no boasting about peace with honor, no predictions about peace in our time. His restraint in the hour of triumph reminded everyone of the President's somber warning that there are no shortcuts on the road to peace.

But think of the credentials which give Mr. Harriman the right to be heard on the subject of our relations with Russia. He recalled his visit to Russia with Lord Beaverbrook in one of the darkest periods of the war when England and America were eager to hasten the flow of arms to our stricken Soviet ally. He knew how dauntless Stalin could be in war and how deceptive in peace. He is no casual student of Russia, feeding on superficial impressions. When he tells us that something new is happening in Russia to which we should pay attention, his advice is worth heeding.

He sees cracks in the ancient Soviet tyranny. The brutality of Stalin's day is gone. Inside the Kremlin there is a liberation from old fears. No ferment of freedom is visible in Russia. But Mr. Khrushchev wants to be known not only as the man who made the Soviet Union strong in the nuclear age but as the leader who gave new security and abundance to the Russian people. He cannot achieve these results while the world is dominated by the arms race and is threatened with nuclear war.

Mr. Harriman thinks Mr. Khrushchev wants to prove that his doctrine of coexistence produces peace and prosperity, while the more militant Chinese doctrine brings only fear and poverty. At no time did Mr. Harriman suggest that the time of peril has passed for America. He assumed that he was speaking to a generation of responsible Americans who had learned a great deal about Russian communism since 1945. He said Mr. Khrushchev shares Stalin's faith in the inevitable victory of communism; but Mr. Khrushchev thinks this victory will be won by peaceful competition. That competition should be greatly welcomed by America.

The American people by this time should be wise enough and experienced enough to be able to lower their fears without lowering their guard. The test ban treaty is no more than a foundation for peace. Our task now is to strengthen that foundation and then, over the years, see what kind of a structure for peace can be built.

Mr. Harriman thinks Mr. Khrushchev hates nuclear war as much as President Kennedy does and is ready to join in common action to prevent it. This shared interest in survival, is, in fact, the best sanction against Russian cheating or Russian betrayal of the treaty. For Russia's breach of the treaty, or its repudiation, would give the signal for an intensified arms race that would bring new dangers to mankind.

By the same token, the refusal of the Senate to ratify, or its willingness to do so only with reservations, would make America responsible for new perils to peace. The Senate would then be saying it does not trust the President's initiative when he tries to reduce world tensions. It would be saying that any negotiated settlement with Russia is impossible or futile or contrary to America's interest. No such message to Russia or the world will be given by the Senate. It will debate the treaty frankly and carefully, as it should, and then will ratify it by a wide margin.

Mr. Harriman made no partisan claims. He recalled that former President Eisenhower had worked for such a treaty. The model for the Republicans today, quite plainly, is General Eisenhower, not Senator Lodge against President Wilson.

If Mr. Khrushchev had stood outside Mr. Harriman's home, his faith in the treaty would have been confirmed. He would have understood that Mr. Harriman is not soft on communism but is strong for peace. The same is true of the American people.

## PHILIP GRAHAM

Mr. CHURCH. Mr. President, I wish I could have come to know better the late Philip Graham. His eloquence, dedication, and fundamental decency were exhibited well by a feature article published on Sunday, August 11, in the Washington Post. Excerpts from Philip Graham's speeches and articles during his 17 years as president of the Washington Post were reprinted with brief identifications, and with an introduction by Alfred Friendly. For the wisdom they contain, I ask unanimous consent that selected portions of these writings be published at this point in the RECORD.

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

A CAREER OF ELOQUENCE REFLECTS PHILIP GRAHAM—NEWSPAPER EXECUTIVE SPOKE ON BROAD RANGE OF SUBJECTS

(A chief executive who excelled: The Washington Post enjoyed the rare fortune of having a chief executive who excelled in the abilities central to fulfilling its purpose.

That Philip L. Graham, as president, should have set the goal, fixed the policy of the newspaper and headed its business operations was taken for granted—although there was vast admiration for his way of doing it. But what was unique was the fact—accepted without resentment and with great pride by the staff—that Mr. Graham could outsleuth the paper's star reporters, outthink its sagest pundits, outwit its most genial spoofers and outwrite its fanciest—or most fancied—stylists.

Some selections from what he wrote and said during the 17 years he was head of the Washington Post are presented here as a portrait and measure of the man.—A. F.)

[Identification notes appear in parentheses]

DIGNITY AND FREEDOM

(The hundreds of thousands of words that Philip L. Graham produced in an intensely articulate career revealed a constant reaching for ideals and a consistent rejection of ideology. There were only two pieces of doctrine he was willing to embrace and these, perhaps, were only opposite sides of the same coin: All men are children of God; their dignity and freedom are ends in themselves. In a speech 13 years ago to the Association of National Advertisers he approached the issue by discussing its antithesis.)

At that year's (1903) conference of the Russian Social Democratic Party, which was held in exile abroad, a delegate asked whether the absolute authority of the party, demanded by Lenin and his associates, was not contradictory with those fundamental liberties which were the avowed end of socialism. He asked whether even the "sacrosanctity of the person" could be violated by the party. The party's answer was that, if the revolution demanded it, everything must be sacrificed. There was no "sacrosanctity of the person" * * *.

These doctrines have developed into the terrifying new mark of our times. Up to now, whatever the disagreements between philosophers and politicians as to the answers of questions, there was agreement about the importance of the questions. Questions about what kind of life man should lead, about the existence and meaning of God, about the way man should be governed.

The new mark of Leninism was the assertion that the way to answer questions was by wiping out the questions themselves. This meant what we have come to see in the Soviet Union—the elimination of reason except for narrow practical and technical accomplishments. The aim of the system is to eliminate great questions from the minds of its citizens by propaganda, by terror, by death. Then it is possible to have a state with only one goal, "a smoothly working machine providing for the needs of such of its members as are permitted to survive." When we understand that, we understand the seriousness of happenings that once struck us as strangely odd if not even humorous. Thus, the punishment of Shostakovich for not following the "line" in music. Or the violent insistence on opposition to all established knowledge about genetics.

Here is the complete triumph of security over freedom. It reaches its fullest flowering in that complete degradation of mankind shown by the late George Orwell in his "1984." Implicit in the system is the idea that man was created with a brain not to seek after truth, but just so he could have a somewhat better knack than rhinoceroses in creating material wealth.

It should be obvious then that our peril lies not just in the Russian manifestation of this system but in the broad system itself. The possibility of "coexistence," to which Stalin refers with purring calm at intervals that suit his purposes, is obviously inconceivable. The chasm between us is as wide as our belief in the meaning of man. The stakes are not just free enterprise, or the American way of life. They are the stakes of civilization, that period whose name connotes man's emergence from the animal kingdom.

(A year later, in 1951 after discussing the same history, Mr. Graham spoke to a meeting of his old fraternity chapter at the University of Florida.)

The Russians are so dedicated to and fanatical about their totalitarian program that they have created a fear that penetrates more than our international arrangements. They have so awed us with their threats and their evil, that we find spreading suspicion and distrust in our domestic lives. We are adopting some strange habits for a people who have grown great in the pursuit of reason and the search for truth. We are now wondering whether self-preservation does not demand restrictions on thinking and limitations on ideas.

I think much of our present odd behavior comes from the fact that we have taken freedom for granted for so very long that we have failed to remember its qualities. Freedom does not require that a man believe in the Republican Party or white supremacy or the progressive income tax or collective bargaining. What freedom requires is a belief in the importance of man—man as created in God's image—which God, and this is an essence of freedom, some men may deny exists.

Freedom asserts that man's life is important; not just so he can have a Cadillac or a dishwasher or make money, but because his life, the life of every different one of us,

is a manifestation of some great and mysterious force.

This is an idea that is immeasurably more powerful than Stalin's 175 or 400 divisions. Because it denies Stalin's ideas that man is just an accidental piece of furniture—something to be fitted into 5-year plans, or fifth column groups, or concentration camps.

Faith in the power of freedom is the real hope for our survival.

(Two years ago, Mr. Graham was called on to speak to the National War College on "Public Support for Cold War Requirements." He quipped that he had a preeminent qualification to do so since he was "beginning to get to be old enough to know that there are seldom any answers to big questions." But his answer was that freedom built public support.)

If I have any slight insight into the problem of achieving public support in times of crisis, it is that we should never cheapen the underlying nobility of freedom—and freedom alone makes the subject of public support relevant to a serious discussion of our serious problems. Too often we do cheapen this aspect of freedom. We are willing to win quick and fleeting public approval by high pressure, by phony emotional appeals.

How many times have you heard this false analogy argued: that since we are a nation of salesmen we ought to be able to sell the system of freedom, as though freedom, which has its roots so deep in the spirit that none of us can every fully comprehend it, can be cheaply equated to filter cigarettes?

We should all beware of shortcuts, of tricks, of easy ways to gain public support of our Nation's aims. The long, slow process of better education; the difficult building of decent environments which give every man dignity and self-respect and a sense of responsibility; the sustaining of the complex sort of culture in which freedom can flourish and the nobler aspects of the human spirit can unfold—all of these are the essential underpinnings of true popular understanding—of public support which is more meaningful and more powerful than the purported streamlined efficiency of the dictators.

About the future it is not given to man to have knowledge. Man can only have faith.

Paradoxically, my faith has been more rekindled by a citizen of the Soviet Union in recent years than by any other man. For I feel that no one can read the great novel and the poems of the late Boris Pasternak without realizing that a love of freedom is a deeply central part of all human nature.

If you lend your efforts to the constant recreation of an atmosphere congenial to freedom, I have faith that this deep central yearning of the best of mankind will determine the future of mankind. President Kennedy calls it the revolution of freedom—and it is the most revolutionary force on earth. Public support for the cause can be evoked by decent leadership—not only by that of Presidents, but by the sort of leadership you are destined for. And in one of those beautiful circular movements of life, decent leadership evokes decent public response, and decent public response ennobles decent leadership, and the good can continue begetting and enlarging the good.

At least, that can be our faith.

THE M'CARTHY THREAT

(By the early 1950's, Philip Graham had long been discussing the menace to freedom from communism. He now saw, in McCarthyism, the single most important threat to freedom from the domestic scene. His opposition to Senator McCarthy had been instant, unremitting and total. Some of his reasons are found in a speech to the National Council of Jewish Women in Washington on May 18, 1953.)

The value of exercise in behalf of freedom is so obvious that I don't intend to dwell on it. Certainly we all learn as the years go by that there is nothing dear and precious and fine in this life that can be kept alive without loving care and attention. As parents we all know that a human warmth with our children is not a thing merely to be purchased at a toy counter or a task to be delegated to someone else. And the same is true of freedom—freedom is nothing at all to be turned over to a babysitter.

The two dominant assaults against freedom today are, of course, being made by the Communists on the one hand and, on the other hand, the self-styled anti-Communists who are convinced that the way to defeat totalitarianism is by becoming even more totalitarian.

I want now to pay my brief respects to a second powerful force which is also assaulting freedom. It is a force built upon the bewilderment and sincere anxiety of people who are legitimately alarmed over what communism has done to civilization. Fear and bewilderment and frustration are familiar qualities in times of great historical crises. Occasionally a leader appears who has the evil genius of turning these reactions into a dominant force against the more noble qualities of humanity. Lenin and Stalin performed this role in Russia and Hitler performed it in Germany—Huey Long was willing to attempt it in the America of depression times. And now McCarthy is attempting a similar exploitation of our troubles.

He is a man of savage ability and primitive shrewdness—enjoying that exemption from the rules of decent civilization which the semicivilized so often claim. And in less than 5 years he has achieved in distorted form the ambition of many young men of ability. He has earned a place for himself in our history books for he has wrought incalculable harm to the real security of our Nation and to freedom.

(Among the abominable outgrowths of McCarthyism, Mr. Graham insisted, were the governmental loyalty security programs. He spoke of them to the National Civil Liberties Clearing House in Washington on May 17, 1955.)

These programs—carried on through both Democratic and Republican administrations—simply fail to acknowledge the dignity of the individual. And just as it is possible to rationalize arbitrary actions in the property sphere, so we have abundant rationalizations of the loyalty security programs.

For example: "No man has a right to work for the Government." This is solemnly uttered and solemnly believed. Yet at least 1 out of 12 working adults works directly for the Government and many more work for Government contractors and so are covered by the loyalty security program. And I should estimate that at least 2 million of the 5,000,000 Government employees have to work for the Government, having been invited to do so by General Hershey.

There are, of course, many other rationalizations. Once again we hear about what is practical. The standard form goes like this: If enough Communists get into enough sensitive Government positions they could take over the Government. If they took over the Government they would deny all freedom. Therefore, it is said, the loyalty security programs are justified—as a practical necessity—and what is Ladejinsky hollering about anyway?

The curse of such expediency is that after one embraces it, it is so anesthetic that one forgets all history.

Thus in the loyalty security programs—and in related fields—we have lost all sight of the history of human credibility. Our system of law has discovered over hundreds of years that many people—and the number expands in times of excitement—are conscious or unconscious liars. This has been one of the great historical discoveries of civilization and so has been our painstaking development of measures for guarding against this propensity for prevarication.

Yet even the simplest sort of safeguard—that of confrontation of accusing witnesses—has been ignored by these new programs. And so we live through the national shame of Mr. Matusow and Mrs. Natvig, neither of whom is an unfamiliar type to those legendary schoolboys who read McCauley.

As an exintelligence officer I recognize the need for truly undercover operatives against fifth columns. As a semiliterate person, I also recognize that the cause of our difficulties is the Communist conspiracy and not Roy Cohn.

But I cannot believe that we can long tolerate the stupidities of things like the loyalty security programs and still keep the flame of freedom alive. I cannot but believe that this period of adult delinquency must and will be soon behind us. Very soon I pray we will return again to a living belief in the dignity of man—to Churchill's "unfailing faith that there is treasure if you can only find it in the heart of every man."

(Unsparing in his criticism of his own calling, journalism, Mr. Graham saw no need to be hesitant about aiming barbs at his former profession, the law. He raised the question of lawyers' failure to act on the loyalty security programs in an address to the Association of the Bar of the City of New York on November 15, 1951.)

But what has happened to the voice of the legal profession during the years that these problems have been in ferment? To many who have listened for it, the bar has appeared suddenly struck dumb.

Over 30 years ago this association raised its voice against the expulsion of the Socialist legislators at Albany. One of your most eminent members, Mr. Charles Evans Hughes, added to the literature of liberty when he reminded the legislature for this association that "it is of the essence of the institution of liberty that it be recognized that guilt is personal and cannot be attributed to the holding of opinion or to mere intent in the absence of overt acts." At about the same time, 12 distinguished lawyers, led by Dean Roscoe Pound, agreed as a public service to examine the deportation raids of Attorney General Palmer.

Only 13 years ago, the Supreme Court decided that the Constitution extended to Mr. Frank Hague's Jersey City, despite his contrary view. There appeared as amicus curiae in the Hague case, the American Bar Association's Committee on the Bill of Rights, composed of such leaders of the bar as Douglas Arant, Zechariah Chafee, Grenville Clark, Lloyd Garrison, Monte Lemann, John Francis Neylan, and Charles Taft. If there has been such a committee in the past 6 years, its existence has become a closely guarded secret.

That is not to say there have been no expressions of concern from the legal profession. The roster of opposition to the American Bar Association's support of a special oath for lawyers, for example, contained some eminent names. But they are largely the men who did the same work 20 or 30 years ago. The hush of quiet seems to typify many of those generations of the bar who are junior to Charles C. Burlingham, John W. Davis, or John Lord O'Brian.

It is to the shame of this great profession that others have largely provided the leadership and taken the blows in defense of those constitutional rights of which you should be especial guardians. A group of businessmen, the Committee for Economic Development, saw fit to publish a serious and intelligent analysis on "National Security and Our Individual Freedom," but nothing vaguely comparable has come from the bar. It is to the credit of this association that you have given attention to the need for establishing

procedural standards for congressional committees. But by and large the bar has shown little interest in that degradation of our democratic institutions of which Senator McCarthy has become symbolic. When a Senator proposed a sort of loyalty investigation for all Federal judges as though they were postmasters or county agents, when another Senator announced that a Federal judge in Hawaii would not be reappointed because his ideas on reasonable bail did not coincide with the Senator's ideas, when Congressmen filled the RECORD with attacks on the rulings of Judge Kaufman—on all those occasions and on others, many people waited for the bar's support of the American tradition of an independent judiciary and, save for a few honorable exceptions, they waited in vain.

Especially needed in these times of fear has been the creation of some respected body to examine how we can achieve a better balance of individual freedom and national security. The President—after some initial reluctance—proposed such a Commission and appointed to it a group of most distinguished Americans headed by Admiral Nimitz. Senator McCarran, who cannot imagine making any adjustments in the name of individual freedom, has managed to prevent the operation of the Nimitz Commission. So in the fall of this year, in a remarkable state document, the President of the United States asked the American Bar Association to turn its attention to the same matters. He reminded the bar that: "Lawyers of the past have risked the obloquy of the uninformed to protect the rights of the most degraded." He concluded by saying: "I believe the bar has a profound contribution to make in this vital area of national policy and practice, and, moreover, has a moral responsibility to make that contribution."

There is no evidence to date that this unique appeal from the President to the bar has awakened that moral responsibility.

I thought of the ironical fact of that excellent document of the Committee for Economic Development which I have mentioned. That document is a reminder to the American people of the claims of individual freedom, and it was produced by a group of businessmen under the leadership of a retail merchant. In the days of our past when the American ideals were being given their original form, our countrymen relied for such reminders upon Thomas Jefferson and not upon the forebears of Abraham and Strauss.

THE ACTIVIST

(These columns are filled mainly with his ideas and concepts, but Philip Graham spent far more of his time and energy on concrete projects than on philosophizing. The areas of his intense activity were many and only a couple can be illustrated here. One, for which he was perhaps most renowned, was a continuing campaign for the widest mass participation in political financing, for vast numbers of small political contributions instead of a few donations from the "big money" interests. He launched his thesis before the School of Business of the University of Chicago on June 1, 1955. First outlining the fantastically grave and difficult problems facing the Nation, he offered the following analysis.)

I would like to suggest that in one respect at least we are facing up to this situation as though we were a nation of lunatics. I would also like to suggest that unless we change our habits we shall probably achieve the fate we deserve.

Now my suggestion has one refreshing aspect. It will not require this assemblage of potential cardiac cases to raise your blood pressure in anger against anyone except yourselves. I do not suggest that we can solve all our problems by denouncing Yalta, 90 percent of parity, the Dixon-Yates contact, Owen Lattimore, or high taxes.

What I put to you is simply this: We face problems that involve life and death for all of us; yet we insist on having the lowest sort of opinion of the very people we entrust with those problems; and we force them to operate under conditions which do everything to repel decent men.

Who are these people who bear this great responsibility, and whom we treat so stupidly? They are, of course, the politicians. They include Dwight D. Eisenhower, Adlai Stevenson, 96 Senators, 435 Congressmen, 48 Governors, the 750,000 other elective officials, and the Cabinet officers and tens of thousands of appointive officials and political workers who must live under our existing system of politics.

These are the people whose day-by-day actions will very largely determine the greatest conflict in the history of the world. Yet how do we tell them we regard them? We tell them that we consider them just a little above outlaws. Thus this spring in a nationwide Gallup Poll, 7 out of 10 people with an opinion stated that they would not like to see their children enter politics as a life's work.

Let us suppose that instead of running a great nation we were running a pickle works and that our pickle sales were dropping every month. Clearly we would not begin by telling our sales department that all salesmen were stupid and crooked and unnecessary. Yet we do treat problems which are rather more urgent than pickle sales in just that fashion. And if we continue to do so we probably have as much chance of survival as the buggy manufacturers had of licking Henry Ford.

But before we discuss the solution, let us diagnose the basic problem in a bit more detail. For the problem is deeper than merely a question of public attitudes. Although they are considerably more esteemed than politicians, nevertheless farmers, labor leaders, industrialists and even newspaper people are frowned upon by a goodly number of their fellow men. Yet these people at least can operate in an environment permitting them to maintain their self-respect.

So while it is a serious matter that politicians rank close to lepers in the popularity polls, it is a much more serious matter that we force politicians to live in a system which goes a long way toward depriving them of self-respect.

The fundamental defect in our present system of politics—as is so often the case in life—has something to do with money. It has specifically to do with our habits regarding contributions for political campaigns. Even putting the best possible face on the situation, it can only be described as morally squalid, ethically shocking, and spiritually revolting.

As of 1955 the principal characteristics of our system of political finance can be accurately described in the following manner:

1. We maintain a bold-faced, official lie about the cost of political campaigns and the amount of political contributions.

2. We almost universally fail to respond to—or even to recognize—the duties of the individual citizen in a free society.

3. We consequently force politicians to live in close connection with the filthy power of gangsters and the acquisitive power of special interest groups and favor seekers.

The problem then is how to convince millions of Americans of an obvious fact—that good citizenship requires political contributions by each individual to the party or candidates of his choice. Good citizenship requires this just as much as it requires contributions to one's church, one's community fund, the Red Cross, or other causes.

(Another of many fields of his intense personal activity was urban renewal, particularly for Washington. To the Washington Building Congress, Mr. Graham looked, with an accuracy that has stood 11 years of test, at the city's urban problem as it appeared in November 1952.)

The problems are very much more than dollar problems. There are human and social problems being created by the unbalanced migration of upper and middle income families out of our city. No city can be a healthy city unless it has a balanced, representative population. And yet the opposite is occurring. This is most graphically shown by statistics on racial components. These show that the ratios of white and colored populations in the entire metropolitan area have been relatively unchanged for 50 years. But this is not true of the District when taken alone, where from 1940 to 1950 the colored population rose from 28 percent of the total population to slightly more than 34 percent. The rise of colored population in our cities is part of the story of the rise of the Negro in America. A great migration from the South has been under way, and the percentage increase of colored population in Washington has been less large than in most other large American cities.

The rise of the Negro, let us be clear, is a matter for pride on the part of all Americans. But that rise will be complicated and not aided if by lack of planning we allow our urban centers to become predominantly places for those who are at the lower end of the economic ladder. Instead we must do our utmost to work toward balanced growth of cities and suburbs to build a strengthened democracy.

The basic problem with Washington, as with most of our cities, is thus an unbalanced migration out of the city. It is important that we work for balance—and not against migration. For the growth of the suburbs is in everyone's interests. That growth should make for better and safer and healthier living for us all, and is certainly to be preferred to increasingly congested city living.

Balance in the growth of our city has many aspects. There are two primary ones I would like to single out:

First, we ought to plan our city so that it manages to attract a balanced share of all segments of population. That means we cannot stand by passively and merely let present structures become blighted slums. There are many advantages of downtown living—with air-conditioning it even has perfect weather. By imaginative private projects and by projects under the Redevelopment Land Agency, we must see that we make the most of the advantages of city living and keep a balanced population attracted to them.

Second, we must recognize that a housewife living 15 miles away from our downtown shopping and service area need not be further away in time than was her grandmother who lived on Florida Avenue, that is to say, we can make her close to the downtown area if we are imaginative and resourceful in tackling problems of mass transportation, of traffic control and of parking. Ife we do not, if we fail in this, then we shall have destroyed much of the value and the usefulness of our central city. And if that is destroyed, we shall face a Pandora's box of problems as to how we can ever maintain the city.

(Mr. Graham viewed the same urban problem in more general terms 3 years later, in September 1955, at an ACTION luncheon in Philadelphia.)

The fact is—depending on how you define city—either a majority or, at least, a very large proportion of our people happen to be born and live and die in cities. Now the obstetrical care in the maternity wards is generally very fine and the same is true in the funeral parlors and the burial grounds. But the in-between period—which we enthusiastically describe as life—is not always

a span of shining joy. As I think we all know, the modern urban apparatus often falls far short of providing a support for fostering in man the fullest growth of his finest qualities. Instead, too often it gives a nudge to his weaknesses for delinquency and depravity.

We have learned, I think, that sprawling unplanned cities in the 20th century not only make bad cities, but they make bad people. We are concerned about doing a better job in this area, not to improve the oft-mentioned standard of living, but to improve the less-mentioned, but more important, standard of the human spirit.

Anybody who is at all remotely familiar with citizens organizations is well aware of the following law of nature. It is 1,000 times as easy to espouse, maintain, and propagandize a so-called principle as it is to work for any constructive accomplishment. Now that law of nature has flourished, particularly in the housing and city planning field. Today we have millions of Americans living in slums which any proud pig would scorn, because thousands of our so-called leading citizens lost themselves for a decade or more in the joys of bombast, epithets, stubbornness, and self-righteousness over the pros and cons of public housing instead of doing anything about doing anything. And public housing is only one of a number of issues which among housers and planners has been elevated to such a position of delicacy that one can discuss them just about as freely and objectively as one could conduct a seminar on miscegenation in Charleston, S.C.

The facts are that our cities by and large are pretty miserable places for a lot of people to live in. The further facts are that there is no excuse for this. There is only one explanation, and the explanation is the stubbornness, the obtuseness, and laziness of men. The answers in the main are not only realizable but obvious. The central weakness seems to me to be poor citizen organization and inadequate citizen support.

THE CERTAINTY OF UNCERTAINTY

(Because he rejected ideologies, and because he loathed pretensions, Mr. Graham reserved his strongest vitriol for the concept of "certainty." He spoke on the subject at the Founder's Day Dinner of Lincoln University, on February 25, 1952, in Philadelphia.)

My feelings of doubt arose because of a particular quality with which we seem recently to have invested some of the more disputatious areas of life. That quality is the quality of certainty—of dogmatic, unbending sureness. You are familiar with the quality—with this peculiar state of mind. You are told that such and such action must be taken—and taken at once. Not tomorrow—but now. Otherwise, the world will certainly come to an end, and you will be at fault.

Well, it seems to me that we are coming more and more to exhibit that quality about more and more difficult and vexatious subjects. The area of race relations, regrettably but certainly, we must admit, remains such a difficult area. Numerous other examples of difficult problems come to mind—many aspects of foreign policy, the problem of academic freedom in our universities, the clash of individual rights and governmental powers, the direction of modern economics, and so forth.

Increasingly, it seems to me, we find an almost mathematical rhythm about such matters. As the complexities and the difficulties of the subject matter increase, the dogmatic certainties of those involved with the problem increase in direct proportion.

For example, in the more detached and rational parts of our mind we recognize that historians are still giving us new light on the sources and direction of our Civil War. And that war ended almost 90 years ago. Yet today we listen to the most positive and pompous utterances pretending to give the exact truth about the Korean war—a war where the guns are not yet even quiet and where the facts are necessarily only partially available.

As another example, take the subject of how we should deal with the vast problems of China and the rest of Asia. It is a problem with the most unimaginable complications. And yet in the town from which I come, there are thousands of noisy people with dogmatic solutions in contrast to only a handful with the patience to study some of the relevant facts.

In a different area, I think most of us realize the enormous complexities arising from modern industrial life. We know that the improvement of institutions to help make it a better life is inevitably a drawn-out job of trial and error. Yet there is almost no indication of that in the outpourings of those who are most articulate. Manufacturers' associations pronounce that the adoption of this or that bit of legislation means inevitable progress down the road to socialism—and probably the road to Hell. Simultaneously, great labor organizations indulge in the fraudulent pretension that they can mathematically evaluate the soul of a legislator. They claim they can total up his votes on a few measures, and then grade him in a range that runs from 100 percent virtue to 100 percent evil.

Now that kind of certainty, I suppose, must offer a kind of personal enjoyment. It must become a rather efficient anesthetic, as it dulls the lively pains which doubt and uncertainty can kick up. But it is an anesthetic to which, happily, most of the human race are allergic. Although the attitude of dogmatic sureness seems to be growing, it still remains true that the majority of men cling to the old-fashioned concept that infallibility is a quality reserved for God.

(The British scientist-author, C. P. Snow, had become somewhat less than Mr. Graham's favorite pundit when he proposed that the scientist should be the key decisionmaker in today's world. Mr. Graham had thought, and continued to think, that the role belonged more properly to the "politician," in the highest sense of the word. Hence when Sir Charles propounded as a "certainty" that atomic war would ensue in 10 years if the nuclear arms race were not halted, Mr. Graham replied in one of the occasional articles he wrote directly for his newspaper. It appeared April 16, 1961.)

War, said Clemenceau, is too important for generals. Peace is too important for scientists, even for Sir Charles P. Snow, whose speech to American scientists was in this space last week.

Long ago Justice Holmes wrote that he hated a man who knows. But C. P. Snow suddenly knows. He knows out of something he calls engineering truth and statistical truth.

He knows that the spread of nuclear power to other countries will certainly cause war. He and his fellow scientists "know it in a more direct sense than any politician because it comes from direct experience."

Now, politicians have direct experience, too. Their laboratory covers the whole sweep of life—even including scientists. They know no engineering truth or statistical truth or even political truth.

C. P. Snow is certain that we confront an either-or. Either we negotiate nuclear disarmament or a holocaust destroys mankind. He is not the first scientist to be certain. Fifteen years ago we were warned of the certainty of nuclear war.

If mankind could really be certain, we acted very foolishly when we did not impose our will on the Russians during the years of our atomic monopoly. But the only certainty we have is that Churchill's "peace of mutual terror" has somehow continued.

Certainty is a dangerous belief. It is certain that each of us, at some uncertain moment, will face death. Mass death, by nuclear war, is not certain. It may be likely if the bombs proliferate and a few hundred men in governments are foolish. But it is not certain.

To avoid that likelihood, we have politicians carrying burdensome tasks. When we are wise, we support them in an atmosphere of law, of human respect, of intelligent democratic discussion.

All the politicians of the West know that we must have nuclear disarmament. Yet no one knows as a certainty that present disarmament negotiations will lead to actual disarmament.

The end, the final hope, is clear. There is no certainty about the means. Scientists and others do us a great harm by making an oversimplification of the heavy tasks of our politicians.

Great politicians, such as Lincoln, know that patience and wisdom are the watchwords of hope. At their best, politicians (then called statesmen) know only truth.

They know that truth is a great single thing which cannot be fractured into engineering or statistical truth. Also, they know that truth can be but dimly perceived and patiently pursued by humankind.

PAINFUL DOUBTS

(As the preceding passages illustrate, Mr. Graham was not one to withhold criticism, even if he acted from his own personal uncertainty principle. But of nothing did he finally become more critical than of his own business, the press. His dissatisfaction with the commonplace in the press developed slowly. It was most clearly expressed in February 1960 at a University of Minnesota seminar.)

What I am feeling, rather than thinking, is that the press is stale and disoriented. Not in techniques for we are encased in and fascinated by techniques. Our staleness and our disorientation are caused rather by our basic assumptions. They are shallow, out of date, and almost entirely unexamined because we all of us spend all of our time with techniques.

There is a clue to what concerns me about journalism in a recent British novel, "The Rack," by A. E. Ellis, which deals with the psychology of tuberculosis. In it there are hordes of doctors who with all the paraphernalia of modern medicine still cannot cure. And the most articulate of them speaking with that sense of omnipotence which the lack of power so often evokes, derides the efforts of philosophers. Ah, philosophers, he says in effect, when they are sick they come to doctors; and who has ever heard of a sick doctor going to a philosopher?

In this considerable novel, an ailing man places all his faith in the cures of doctors who cannot cure.

Perhaps we are doing the same in journalism, placing all our hopes in whatever doctoring is fashionable at the moment. We pursue Dr. Flesch who has a cure-all in short sentences, or Dr. Gallup who shows us that many people will choose escape over even mild thinking, or Dr. Neilsen and Dr. Politz who seem to have discovered that everyone has abandoned all work, play, and bodily functions in order to spend 26 hours a day perusing the various media.

Those of us in journalism have listened to thousands of hours of discussions of such techniques. We have probably not spent 1 hour asking: What are we doing? Where are we going? Our most passionate energies are expended tinkering with the superstructure, with none left over for contemplating the foundation.

(If Philip Graham rejected the concept of certainty, it was clear he took no pleasure in doing so. The question of "What are we doing? Where are we going?" haunted him, and unhappily. He reached constantly for the answers but, as the following extract from a speech on November 5, 1959, suggests, a fulfilled resolution of the problem escaped him. One sees that although the nominal audience was the American Electric Power

Association, the speech and the painful doubts were to and of himself.)

Where I get in difficulty—at times almost unbearable difficulty—is when I try to examine the meaning of what I am engaged in.

When these difficulties get too great we in the newspaper business do what I suspect people in your business do. We retreat to the ritual of reciting old rules that we know are meaningless.

We say that we just print the objective news in our news columns and confine our opinions to the editorial page. Yet we know that while this has some merit as an oversimplified slogan of good intentions, it also has a strong smell of pure baloney.

If we keep wages too low in some few areas where unions still let us do it, or if we neglect decent working amenities as long as we can avoid the cost, we defend ourselves by muttering about our concern for stockholders. As though by announcing compassion for a relatively anonymous and absent group we can justify a lack of compassion for people we spend our working days with.

If we are brutally careless about printing something that maligns the character of some concrete individual, we are apt to wave the abstract flag of freedom of speech in order to avoid the embarrassment of a concrete apology.

If we are pressed even harder, we may salve our consciences by saying that after all there are libel laws. And as soon as we say that we redouble our efforts to make those laws as toothless as we possibly can.

And if we are pressed really quite hard, we can finally shrug our shoulders and say, "Well, after all we have to live." Then we can only hope no one will ask the ultimate question: "Why?"

I certainly have been guilty of all those stupid actions—and a great many more stupid. And I suppose that more than a few of you have done as poorly.

What I prefer to recall are those rare occasions when I have had some better sense of the meaning of what I am engaged in. In those moments I have realized that our problems are relatively simple and that some simple, ancient, moral precepts are often reliable business tools. In those moments I have been able to keep in mind that it really doesn't matter whether I am kept in my job. In those moments I have been able to look straight at the frailty of my judgment. And finally I have been honest enough to recognize that a few—a very few—great issues about the meaning of life are the only issues which deserve to be considered truly complex.

We are agreed, I am sure, that the free exchange of ideas and the release of mankind from burdensome toil are important goals in the development of civilization. But we will be very foolish people if we decide that my newspaper methods and your methods of producing energy are the only—or even the best—methods of furthering these goals.

The realization of this does not mean we have to be any the less able or the less passionately interested in our jobs. Instead, by paying attention to the broader meaning of what we are engaged in, we may be able to join our passion to our intelligence. And such a juncture, even on the part of but one individual, can represent a significant step forward on the long road toward civilization.

## INDIANA YOUTH CONSERVATION CAMP

Mr. BAYH. Mr. President, today the State of Indiana began a pilot project which I hope will be a model for the youth employment opportunities bill currently before the Congress. I am speaking of the Indiana Youth Conservation Camp, at Harrison State Forest, near Corydon, where 100 young men between the ages of 17 and 22 will spend the next 2 months. They are out of school and out of work. The purpose of the camp is to get them back to school or back to work. All have been carefully selected by the Indiana Employment Security Division. None are juvenile offenders.

In addition to conservation work, they will receive a minimum of 8 hours a week of education in basic subjects, such as mathematics, English, and the social sciences. Furthermore, they will work in small groups, in an attempt to make up any deficiencies which dropping out of school may have left them with.

This educational effort is of prime importance, because time and time again we see that a basic education is the bare minimum needed in order to survive in our changing employment market. With this education, plus the knowledge of what it means to put in a hard day's work, these young people will be, I hope, motivated either to seek further employment or to return to school.

Whatever they do, the employment security division will try to help them find jobs at the end of the program.

Although the division will not guarantee jobs, I doubt that the young men will have trouble finding them, for after their training they will be more desirable as employees.

The camp was established by an executive order of Gov. Matthew E. Welsh, upon the recommendation of the Indiana Youth Council.

Besides the council and the employment security division, the following State agencies are also sponsoring the camp: the Indiana National Guard, the division of labor, the department of conservation, and the department of public construction.

The young men will receive $25 a month, and $100 at the end of the 2-month period, to help them get started on their next job—which we hope will be a permanent one.

This is the type of program that enactment of the youth employment opportunities bill will allow us to continue. I believe this program demonstrates the established need for enactment of the bill and establishment of a Youth Conservation Corps and a Hometown Youth Corps.

Mr. JAVITS. Mr. President, a parliamentary inquiry. Is the morning hour over?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

## AMENDMENT OF THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed consideration of the bill (S. 1716) to amend the Manpower Development and Training Act of 1962.

## MARCH ON WASHINGTON

Mr. JAVITS. Mr. President, on Wednesday last the Nation and the world saw the heart of the American Negro revealed in an unforgettable demonstration of unity and democracy. In a dignified, extraordinarily disciplined, and intensely patriotic manner, 200,000 Americans—from all sections of the Nation and from all levels of life—came to the Capital of their country to appeal for redress of the very real grievances of the Negro.

This march on Washington for jobs and freedom could not help but touch the conscience of every American and, I hope the conscience of Congress. This living petition was directed to the Congress, which has lagged behind the other branches of the Federal Government in insuring and protecting the right of the Negro to full citizenship.

I was impressed, Mr. President, by the large number of non-Negroes in Wednesday's march, especially by the number of religious leaders. Their presence was symbolic of the fact that the struggle to redeem the soul of a nation, plagued by 100 years of racial discrimination, is everybody's struggle.

The march demonstrated that the first amendment right of peaceable assembly and petition for redress of grievances is a living part of our political history. This is what the Negro community is seeking to invoke in demonstrations across the country. This march proved that the first amendment rights can be exercised without danger of violence and disturbance.

But despite the polite and orderly behavior of the crowd, and the moderation of the speakers, it was plainly evident that this demonstration was a symbol of the civil rights revolution—a revolution which we in Congress cannot ignore as we get down to the business of discussing meaningful civil rights legislation this year. The Reverend Martin Luther King summed it up when he said at the rally in the Lincoln Memorial:

> There will be neither rest nor tranquillity in America until the Negro is granted his citizenship rights.

The words spoken by Dr. King, A. Philip Randolph, Roy Wilkins, Whitney Young, Walter Reuther, John Lewis, Rabbi Joachim Prinz, Dr. Eugene Carson Blake, Mathew Ahmann, and other leaders of the march, are important to the Nation and to Congress, and I ask unanimous consent to have printed in the RECORD excerpts from the invocation and their speeches, as published in the New York Times of Thursday, August 29, 1963; and also an editorial, published this morning, comparing the bitter fruit of Governor Wallace's efforts to close the public school system of his State, in order to avoid desegregation, rather than allow children to return to school normally, as they should, under the traditionally American circumstances.

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

[From the New York Times, Aug. 29, 1963]

MOST REV. PATRICK O'BOYLE, ARCHBISHOP OF WASHINGTON, INVOCATION

In the name of the Father and of the Son and of the Holy Ghost, amen.

Our Father, who are in heaven, we who are assembled here in a spirit of peace and

in good faith dedicate ourselves and our hopes to You. We ask the fullness of Your blessing upon those who have gathered with us today, and upon all men and women of good will to whom the cause of justice and equality is sacred. We ask this blessing because we are convinced that in honoring all Your children, we show forth in our lives the love that You have given us.

Bless this Nation and all its people. May the warmth of Your love replace the coldness that springs from prejudice and bitterness. Send in our midst the Holy Spirit to open the eyes of all to the great truth that all men are equal in Your sight. Let us understand that simple justice demands that the rights of all be honored by every man.

Give strength and wisdom to our President and Vice President. Enlighten and guide the Congress of these United States. May our judges in every court be heralds of justice and equity. Let just laws be administered without discrimination. See to it, we implore, that no man be so powerful as to be above the law, or so weak as to be deprived of its full protection.

We ask special blessing for those men and women who in sincerity and honesty have been leaders in the struggle for justice and harmony among races. As Moses of old, they have gone before their people to a land of promise. Let that promise quickly become a reality, so that the ideals of freedom, blessed alike by our religious faith and our heritage of democracy, will prevail in our land.

Finally, we ask that You consecrate to Your service all in this crusade who are dedicated to the principles of the Constitution of these United States. May we be sensitive to our duties toward others as we demand from them our rights. May we move forward without bitterness, even when confronted with prejudice and discrimination.

May we shun violence, knowing that the meek shall inherit the earth. But may this meekness of manner be joined with courage and strength so that with Your help, O Heavenly Father, and following the teaching of Christ, Your Son, we shall now and in the days to come live together as brothers in dignity, justice, charity, and peace. Amen.

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REV. DR. EUGENE CARSON BLAKE, NATIONAL COUNCIL OF CHURCHES

I wish indeed that I were able to speak for all Protestant, Anglican, and Orthodox Christians as I speak in behalf of full justice and freedom for all, born or living under the American flag.

But that is precisely the point. If all the members and all the ministers of the constituency I represent here today were ready to stand and march with you for jobs and freedom for the Negro community together with all the Roman Catholic Church and all of the synagogues in America, then the battle for full civil rights and dignity would be already won.

I do, however, in fact, officially represent the Commission on Religion and Race of the National Council of Churches.

For many years now the National Council of Churches and most of its constituent communions have said all the right things about civil rights. Our official pronouncements for years have clearly called for "a nonsegregated church in a nonsegregated society." But as of August 28, 1963, we have achieved neither a nonsegregated church nor a nonsegregated society.

And it is partially because the churches of America have failed to put their own houses in order that 100 years after the Emancipation Proclamation, 175 years after the adoption of the Constitution, 173 years after the adoption of the Bill of Rights, the United States of American still faces a racial crisis.

We do not, therefore, come to this Lincoln Memorial in any arrogant spirit of moral or spiritual superiority to "set the Nation straight" or to judge or to denounce the American people in whole or in part.

Rather we come—late, late we come—in the reconciling and repentant spirit in which Abraham Lincoln, of Illinois, once replied to a delegation of morally arrogant churchmen. He said, "Never say God is on our side, rather pray that we may be found on God's side."

We come in the fear of God that moved Thomas Jefferson, of Virginia, whose memorial stands across the lagoon, once to say:

"Indeed, I tremble for my country, when I reflect that God is just."

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RABBI JOACHIM PRINZ, PRESIDENT OF AMERICAN JEWISH CONGRESS

I speak to you as an American Jew.

As Americans we share the profound concern of millions of people about the shame and disgrace of inequality and injustice which make a mockery of the great American idea.

As Jews we bring to the great demonstration, in which thousands of us proudly participate, a twofold experience—one of the spirit and one of our history.

In the realm of the spirit, our fathers taught us thousands of years ago that when God created man, he created him as everybody's neighbor. Neighbor is not a geographic term. It is a moral concept. It means our collective responsibility for the preservation of man's dignity and integrity.

From our Jewish historic experience of three and a half thousand years we say:

Our ancient history began with slavery and the yearning for freedom.

During the Middle Ages my people lived for a thousand years in the ghettos of Europe.

Our modern history begins with a proclamation of emancipation.

It is for these reasons that it is not merely sympathy and compassion for the black people of America that motivates us, it is above all and beyond all such sympathies and emotions a sense of complete identification and solidarity born of our own painful historic experience.

When I was the rabbi of the Jewish community in Berlin under the Hitler regime, I learned many things. The most important thing that I learned in my life and under those tragic circumstances is that bigotry and hatred are not the most urgent problem. The most urgent, the most disgraceful, the most shameful and the most tragic problem is silence.

A great people which had created a great civilization had become a nation of silent onlookers. They remained silent in the face of hate, in the face of brutality and in the face of mass murder.

America must not become a nation of onlookers. America must not remain silent. Not merely black America, but all of America. It must speak up and act, from the President down to the humblest of us, and not for the sake of the Negro, not for the sake of the black community but for the sake of the image, the idea and the aspiration of America itself.

Our children, yours and mine in every school across the land, every morning pledge allegiance to the flag of the United States and to the republic for which it stands and then they, the children, speak fervently and innocently of this land as the land of "liberty and justice for all."

The time, I believe, has come to work together—for it is not enough to hope together, and it is not enough to pray together—to work together that this children's oath—pronounced every morning from Maine to California, from North to South—that this oath will become a glorious, unshakable reality in a morally renewed and united America.

A. PHILIP RANDOLPH, SLEEPING CAR PORTERS

We are gathered here in the largest demonstration in the history of this Nation. Let the Nation and the world know the meaning of our numbers. We are not a pressure group, we are not an organization or a group of organizations, we are not a mob. We are the advance guard of a massive moral revolution for jobs and freedom.

This revolution reverberates throughout the land touching every city, every town, every village where black men are segregated, oppressed, and exploited.

But this civil rights revolution is not confined to the Negroes; nor is it confined to civil rights. Our white allies know that they cannot be free while we are not. And we know that we have no interest in a society in which 6 million black and white people are unemployed, and millions more live in poverty.

Nor is the goal of our civil rights revolution merely the passage of civil rights legislation.

Yes, we want all public accommodations open to all citizens, but those accommodations will mean little to those who cannot afford to use them.

BACKS SCHOOL AID

Yes, we want a Fair Employment Practice Act, but what good will it do if profits geared to automation destroy the jobs of millions of workers, black and white?

We want integrated public schools, but that means we also want Federal aid to education, all forms of education.

Now, we know that real freedom will require many changes in the Nation's political and social philosophies and institutions. For one thing we must destroy the notion that Mrs. Murphy's property rights include the right to humiliate me because of the color of my skin.

The sanctity of private property takes second place to the sanctity of a human personality.

The months and years ahead will bring new evidence of masses in motion for freedom. The march on Washington is not the climax to our struggle but a new beginning, not only for the Negro but for all Americans, for personal freedoms and a better life.

Look for the enemies of medicare, of higher minimum wages, of social security, of Federal aid to education, and there you will find the enemy of the Negro, the coalition of Dixiecrats and reactionary Republicans that seek to dominate the Congress.

We must develop strength in order that we may be able to back and support the civil rights program of President Kennedy.

We here, today, are only the first wave. When we leave it will be to carry on the civil rights revolution home with us, into every nook and cranny of the land. And we shall return again, and again, to Washington in ever-growing numbers until total freedom is ours.

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DR. MARTIN LUTHER KING, JR., SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE

Five score years ago, a great American, in whose symbolic shadow we stand, signed the Emancipation Proclamation. This momentous decree came as a great beacon light of hope to millions of Negro slaves who had been seared in the flames of withering injustice. It came as a joyous daybreak to end the long night of captivity.

But 100 years later, we must face the tragic fact that the Negro is still not free. One hundred years later, the life of the Negro is still sadly crippled by the manacles of segregation and the chains of discrimination. One hundred years later, the Negro lives on a lonely island of poverty in the midst of a vast ocean of material prosperity. One hundred years later, the Negro is still languished in the corners of American society and finds himself an exile in his own land. So we

have come here today to dramatize an appalling condition.

In a sense we have come to our Nation's Capitol to cash a check. When the architects of our Republic wrote the magnificent words of the Constitution and the Declaration of Independence, they were signing a promissory note to which every American was to fall heir. This note was a promise that all men would be guaranteed the unalienable rights of life, liberty, and the pursuit of happiness.

It is obvious today that America has defaulted on this promissory note insofar as her citizens of color are concerned. Instead of honoring this sacred obligation, America has given the Negro people a bad check; a check which has come back marked "insufficient funds."

But we refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity of this Nation. So we have come to cash this check—a check that will give us upon demand the riches of freedom and the security of justice. We have also come to this hallowed spot to remind America of the fierce urgency of now. This is no time to engage in the luxury of cooling off or to take the tranquilizing drug of gradualism. Now is the time to make real the promises of democracy. Now is the time to rise from the dark and desolate valley of segregation to the sunlit path of racial justice. Now is the time to open the doors of opportunity to all of God's children. Now is the time to lift our Nation from the quicksands of racial injustice to the solid rock of brotherhood.

It would be fatal for the Nation to overlook the urgency of the moment and to underestimate the determination of the Negro. This sweltering summer of the Negro's legitimate discontent will not pass until there is an invigorating autumn of freedom and equality; 1963 is not an end, but a beginning. Those who hope that the Negro needed to blow off steam and will now be content will have a rude awakening if the Nation returns to business as usual. There will be neither rest or tranquillity in America until the Negro is granted his citizenship rights. The whirlwinds of revolt will continue to shake the foundations of our Nation until the bright day of justice emerges.

But there is something that I must say to my people who stand on the warm threshold which leads into the palace of justice. In the process of gaining our rightful place we must not be guilty of wrongful deeds. Let us not seek to satisfy our thirst for freedom by drinking from the cup of bitterness and hatred. We must forever conduct our struggle on the high plane of dignity and discipline. We must not allow our creative protest to degenerate into physical violence. Again and again we must rise to the majestic heights of meeting physical force with soul force. The marvelous new militancy which has engulfed the Negro community must not lead us to a distrust of all white people, for many of our white brothers, as evidenced by their presence here today, have come to realize that their destiny is tied up with our destiny and their freedom is inextricably bound to our freedom. We cannot walk alone.

And as we walk, we must make the pledge that we shall march ahead. We cannot turn back. There are those who are asking the devotees of civil rights, "When will you be satisfied?" We can never be satisfied as long as the Negro is the victim of the unspeakable horrors of police brutality. We can never be satisfied as long as our bodies, heavy with the fatigue of travel, cannot gain lodging in the motels of the highways and the hotels of the cities. We cannot be satisfied as long as the Negro's basic mobility is from a smaller ghetto to a larger one. We can never be satisfied as long as a Negro in Mississippi cannot vote and a Negro in New York believes he has nothing for which to vote. No; no we are not satisfied, and we will not be satisfied until justice rolls down like waters and righteousness like a mighty stream.

I am not unmindful that some of you have come here out of great trials and tribulations. Some of you have come fresh from narrow jail cells. Some of you have come from areas where your quest for freedom left you battered by the storms of persecution and staggered by the winds of police brutality. You have been the veterans of creative suffering. Continue to work with the faith that unearned suffering is redemptive.

Go back to Mississippi, go back to Alabama, go back to South Carolina, go back to Georgia, go back to Louisiana, go back to the slums and ghettos of our northern cities, knowing that somehow this situation can and will be changed. Let us not wallow in the valley of despair.

I say to you today, my friends, that in spite of the difficulties and frustrations of the moment I still have a dream. It is a dream deeply rooted in the American dream.

I have a dream that one day this Nation will rise up and live out the true meaning of its creed: "We hold these truths to be self-evident; that all men are created equal."

I have a dream that one day on the red hills of Georgia the sons of former slaves and the sons of former slaveowners will be able to sit down together at the table of brotherhood.

I have a dream that one day even the State of Mississippi, a desert State sweltering with the heat of injustice and oppression, will be transformed into an oasis of freedom and justice.

I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character.

I have a dream today.

I have a dream that one day the State of Alabama, whose Governor's lips are presently dripping with the words of interposition and nullification, will be transformed into a situation where little black boys and black girls will be able to join hands with little white boys and white girls and walk together as sisters and brothers.

I have a dream today.

I have a dream that one day every valley shall be exalted, every hill and mountain shall be made low, the rough places will be made plains, and the crooked places will be made straight, and the glory of the Lord shall be revealed, and all flesh shall see it together.

This is our hope. This is the faith with which I return to the South. With this faith we will be able to hew out of the mountain of despair a stone of hope. With this faith we will be able to transform the jangling discords of our Nation into a beautiful symphony of brotherhood. With this faith we will be able to work together, to pray together, to struggle together, to go to jail together, to stand up for freedom together, knowing that we will be free one day.

This will be the day when all of God's children will be able to sing with new meaning "My country 'tis of thee, sweet land of liberty, of thee I sing. Land where my fathers died, land of the pilgrim's pride, from every mountainside, let freedom ring."

And if America is to be a great nation this must become true. So let freedom ring from the prodigious hilltops of New Hampshire. Let freedom ring from the mighty mountains of New York. Let freedom ring from the heightening Alleghenies of Pennsylvania.

Let freedom ring from the snowcapped Rockies of Colorado.

Let freedom ring from the curvacious peaks of California.

But not only that; let freedom ring from Stone Mountain of Georgia.

Let freedom ring from Lookout Mountain of Tennessee.

Let freedom ring from every hill and molehill of Mississippi. From every mountainside, let freedom ring.

When we let freedom ring, when we let it ring from every village and every hamlet, from every State and every city, we will be able to speed up that day when all of God's children, black men and white men, Jews and gentiles, Protestants and Catholics, will be able to join hands and sing in the words of the old Negro spiritual, "Free at last; free at last; thank God Almighty, we are free at last."

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ROY WILKINS, EXECUTIVE SECRETARY, NAACP

We came to speak here to our Congress, to those men and women who speak here for us in that marble forum over yonder on the Hill.

They know, from their vantage point here, of the greatness of this whole Nation, of its reservoirs of strength, and of the sicknesses which threaten always to sap its strength and to erode, in one or another selfish and stealthy and specious fashion, the precious liberty of the individual which is the hallmark of our country among the nations of the earth.

We want employment and with it we want the pride and responsibility and self-respect that goes with equal access to jobs. Therefore we want an FEPC bill as a part of the legislative package.

Now for 9 years our parents and their children have been met with either a flat refusal or token action in school desegregation. Every added year of such treatment is a leg iron upon our men and women of 1980. The civil rights bill now under consideration in the Congress must give new powers to the Justice Department to enable it to speed the end of Jim Crow schools, South and North.

Now, my friends, all over this land, and especially in parts of the Deep South, we are beaten and kicked and maltreated and shot and killed by local and State law enforcement officers.

It is simply incomprehensible to us here today and to millions of others far from this spot that the U.S. Government, which can regulate the contents of a pill, apparently is powerless to prevent the physical abuse of citizens within its own borders.

Now, the President's proposals represent so moderate an approach that if it is weakened or eliminated, the remainder will be little more than sugar water.

Now, we expect the passage of an effective civil rights bill. We commend those Republicans in both Houses who are working for it. We salute those Democrats in both Houses who are working for it.

In fact, we even salute those from the South who want to vote for it but don't dare to do so. And we say to those people, just give us a little time, and one of these days we'll emancipate you.

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JAMES FARMER, NATIONAL DIRECTOR OF CORE

(NOTE.—Delivered by Floyd B. McKessick, national chairman of the Congress of Racial Equality, for Mr. Farmer, who is in jail in Louisiana on charges stemming from civil rights demonstrations.)

From a south Louisiana parish jail, I salute the march on Washington for jobs and freedom. Two hundred and thirty-two freedom fighters jailed with me in Plaquemine, La., also send their greetings.

I wanted to be with you with all my heart on this great day. My imprisoned brothers and sisters wanted to be there too. I cannot come out of jail while they are still in; for their crime was the same as mine—demanding freedom now. And most of them will not come out of jail until the charges are dropped or their sentences reversed.

I know that you will understand my absence. So we cannot be with you today in body, but we are with you in spirit. By

marching on Washington your tramping feet have spoken the message—the message of our trouble in Louisiana.

You have come from all over the Nation and in one mighty voice you have spoken to the Nation. You have also spoken to the world. You have said to the world by your presence here as our successful direct action in numberless cities has said, that in the days of thermonuclear bombs, violence is outmoded to the solution of the problems of men.

It is a truth that needs to be shouted loudly. And no one else anywhere in the world is saying it as well as the American Negro through their nonviolent direct action.

The tear gas and the electric cattle prod of Plaquemine, La., like the firehoses and dogs of Birmingham are giving to the world a tired and ugly message of terror and brutality, and hate.

If we can solve our problems and remove the heavy heel of oppression from our necks with our methods, then man has no problem anywhere in the world which cannot be solved without death.

We will not slow down; we will not stop our militant, peaceful demonstrations; we will not come off of the streets until we can work at a job befitting of our skills in any place in the land.

We will not stop our marching people until our kids have enough to eat and their minds can study a wide range without being cramped in Jim Crow schools.

We will not stop until the heavy weight of oppression is removed from our back, and like proud men everywhere, when we can stand tall together again.

WHITNEY M. YOUNG, JR., NATIONAL URBAN LEAGUE

One should not seek here to atone for his past failures as a responsible citizen of the majority group. The evils of the past, and the guilt about it, cannot be erased by a 1-day pilgrimage, however magnificent. Nor can this pilgrimage substitute for an obligation to tomorrow by these same citizens.

And so, this march must go beyond this historic moment. For the true test of the dedication and the commitment which should flow from this meeting will be in our recognition that, however impressed or however incensed our congressional representatives are by this demonstration, they will not act because of it alone.

We must support the strong, we must give courage to the timid, we must remind the indifferent, and warn the opposed. Civil rights, which are God-given and constitutionally guaranteed, are not negotiable in 1963.

Furthermore, we must work together even more closely back home where the job must be done to see that Negro Americans are accepted as first-class citizens and that they are enabled to do some more marching.

They must march from the rat-infested, overcrowded ghettos to decent, wholesome, unrestricted residential areas dispersed throughout our cities.

They must march from the cemeteries, where our young, our newborn die three times sooner and our parents die 7 years earlier. They must march from there to nearby established health and welfare centers.

They must march from the congested, ill-equipped schools which breed dropouts and which smother motivation to the well-equipped, integrated facilities throughout the cities.

And finally they must march from a present feeling of hopelessness, despair, and frustration to a renewed faith and confidence due to tangible programs and visible changes made possible only by walking together.

WALTER P. REUTHER, AUTO WORKERS PRESIDENT

It is the responsibility of every American to share the impatience of the Negro Americans. And we need to join together, to march together and to work together until we have bridged the moral gap between American democracy's noble promises and its ugly practices in the field of civil rights.

There is a lot of noble talk about brotherhood and then some Americans drop the brother and keep the hood.

To me, the civil rights question is a moral question which transcends partisan politics, and this rally today should be the first step in a total effort to mobilize the moral conscience of America and to ask the people in Congress of both parties to rise above their partisan differences and enact civil rights legislation now.

Now the President—President Kennedy—has offered a comprehensive and moderate bill. That bill is the first meaningful step. It needs to be strengthened. It needs FEPC and other stronger provisions. And the job question is crucial; because we will not solve education or housing or public accommodations as long as millions of American Negroes are treated as second-class economic citizens and denied jobs.

I am for civil rights, as a matter of human decency, as a matter of common morality. But I am also for civil rights because I believe that freedom is an indivisible value. That no one can be free unto himself, and when Bull [former Safety Commissioner Eugene] Connor with his police dogs and firehoses destroys freedom in Birmingham he is destroying my freedom in Detroit.

This rally is not the end, it's the beginning. It's the beginning of a great moral crusade to arouse America to the unfinished work of American democracy. The Congress has to act. And after they act, we have much work to do.

MRS. DAISY BATES, NAACP DIRECTOR

The women of this country, Mr. Randolph, pledge to you, to Martin Luther King, Roy Wilkins, and all of you fighting for civil liberties, that we will join hands with you as women of this country.

We will kneel-in, we will sit-in, until we can eat in any counter in the United States. We will walk until we are free, until we can walk to any school and take our children to any school in the United States. And we will sit-in and we will kneel-in and we will lie-in if necessary until every Negro in America can vote. This we pledge you, the women of America.

MATHEW AHMANN, CATHOLIC CONFERENCE FOR INTERRACIAL JUSTICE

Who can call himself a man, say he is created by God, and at the same time take part in a system of segregation which destroys the livelihood, the citizenship, family life and the very heart of the Negro citizens of the United States?

Who can call himself a man, and take part in a system of segregation which frightens the white man into denying what he knows to be right, into denying the law of his God?

We dedicate ourselves today to secure Federal civil rights legislation which will guarantee every man a job based on his talents and training; legislation which will do away with the myth that the ownership of a public place of business carries the moral or legal right to reject a customer because of the color of his hair or of his skin.

But, we are gathered too to dedicate ourselves to building a people, a nation, a world which is free of the sin of discrimination based on race, creed, color, or national origin, a world of the sons of God, equal in all important respects; a world dedicated to justice, and to fraternal bonds between men.

[From the New York Times, Sept. 3, 1963]

VIEW FROM LINCOLN MEMORIAL

Under the shadow of Lincoln, 200,000 Americans assembled in Washington last week. The 16th President of the United States and his proclamation of freedom stood as a monumental centerpiece to this great rallying of Negroes and whites. From here as from no other shrine of liberty for all in the United States, people could look back and into the future.

The specific aim was to demonstrate for rights and for jobs and to influence Congress to pass a strong civil rights bill. All America was the audience; the administration and Congressmen were at the focal point of this personal cry for a redress of grievances. Will they be swayed?

There was another Congressman who came to Washington once, the Representative from the Seventh Congressional District in Illinois. He made no great impression. But near the end of his congressional term, on January 10, 1849, Representative Lincoln proposed that no person should be held in slavery within the District of Columbia. When he saw that support for his plan gave it no chance for adoption, he did not formally introduce it as a bill. He did support a bill prohibiting the slave trade in the District, but as usual it failed to pass.

Slavery takes different forms. Taking the long view from the Lincoln Memorial, the bill Lincoln realized at the time he could not introduce successfully is before Congress today. It is to abolish the slavery that enchains a man's dignity in the segregated slums and schools and public places of America. The chains of physical ownership have been broken but not the bonds that stand in the way of true freedom. That was the aim of this great assembly. All Americans, and specifically this Congress, must finally act to make whole the dream of the Great Emancipator.

## NEW YORK BAR ASSOCIATION REPORT ON PUBLIC ACCOMMODATIONS PROPOSAL

Mr. JAVITS. Mr. President, last week the Association of the Bar of the City of New York again demonstrated the kind of responsible professional leadership it has become widely known for over the years. The association's committee on Federal legislation published a report on the proposed public accommodations section of the omnibus civil rights bill now before the Congress, detailed the formidable constitutional bases for the proposed section, and strongly recommended its enactment. I am pleased to note the committee's emphasis on the desirability of basing the section upon both the commerce clause and the 14th amendment of the Constitution.

I ask unanimous consent that there be printed in the RECORD at this point of my remarks, an editorial—from the New York Times of August 28, 1963—which lauds the association's work.

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

FOR A STRONG CIVIL RIGHTS LAW

To the voices of those who are marching on Washington today to urge congressional passage of a strong civil rights bill was added yesterday an authoritative legal one.

The Committee on Federal Legislation of the New York City Bar Association strongly backed the rights bills now before the House and Senate, especially the controversial section forbidding racial discrimination in ac-

cess to privately owned places of public accommodation.

Cutting through the legalistic fog that has enveloped this administration proposal on Capitol Hill, the committee found constitutional support for congressional action in both the 14th amendment and the commerce clause. The two are "complementary and not competitive sources of congressional power," the lawyers observed.

"It is a primary, ancient and honorable function of the law to provide the instruments for the peaceful and just resolution of disputes among men," the committee said. This, in effect, is the message the civil rights marchers are bearing to the Capital. Congress ought to heed both pleas—so dissimilar in approach, yet so similar in their recognition of the need for providing a means under law for redressing grievances that are equally violative of basic law and basic morality.

## INTERNATIONAL BALANCE OF PAYMENTS

Mr. JAVITS. Mr. President, I want to address myself now to a fundamental and critically important thesis, which also is signalized for us this morning—entirely a happenstance—by a very important statement made by Governor Rockefeller, of New York, upon the same subject. I am very glad to note the attention which the problems of the international balance of payments and the international monetary situation of the United States are receiving. I believe this situation may very well bring about most untoward economic results. If allowed to go unchecked, this problem could produce a worldwide depression—similar to the 1932 model, for example, which we must remember was touched off by the failure of the Kredit-Anstalt, in Vienna—an event which took place quite remote from the United States; yet it shook our Nation to its foundations and resulted in probably the worst depression in modern times.

So it seems to me that it is critically important that we do the right things, and that we do them on time. Hence, the attention which is being directed toward the subject is entirely in order. I discussed our critical balance-of-payments situation on the floor of the Senate in great detail in mid-July. I address myself to it again today, because it has not been remedied. From what I can see, it is not likely to be remedied in adequate time if measures which are now being pursued continue to be the sole measures which we apply.

First, let us understand what we are talking about. The fact is that our imbalance in international payments has worsened and not improved. During the second quarter of this year it exceeded even estimates of people like myself who have been critical of the administration's policies. These estimates have indicated that our deficit would be running at a little over $4 billion a year this year. Instead, the second quarter showed an adjusted yearly rate of imbalance of $5.2 billion. This is extremely serious, because it represents one of the principal factors, upon which the world can evaluate our situation in the United States in terms of the reliability and substantiality of our economic policies as well as our dollar solvency.

The main point of my criticism of the administration's handling of the balance-of-payments deficit to date is its failure to seek a basic solution, and its emphasis on short-term measures, on the theory that the deficit is an isolated problem and not a symptom of economic dislocation of the United States and, indeed, of the whole free world economic community.

The President's own words at his August 20 press conference show that the administration holds this theory. The President said that recent events and the administration's short-term measures indicate an improvement in the international balance-of-payments problem.

Soon thereafter, as if to confound that idea, we learned that the deficit was greater than estimated, and was really approaching truely emergency proportions.

There has been no improvement, on the contrary, there is increased danger. Our solutions must take into account that we are in a worsening and not an improving situation, and that the imbalance of international payments threatens to continue a new course unfavorable to us. Nor can I see any solace in the President's words when Secretary Dillon as recently as 8 weeks ago has testified before the Joint Economic Committee that even at a lower rate we cannot afford this imbalance for more than a year or two.

The President said that no new methods of curing this imbalance in international payments will be brought up by this country at the next meeting of the International Monetary Fund.

I feel strongly that this is the time, and the IMF is the forum which should be used for the purpose of making the greatest single effort in respect of this very trying financial problem. We should discuss the calling of a well-planned and well-organized international monetary conference to adopt basic long-term solutions aimed at a problem which by its very nature is long term.

The principal point that I shall be making today, which I believe is buttressed by every bit of evidence before us, is that the world must face the problem, not on a piecemeal basis, and not on a short-term basis, but through a deliberate international monetary conference called, if possible, under the auspices of the International Monetary Fund for the purpose of reforming the international monetary system and getting on the path of such reform now.

There is no time to waste. Time is running out, and very quickly. This is an absolutely essential move on the part of our Nation. The heart of the problem is that though the international monetary system has demonstrated effectiveness in such a situation as the Cuban crisis and the rejection of the British application for membership in the European Economic Community, the unfortunate fact is that when the international monetary system is confronted with the problem of the maladjustment of the free world's economy, the corrective mechanisms of the existing system cannot be relied upon to operate quickly and effectively enough.

Major imbalances take years to eliminate unless they are corrected by measures which hamper economic growth or world trade. That is the fundamental dilemma which we face. The measures which we tend to take—and I shall analyze those in a few moments—are measures which tend to hamper economic growth or world trade. What the world's monetary system needs is a growing stock of international credit which would permit corrective action without penalizing one nation or one group of nations, and without disrupting international trade.

As an example, very recently we increased short-term interest rates and raised our rediscount rate in order to attract funds to the United States on a short-term basis. We took that action notwithstanding the fact that the classic remedy for dealing with endemic unemployment, which is what we face in our country, is exactly to the contrary—to reduce interest rates and to reduce the rediscount rate. Yet, caught in the trap between the imbalance of international payments, which we cannot afford much longer, and our need for alleviating that situation by attracting short-term money to the United States, we took a regressive step in terms of the fundamental economic difficulty of the country, namely, endemic unemployment.

The basic flaw in the existing international monetary system is that it depends for additional liquidity or credit upon continuing the balance-of-payments deficits of the United States, which add dollars and gold to finance rapidly growing international financial and trade transactions. The great danger to the world is that, to the extent that we succeed in eliminating our balance-of-payments deficit, we also remove liquidity from the international monetary system equivalent to that deficit which is indispensable to its operation.

I repeat that statement because it is so serious. Today we are financing the world through our imbalance of international payments to the extent, in round figures, of $4 to $5 billion a year. As we eliminate our balance-of-payment deficit, we will remove the stimulus to world economic activity and world trade, leaving the world open to a worldwide depression, because the world has made no plans to deal with this subject since World War II except American aid and American financing of the kind that I have described.

Admittedly, reform of the existing monetary system would require years. But I would be greatly disappointed if an international monetary conference such as I urge should confine itself to evolving a mechanism for financing large and ever-increasing deficits or confine itself exclusively to the liquidity problem. On the contrary, I believe it should undertake an inquiry into the problems of international economic adjustment, including such crucial and unresolved problems as the deteriorating terms of trade between industrialized and developing countries. It should undertake to consider problems related to the marketing of primary commodities as well

as simple manufactures which are exported by developing countries. It should undertake to examine the strengthening of rules for international trade competition. It should also undertake to examine international business practices detrimental to increasing trade and investment.

Such an international monetary conference would seek to bring the economy of the free world abreast of the necessities of the free world as they exist today. The international imbalance in payments which we suffer is but a thermometer which shows that the patient has economic fever. The thermometer, if we pay attention to it, will save us. If we pay no attention to it, it could destroy us.

An international monetary conference such as I have described would have to be prepared with the same meticulousness as characterized the highly successful Bretton Woods Conference in 1944. It is just as vital.

In order for all to see how vital it is, I propose to examine the variety of measures put into effect by the administration in recent months to halt our international balance-of-payments deficit—a series of measures which I consider, as they deal with the problem, to be tantamount to building "sand castles" to protect our shores, instead of strong works of stone and concrete.

There is some merit to certain of these measures on a short-term basis, but they will not carry us through the peril. For example, there are the administration's decisions to increase short-term interest rates, to sell Treasury bonds to foreign governments denominated in their currencies, to help to establish jointly with nine other industrialized countries a $6 billion supplementary reserve for the International Monetary Fund in order to help those countries whose currency comes under speculative attack, and to arrange a $500 million standby credit from the International Monetary Fund. All of these are perfectly sound short-term decisions.

But the interest equalization tax proposal, on which the administration is placing such reliance, in the opinion of many of us will not work. The tax will not inhibit the sale of European securities in the United States, or their purchase by United States investors. The tax really has been weakened by numerous exceptions; including the exemption of commercial bank loans, the exemption of Canada, and the exemption of direct investment.

Indeed, Secretary Dillon killed the proposal himself. According to the Treasury Department's own data, interest rates in important world financial centers would still remain significantly above our own, even after the tax was imposed.

I ask unanimous consent that a memorandum to Treasury Secretary Dillon, dated July 17, 1963, entitled "Comparative Long-Term Interest Rates," be printed in the RECORD at this point of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows.

JULY 17, 1963.

Subject: Comparative long-term interest rates.

MERLYN N. TRUED,
*Deputy Assistant Secretary.*

Attached are some hastily gathered materials suggestive of the general level of long-term interest rates here and abroad. I would hope these data might be useful.

(Attachments: Central Government Bond Yields, July 17, 1963; Industrial Bond Yields, July 17, 1963; IBRD Bond Yields; Table IV: Costs of Purchasing Securities; Table III; Initial Costs of Public Issues; and Short and Long-Term Interest Rates.)

*Central Government bond yields* [1]

| | 1962 [2] | 1962 [2] | | | | 1963 [3] |
|---|---|---|---|---|---|---|
| | | I | II | III | IV | |
| United States | 3.95 | 4.06 | 3.89 | 3.98 | 3.88 | 4.00 June. |
| United Kingdom | 6.00 | 6.33 | 6.18 | 5.82 | 5.66 | 5.44 June. |
| France | 5.02 | 5.03 | 5.12 | 4.99 | 4.95 | 5.01 May. |
| Germany [4] | 5.9 | 5.7 | 5.8 | 6.0 | 6.2 | 6.10 May. |
| Italy | 5.26 | 5.06 | 5.27 | 5.36 | 5.35 | 5.20 April. |
| Switzerland | 3.13 | 3.02 | 3.22 | 3.15 | 3.12 | 3.15 June. |
| Netherlands | 4.21 | 3.99 | 4.27 | 4.34 | 4.24 | 4.12 June. |
| Canada | 5.09 | 4.95 | 4.91 | 5.40 | 5.11 | 4.90 May. |

[1] Average yields to maturity on issues with at least 12 years' life in percent per annum.
[2] IFS, July 1963, p. 33.
[3] Telephone conversation with editor, IFS.
[4] Covers bonds of all public authorities, including some with lives of less than 12 years.

*Industrial bond yields* [1]

| | |
|---|---|
| United States | 4.37 |
| United Kingdom | 6.30 |
| France | 6.23 |
| Germany [2] | 6.0 |
| Italy | 5.94 |
| Switzerland | 3.69 |
| Netherlands | 4.38 |

Canada: No comparable data given by the source. Last week, however, the 1982 Bell Telephone 5¾'s yielded 5.47 and the 1981 Consumer Gas yielded 5.65.

[1] At end-March 1963. For the United Kingdom, the yield on industrial bonds is the average redemption yield, allowing for stamp duty, on 12 industrial debentures with about 20 years to maturity; accrued interest is excluded and tax ignored. For other countries the nearest comparable yields have been quoted.

[2] At the end of January 1963.

Source: Quarterly Bulletin, Bank of England, June 1963, pp. 110–111.

*IBRD bond yields* [1]

| | 1962 | 1962 | | | | 1963, May |
|---|---|---|---|---|---|---|
| | | I | II | III | IV | |
| New York: 3¼ percent of 1981 | 4.10 | 4.27 | 4.28 | 4.17 | 4.10 | 4.03 |
| London: 3½-percent of 1974 | 4.75 | 5.72 | 5.50 | 5.20 | 4.75 | 4.51 |
| Frankfurt: 5 percent of 1974 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 |
| Milan: 5 percent of 1976 | 5.48 | 5.10 | 5.31 | 5.46 | 5.48 | 5.65 |
| Zurich: 3½ percent of 1976 | 3.43 | 3.50 | 3.45 | 3.34 | 3.43 | 3.46 |
| Amsterdam: 3½ percent of 1975 | 4.03 | 3.91 | 4.09 | 4.21 | 4.03 | 3.99 |

[1] Yields to maturity in percent per annum at end of period.

Source: IFS, July 1963, p. 33.

TABLE III.—*Initial costs of public issues*

[Percentages of sum raised, except where indicated]

| | Domestic companies | | | | Foreign governments | |
|---|---|---|---|---|---|---|
| | Initial tax | | Approximate total costs | | Initial tax | Approximate total costs |
| | Loan | Share | Loan | Share | | |
| Belgium | 0.7 | [1] 2.3 | 3½–5 | 5¼–6¼ | 1.6 | (2) |
| France | (2) | 1.7 | [4] 6 | [4] 7½–8 | (2) | (2) |
| Western Germany | [1] 2½ | 2½ | 7–8 | 8–8½ | [1] 2½ | 7–8 |
| Italy | [5] 0.62 | [6] 1.12 | 5½–8½ | (2 6) | (2) | (2) |
| Netherlands | [1] ¾ | 2½ | 3¼ | 5⅛–5⅝ | 2 | 4–5 |
| Switzerland | [1 7] 0.6 | [7] 2 | [1] 3–3½ | [8] 4½ | [1 7] 1.2 | 3½–5 |
| United Kingdom | [1 9 10] ⅛ | [1 9] ½ | 3 | 3¼ | [10 11] 2 | 4¼–4½ |
| United States | [1 12] 0.16 | [12] 0.13 | 1–2 | 4–4½ | (3 12) | 1¼–4¾ |

[1] On par value.
[2] Not available.
[3] Nil.
[4] Including turnover tax.
[5] Including 0.5 percent annual tax on bonds normally paid by borrowers and not reclaimed from subscribers.
[6] Share issues (apart from rights issues) are infrequent and are usually privately subscribed.
[7] In addition, a tax of 3 percent on interest and dividend payments is payable annually by Swiss companies; for nonresident borrowers the tax is payable in advance at 2 percent of total interest payments.
[8] This can vary very widely.
[9] In registered form.
[10] Stamp duty is shown at the reduced rates for which provision is made in the finance bill now before Parliament.
[11] In bearer form.
[12] Ignoring a small fee payable to the Securities and Exchange Commission when the documents are filed.

TABLE IV.—*Costs of purchasing securities* [1]

[Percentages of total cost, based on purchases equivalent to £10,000]

| | Shares | | Government bonds |
|---|---|---|---|
| | Including stamp duties | Excluding stamp duties | |
| Belgium | 1.1 (0.8) | 0.8 (0.6) | 0.4 |
| France | 1.3 (0.8) | .7 (0.5) | .3 (0.2) |
| Western Germany [2] | 1.0 | .9 | .5 |
| Italy | .4 | .3 | .2 |
| Netherlands | .7 | .6 | .7 |
| Switzerland [2] | [3] .4 | .4 | .3 |
| United Kingdom | [4] 1.8 | .8 | .2 |
| United States | [5] 1.2–0.4 | [5] 1.2–0.4 | (6) |

[1] Where significantly different rates are applied for cash deals and deals for the account, the latter are shown in parens.

[2] Including duty at the reduced rates applicable to nonresident investors.

[3] Including a small stamp duty.

[4] Stamp duty has been included at the reduced rate of 1 percent for which provision is made in the finance bill now before Parliament.

[5] New York Stock Exchange commission rates decrease as the price of the individual share unit rises. The rates chosen cover a range of share prices from $28 per share (1.2 percent) to $140 per share (0.4 percent).

[6] Negligible.

*Mr. JAVITS.* We cannot depend on the uncertain results of this measure in such crucial times, and I do not believe Congress should look on this proposal as significant under present conditions.

Some of these measures are good.

Mr. KEATING. Mr. President, will the Senator yield to me at that point?

The PRESIDING OFFICER. Does the Senator from New York yield to his colleague?

Mr. JAVITS. I yield.

Mr. KEATING. I appreciate my colleague's yielding with respect to the so-called equalization tax, to which he has referred, before he passes on to consideration of other measures.

Does it not impress the Senator that this is neither more nor less than a tariff on the importation of foreign securities, and a rather substantial tariff, contrary to the general liberal trade policy which this country has followed in recent years?

Mr. JAVITS. There is no question that it represents, on money, an aspect of protectionism.

Second, it has already been so emasculated by exceptions—including some exceptions for Japan as well as a general exception for Canada; and its own exclusions, which represent significant exceptions—that it runs counter to what I think is the desirability of the United States continuing to be the banker for the world. It tends toward controls, which in this situation I believe would only be necessary if there were no other way to accomplish the desired result.

I shall refer in a moment to other ways in which this can and should be done.

Finally, it would not be effective, since even with the inclusion of the tax there would still be a brake in terms of interest rates for raising money in this country.

Lastly, and very importantly, it is completely confounded by the fact that we are now beginning to turn the corner on foreign private investment, obtaining more income. Leaving out the undistributed profits—which are not distributed—merely taking into consideration money actually brought here from abroad, we are now getting more income from foreign investment per annum than the money which goes out, without the interest equalization tax. We are already showing a profit, as it were, in terms of the international balance of payments from that account.

Under those circumstances the whole thing falls like a house of cards. I thoroughly agree with my colleague.

Mr. KEATING. The Senator is making a very interesting presentation. I shall listen with interest.

Mr. JAVITS. I thank my colleague.

Mr. President, in answer to the question by my colleague from New York [Mr. KEATING], I said, that there are other ways in which we could do what needs to be done with respect to some discipline in our capital market with respect to the flotation of foreign issues.

First, we should give whatever assistance is necessary to help West European nations develop their own capital markets. It is incongruous that the same countries which are amassing sizable dollar and gold reserves at the expense of our international balance-of-payments deficits should come to the New York market for their capital needs, while they continue to maintain strict restrictions on capital movements in their own countries.

I ask unanimous consent to have printed in the RECORD as a part of my remarks three documents, one entitled "Summary of Controls Over Major Capital Movements Exercised by Major Industrial Countries" prepared by the Treasury; and a report entitled "The European Capital Markets," issued by the Chase Manhattan Bank of New York; and an article from the July 19 issue of the Wall Street Journal relating to restrictions on capital movements in principal financial markets of the world; all of which bear out the fact that we are asked to keep open our efficient capital markets for the very countries which are building up their reserves at the expense of our imbalance of international payments while they are lax in expanding their own markets for the flotation of securities and are maintaining strict restrictions upon capital flows.

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

*Summary of controls over capital movements exercised by major industrial countries*

| Country | Type of capital movement | | | | |
|---|---|---|---|---|---|
| | Convertibility of currency on capital account | Direct investments abroad | Portfolio investment abroad | Commercial credits, 5 years and under | Financial loans |
| Belgium-Luxembourg | External | Control via free market | Control via free market | Control via free market | Control via free market. |
| France | do | Liberalized | Free | Liberalized | Individual licensing and banking laws. |
| Germany | Full | Free | do | Free | Free. |
| Italy | External | Largely liberalized | Generally permitted, with some exceptions. | Credits up to 5 years liberalized, all other credits under 1 year liberalized. | Loans within the EEC under 5 years, less than $80,000, and with interest less than 6 percent are free. Loans over 1 year liberalized. |
| Netherlands | do | Liberalized | Control via free market | Liberalized | Individual licensing. |
| Switzerland | Full | Free | Free | Large credits controlled under banking laws. | Large loans controlled under banking laws. |
| United Kingdom | External | Individual licensing and control via free market. | Control via free market | Controlled over 6 months | Controlled under both banking and exchange control laws. |

| Country | Type of capital movement | | | | |
|---|---|---|---|---|---|
| | Deposits in foreign banks | Flotation of securities issues by nonresidents | Repatriation of direct investments by nonresidents | Repatriation of portfolio investments by nonresidents | Areas where special regulations apply [1] |
| Belgium-Luxembourg | Control via free market | Banking laws and free market exchange rate. | Control via free market | Control via free market. | None. |
| France | Generally not permitted | Controlled under both banking and exchange control laws. | Liberalized | Free | French franc area. |
| Germany | Free | Free | Free | do | None. |
| Italy | Generally not permitted | Controlled under both banking and exchange control laws. | Liberalized | Liberalized | OECD; EEC. |
| Netherlands | do | do | do | Control via free market. | Guilder area. |
| Switzerland | Free | Controlled under banking laws | Free | Free | None. |
| United Kingdom | Generally not permitted | Controlled under both banking and exchange control laws. | Free on approved investments | Control via free market. | Sterling area; Uniscan. |

[1] Payments to bilateral account countries not listed here are also under special controls.

NOTE.—The notation "liberalized" indicates that prior authorization is required, but is freely given. The notation "control via free market" indicates that transactions are permitted, but that the call on foreign exchange to finance them is restricted by channelling them through a free market, the supply of foreign exchange which is limited. Tendencies for outflow to increase result in changes in the free market exchange rate rather than in an increased outflow of foreign exchange.

THE EUROPEAN CAPITAL MARKETS

The high rate of economic growth in Europe during the past 15 years was due in large part to a high level of investment in new productive capacity. The role which the European capital markets played in this development may be suggested by a few facts:

The market value of all outstanding securities in the Common Market in 1962 was roughly $120 billion—which is less than 13 percent of the U.S. volume.

Yet in 1962, total issues of new securities in the EEC were $8.3 billion, or about 42 percent of the U.S. total.

Moreover, this represents an increase in new issues of more than 100 percent during the last 5 years.

Further, European capital needs were supported by an inflow of private long-term capital from the United States of more than a billion dollars in 1962.

Until recently, only a small share of Europe's long-term capital funds came from formal capital markets. High business profits in Europe have been the major source of industrial capital funds. But business profits have been shrinking during the last years, and more and more companies have found it necessary to seek additional capital by floating new bonds and stocks.

This raises the question of what the role of European markets will be in meeting future needs. This is of great importance to American companies operating in Europe because it will affect where and on what terms they will be able to satisfy their investment requirements.

A second problem arises from the large outflow of long-term capital to Europe that has occurred because of the higher interest rates and greater profits that have been made in that area. This has produced a continuing strain on the U.S. balance of payments. For this reason, growing concern has been expressed about the adequacy of the European capital markets. Thus it is useful to examine more closely the institutions—and the dimensions—of these markets.

THE MARKETS ARE SMALL

A broad definition of the term "capital market" would include that whole set of financial institutions which help to channel the financial savings of a country into real investments. Another definition, more narrow than the first, refers only to the issue and exchange of marketable securities. It is the latter type of markets for bonds and stocks in Europe which are alleged to be too small and relatively undeveloped, and about which the following paragraphs will be concerned.

One measure of the scope of the capital market is its absolute size. Rough estimates of the value of securities outstanding in Europe are taken from calculations of the par value of private bonds and of government bonds held by the public, plus the market value of shares outstanding. By this measure, the total value of listed securities outstanding, government and private, in all of Western Europe today approximates $300 billion.

The countries in Europe with the largest volumes of marketable securities are Britain, $153.6 billion; Germany, $36.6 billion; Italy, $35.7 billion; and France, $33.3 billion. The comparable figure for the United States is $925 billion at the end of 1962. The magnitude of this difference is somewhat surprising, considering the fact that the gross national product of the United States is just double that of Britain, France, Germany, and Italy together.

Yet the relatively small volume of securities in Western Europe is easy to explain. The financial aftermath of World War II—inflation, devaluation, and currency reform—reduced sharply existing debt in Europe. Continuing inflation discouraged the acquisition of fixed-interest securities, and low levels of per capita income, together with a huge pent-up demand for housing and durable consumer goods, left relatively few funds for investment in newly issued shares. Furthermore, profits were high and little incentive existed for companies to finance expansion from outside sources.

As a result of changing conditions, however, a more significant volume of new issues has appeared in recent years on the various capital markets of Europe.

NEW ISSUES ARE INCREASING

In 1962, all new public and private issues, net of redemptions, in the EEC countries totaled $8.3 billion, or about 42 percent of the comparable U.S. figure. And though the government sectors of the European economies include the railroads and various public utilities, net issues of corporate securities in Europe were nearly as large as the U.S. volume. The total for the EEC, Britain, and Switzerland was 85 percent of the respective U.S. market in 1962.

This is a good showing—and reflects a phenomenal growth in volume of new corporate issues in Western Europe. In the European Economic Community alone, new corporate bonds and stocks, net of redemptions, issued in 1962 had a market value of $6.8 billion—an increase of over 100 percent since 1957. During the same period, net issues by corporations in the United States decreased slightly.

There can be no doubt that the European captial markets have responded quickly and at an unprecedented pace to the rising demand for investment funds. At the same time, it is evident that the demand for funds has exceeded the supply that could be generated through regular capital markets. Two facts illustrate this:

First, business investment in excess of depreciation in plant and equipment in the EEC countries has been increasing rapidly and is now larger than that of the United States. Even after allowing for the different methods of measuring aggregate depreciation in the various countries, the comparison is striking. In 1961, when investments in the United States leveled off, net investment reached about $10 billion in the United States as against an approximate Common Market total of $20.6 billion.

Yet the volume of new private issues in that year was larger in the United States, some $5.8 billion for the EEC as against $8.8 billion for the United States. Much of the difference in Europe was made up through "short-term" bank borrowing.

Second, certain leading European companies and public authorities have been able to raise additional capital at reasonable rates by floating new issues in the New York market. The net outflow of U.S. private capital to Western Europe in the form of new issues, direct investments, long-term loans, and portfolio investments amounted to $1,052 million in 1962. The inflow from Western Europe of such funds was a mere $163 million.

Thus the European financial markets present a picture both of very rapid growth and of continuing capital scarcity. The growth is evidenced by the fact that new corporate issues have been rising faster than net investments. The scarcity is evidenced by the comparatively large share of investment funds obtained from short-term and medium-term bank credit.

A favorable omen for continued growth is the rapid expansion of personal savings in the major European countries. In Germany, for example, personal savings rose from $4.9 billion in 1957 to $6.8 billion in 1961. In time, the financial institutions are certain to channel a larger portion of these funds into the capital markets.

Another hopeful factor is the slow but steady improvement of the institutions of the European capital markets, although one must realize that developments of recent years took place in a number of separate national markets rather than in a single large economy.

THE MARKETS ARE SEPARATE

Whereas New York is the center and ultimate clearing point for most new issues in the United States, there is no equivalent financial center in Western Europe. There the stock exchanges are primarily national in character, and even today the number of listings of foreign securities in London, Paris, or Frankfurt is small.

This national separation of markets is still more apparent in the flotation of new issues. London, which used to be a primary source of long-term capital for the entire world, nowadays serves Commonwealth countries primarily. In 1962, Great Britain permitted the flotation of a single nonsterling loan: a $5.5 million issue by the Government of Iceland. Not a single issue of a country outside the franc zone was floated in Paris last year nor in any other year since the end of World War II, and the only foreign loan floated in West Germany in 1962 was a $25 million bond issue by the city of Osaka.

Government controls constitute still another limitation affecting foreign capital issues in most European countries. These controls are designed to channel capital into domestic needs at interest rates lower than would prevail in free markets.

The Netherlands and Switzerland are the only European countries where foreign securities are regularly floated, although on a relatively small scale. In these countries interest rates are lower and total borrowing costs compare favorably with those prevailing in the New York market. In part, this is because new issues require a government license, and total foreign issues are limited by a predetermined quota.

In West Germany, on the other hand, there is a minimum of capital market controls and the effective bond rate last year was close to 6 percent which, together with a 2.5-percent tax on new issues, made the German capital market unattractive to foreign borrowers.

INTEGRATION PROCEEDS SLOWLY

The Treaty of Rome stipulates the eventual removal of all restrictions against capital movements among the six countries of the EEC. This important liberalization is expected to become fully effective by 1967. It does not necessarily mean that the European capital markets will be open to all would-be borrowers—it implies only free access of the member countries to each other's markets.

The removal of legal restrictions will be a great step forward, though it may not by itself assure effective integration of the European capital markets. Integration is complicated by the divergent banking structures in the member countries. In Italy, industrial long-term capital is supplied in large amounts by government lending agencies. In addition, the large deposit banks with nationwide branch systems are all nationalized. Investment banking in France essentially involves the making of long-term loans. New capital issues, on the other hand, are mainly distributed by nationalized nationwide deposit banks. In the Netherlands and Germany a few very large banks dominate the capital markets, operating as investment bankers, deposit bankers, and security brokers all in one.

This great divergence of banking institutions and underwriting practices in the EEC countries means that integration of the capital markets in Europe will be a rather slow process, though much depends on the future pace of overall economic integration.

The lack of integration is illustrated by the fact that almost all underwriting consortia formed in Europe today involve banks of one country only. However, one recent issue (a new bond of the Municipal Bank of Norway) proved to be an exception. The bonds in question were denominated in 17 European

currencies, thereby insuring the lenders not only against devaluation, but also allowing them to benefit from a possible future appreciation of any of the 17 currencies in which redemption may be demanded. This method could be employed in the future—but would likely require the prior consent of the central banks involved.

*Volume of new securities in selected countries—Actual proceeds, net of redemptions, in 1961*

[In millions of dollars]

| | National Government [1] | Other public authorities | Total Government | Corporate bonds | Stocks | Total corporate | Foreign securities | Total new issues (net) |
|---|---|---|---|---|---|---|---|---|
| Belgium and Luxembourg | 101.0 | 317.3 | 418.3 | 16.6 | 106.0 | 122.6 | ------ | 540.9 |
| France | −151.9 | 24.3 | −127.6 | 862.8 | 656.2 | 1,519.0 | ------ | 1,391.4 |
| Germany | 512.0 | 466.0 | 978.0 | 1,016.1 | 823.9 | 1,840.0 | 3.0 | 2,821.0 |
| Italy | 216.4 | 18.4 | 234.8 | 1,156.4 | 666.8 | 1,823.2 | 24.0 | 2,082.0 |
| Netherlands | 73.5 | 48.6 | 122.1 | 34.2 | 48.6 | 82.8 | 119.3 | 324.2 |
| United Kingdom | −590.0 | 64.1 | −525.9 | 313.0 | 1,151.4 | 1,464.4 | 154.6 | 1,093.1 |
| Switzerland | −8.9 | 8.1 | −.8 | 222.9 | 83.3 | 306.2 | 196.7 | 502.1 |
| 8 European countries | 152.1 | 946.8 | 1,098.9 | 3,622.0 | 3,536.2 | 7,158.2 | 497.6 | 8,754.7 |
| United States | −3,300.0 | 4,700.0 | 1,400.0 | 5,100.0 | 3,700.0 | 8,800.0 | 600.0 | 10,800.0 |

[1] Change in public holdings of marketable debt having a maturity of 1 year or more.

Sources: EEC—All. Stat. Bulletin, Midland Bank Review, Statistique et Etudes Financiere, Monatsbericht der Deutschen Bundesbank, Schweizerische National Bank—Monatsbericht, Finance Accounts of United Kingdom, B.I.S.—Annual Report.

IMPLICATIONS FOR AMERICAN BUSINESS

Despite these favorable signs, it is unlikely that American firms will find it profitable to issue securities in Europe in the near future. At present, only Switzerland and the Netherlands offer long-term funds on terms comparable with those in the United States. With the establishment of freedom of capital movements within the EEC, any free Netherlands funds are likely to be absorbed by the other Common Market countries. This leaves Switzerland, where a substantial volume of foreign securities are floated each year. However, the Swiss authorities seem to favor corporate borrowers that operate in Switzerland itself. At any rate, the Swiss volume of foreign flotations is not likely to increase.

Subsidiaries of American companies in Europe will most likely continue to obtain capital funds in Europe—from retained earnings and depreciation, and from bank loans. However, the meager possibilities of issuing securities in continental financial centers mean that part of U.S. subsidiary capital will continue to be raised in the United States.

CONCLUSION

Over the near future, it seems likely that Europe will remain an area of relative capital scarcity compared with the United States, and that investment funds will tend to flow chiefly from the United States to Europe.

As the European capital markets become broader and deeper, however, and as the institutions serving them become more integrated, the cost of channeling savings into investments should decline. It may then become easier to float major issues in Europe, and, as a secondly result, the demands on the U.S. capital market should become relatively smaller.

NEW U.S. OPERATIONS IN WESTERN EUROPE

The table below represents a sample of 1,874 new business ventures established in Western Europe by U.S. firms during the period January 1958 through January 1963. The table shows their distribution by country and industry. Other patterns and trends appearing from a study of the sample are shown in the following charts.

*New operations of U.S. companies in Europe—1958–62*

| | Belgium-Luxembourg | France | Germany | Italy | Netherlands | European Economic Community | United Kingdom | Switzerland | Other EFTA | Total EFTA | Other Europe | Total Europe |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Machinery, nonelectrical | 46 | 56 | 47 | 44 | 27 | 220 | 62 | 41 | 9 | 112 | 9 | 341 |
| Electrical machinery and electronics | 18 | 34 | 19 | 40 | 12 | 123 | 25 | 20 | 4 | 4. | 5 | 177 |
| Household appliances | 1 | 15 | 7 | 6 | 4 | 33 | 9 | 8 | 1 | 18 | 2 | 53 |
| Transportation equipment | 14 | 28 | 6 | 17 | 6 | 71 | 10 | 15 | 1 | 26 | ------ | 97 |
| Agricultural and construction equipment | 6 | 12 | 5 | 4 | 2 | 29 | 10 | 5 | 1 | 16 | ------ | 45 |
| Office machinery | 6 | 9 | 9 | 4 | 5 | 33 | 8 | 10 | 4 | 22 | 3 | 58 |
| Instruments and watches | 4 | 19 | 25 | 11 | 18 | 77 | 15 | 13 | 1 | 29 | 3 | 109 |
| Basic metals and metal products | 21 | 19 | 20 | 18 | 11 | 89 | 14 | 11 | 1 | 26 | 2 | 117 |
| Research and engineering | 5 | 16 | 9 | 4 | 6 | 40 | 4 | 8 | ------ | 12 | ------ | 52 |
| Petroleum and other fuels | 6 | 9 | 9 | 12 | 4 | 40 | 2 | 4 | 6 | 12 | 3 | 55 |
| Chemicals and products | 53 | 45 | 43 | 50 | 40 | 231 | 25 | 27 | 7 | 59 | 8 | 298 |
| Rubber | 6 | 9 | 3 | 4 | 4 | 26 | 2 | 1 | ------ | 3 | 2 | 31 |
| Paper | 7 | 12 | 7 | 5 | 2 | 33 | 8 | 9 | 5 | 22 | 3 | 58 |
| Textiles and clothing | 13 | 7 | 8 | 6 | 12 | 46 | 12 | 9 | 3 | 24 | 2 | 72 |
| Food, beverages, and tobacco | 14 | 14 | 16 | 12 | 13 | 69 | 15 | 14 | 2 | 31 | 3 | 103 |
| Glass | 3 | 1 | 1 | 4 | ------ | 9 | 1 | 1 | 2 | 4 | ------ | 13 |
| Services: | | | | | | | | | | | | |
| Finance | 3 | 11 | 8 | 5 | 2 | 29 | 3 | 4 | ------ | 7 | 1 | 37 |
| Retail and wholesale trade | 2 | 3 | 2 | ------ | ------ | 7 | 3 | 1 | 2 | 6 | ------ | 13 |
| Hotels | 1 | 4 | 3 | 1 | 1 | 10 | 1 | 3 | ------ | 4 | 2 | 16 |
| Marketing and publicity | 2 | 5 | 5 | 3 | 1 | 16 | 4 | 7 | 1 | 12 | ------ | 28 |
| Other services | 5 | 7 | 3 | 2 | 7 | 24 | 5 | 7 | 1 | 13 | 1 | 38 |
| Others | 9 | 10 | 13 | 9 | 2 | 43 | 10 | 3 | 6 | 19 | 1 | 63 |
| Total | 245 | 345 | 268 | 261 | 179 | 1,298 | 248 | 221 | 57 | 526 | 50 | 1,874 |

*The trend is toward full ownership in EEC*

| | Percent |
|---|---|
| 1960: | |
| Wholly U.S. owned | 50 |
| European partner | 35 |
| European licensee | 15 |
| 1961: | |
| Wholly U.S. owned | 56 |
| European partner | 34 |
| European licensee | 10 |
| 1962: | |
| Wholly U.S. owned | 60 |
| European partner | 32 |
| European licensee | 8 |

*But in Britain, partnerships are becoming more common*

| | Percent |
|---|---|
| 1960: | |
| Wholly U.S. owned | 51 |
| European partner | 26 |
| European licensee | 23 |
| 1961: | |
| Wholly U.S. owned | 41 |
| European partner | 33 |
| European licensee | 26 |
| 1962: | |
| Wholly U.S. owned | 45 |
| European partner | 38 |
| European licensee | 17 |

*The trend to equity purchase is rising in Germany and Belgium*

Germany: 11, 18, and 22 percent.
Belgium: 8, 12, and 13 percent.

*But declining elsewhere in EEC*

France: 21, 21, and 10 percent.
Netherlands: 18, 14, and 11 percent.
Italy: 24, 21, and 7 percent.

*Headquarters, sales and service companies are shifting to EEC*

| | Percent |
|---|---|
| 1960: | |
| EEC | 34 |
| Other | 9 |
| Switzerland | 57 |
| 1961: | |
| EEC | 25 |
| Other | 9 |
| Switzerland | 66 |
| 1962: | |
| EEC | 47 |
| Other | 3 |
| Switzerland | 50 |

*Equity purchases are also more common in Britain than in EEC*

| | Percent |
|---|---|
| United Kingdom | 29 |
| Germany | 22 |
| Belgium-Luxembourg | 13 |
| Netherlands | 11 |
| France | 10 |
| Italy | 7 |

*Where U.S. firms established in 1962*

| | Percent |
|---|---|
| Paper: | |
| EEC | 46 |
| Other Europe | 42 |
| United Kingdom | 12 |
| Textiles and Clothing: | |
| EEC | 60 |
| Other Europe | 23 |
| United Kingdom | 17 |
| Services: | |
| EEC | 62 |
| Other Europe | 26 |
| United Kingdom | 12 |
| Petroleum: [1] | |
| EEC | 62 |
| Other Europe | 38 |
| United Kingdom | |
| Machinery, Nonelectric: | |
| EEC | 66 |
| Other Europe | 16 |
| United Kingdom | 18 |
| Office machinery: [1] | |
| EEC | 69 |
| Other Europe | 31 |

[1] Includes United Kingdom.

*Where U.S. firms established in 1962—Con.*

| | Percent |
|---|---|
| Electrical machinery: | |
| EEC | 70 |
| Other Europe | 19 |
| United Kingdom | 11 |
| Transportation equipment: | |
| EEC | 70 |
| Other Europe | 20 |
| United Kingdom | 10 |
| Instruments: | |
| EEC | 72 |
| Other Europe | 21 |
| United Kingdom | 7 |
| Food, Beverages, and Tobacco: | |
| EEC | 74 |
| Other Europe | 11 |
| United Kingdom | 15 |
| Research and engineering: [1] | |
| EEC | 75 |
| Other Europe | 25 |
| Metals and products: | |
| EEC | 78 |
| Other Europe | 11 |
| United Kingdom | 11 |
| Chemicals and drugs: | |
| EEC | 85 |
| Other Europe | 9 |
| United Kingdom | 6 |
| Appliances: | |
| EEC | 89 |
| United Kingdom | 11 |

*And how they established*

| | Percent |
|---|---|
| Germany: | |
| Wholly U.S. owned | 53 |
| European partner | 35 |
| European licensee | 12 |
| Netherlands: | |
| Wholly U.S. owned | 53 |
| European partner | 42 |
| European licensee | 5 |
| Italy: | |
| Wholly U.S. owned | 60 |
| European partner | 31 |
| European licensee | 9 |
| France: | |
| Wholly U.S. owned | 63 |
| European partner | 31 |
| European licensee | 6 |
| Belgium-Luxembourg: | |
| Wholly U.S. owned | 67 |
| European partner | 23 |
| European licensee | 10 |
| United Kingdom: | |
| Wholly U.S. owned | 45 |
| European partner | 38 |
| European licensee | 17 |
| EEC: | |
| Manufacturing companies | 90 |
| Headquarters and sales companies | 10 |
| United Kingdom: | |
| Manufacturing companies | 96 |
| Headquarters and sales companies | 4 |

[1] Includes United Kingdom.

OTHER NATIONS' CURBS ON FOREIGN LOANS HELP DRAIN U.S. DOLLARS THROUGH NEW YORK

NEW YORK.—Most leading industrialized nations have long restricted capital movements out of their countries, thus holding down the size of foreign borrowings in their markets.

For more than a year U.S. authorities have been urging European nations to liberalize such restrictions to reduce the volume of foreign borrowing in New York.

Complete freedom of capital movement into and out of the United States has been the chief reason making New York by far the largest market in the world since World War II for the sale of new foreign bond issues. From the end of the war to 1962 new foreign dollar securities marketed in New York totaled $10 billion. Foreign investors are estimated to have bought a fifth of these securities and U.S. investors the remainder, so that the dollar outflow totaled $8 billion.

In 1962 the total of new foreign bond issues sold in the United States rose to a record $1¼ billion, double the average for the 6 previous years. Borrowing in the first half this year ran at an annual rate of $1.5 billion. Administration officials hope to cut that rate in half by 1965.

SWITZERLAND IS SECOND

The second largest international market is Switzerland, where foreigners sold $165 million new bonds in 1962 and $232 million the year before. Large sums held by Swiss banks for foreign depositors mean the country often has more capital than is needed for domestic expansion.

The Swiss, however, tend to restrict the size of individual foreign securities issues made in Switzerland to a maximum of $23.2 million each. The Swiss National Bank, the country's central bank, must be informed of all loans to foreigners exceeding $23.2 million and has the right to veto such transaction if the economic interests of Switzerland are thought to require it.

From 1956 to 1958 Switzerland closed its markets to foreign borrowers because Swiss borrowers had difficulty finding all the funds they need. In 1962 the national bank again restricted foreign loans, this time by limiting new foreign securities issues in Switzerland to one a month. The bank took this step because of a growing deficit in the current account on the Swiss balance of payments.

The Netherlands, where new foreign securities issues totaled $63 million in 1962 and $149 million in 1961, is generally ranked as the third international capital market.

DUTCH LIMIT SIZES OF ISSUES

The Dutch authorities, however, generally limit the size of new foreign securities issues to $13.8 million each, and from 1955 to 1961 the Dutch market was closed entirely to foreign borrowers, because too great a proportion of Holland's savings was flowing abroad. Early in 1962 the central bank again restricted its authorization of new foreign flotations to arrest a decline in the nation's balance of payments.

London, once ranked as the world's leading capital market, provided foreign bond borrowers with an average of $1 billion a year immediately before World War I, at the rates of exchange then prevailing. Since World War II, London has restricted issuing of new foreign securities almost exclusively to borrowers from other countries in the British Commonwealth. Last year, however, it experimentally allowed a small foreign bond flotation by the Government of Iceland, which raised $5.6 million.

Since 1958 Germany has been one European country that has kept its capital market completely open to foreigners, but relatively high interest rates helped hold down foreign borrowing there. The only foreign bond issue floated in West Germany last year was a $25 million issue by the city of Osaka, Japan. In 1961 and 1960 foreign securities issues in Germany totaled less than $5 million a year.

FRENCH MARKET CLOSED

Among the other major European nations, the French have completely closed their capital market to foreign borrowers, and foreign borrowings in other markets in Europe are small, scattered, and generally restricted by governments.

Under the Treaty of Rome, which set up the European Common Market, member nations are committed to remove restrictions on capital movements between each other's countries.

European nations have recently eased restrictions some, although the two latest instances aren't directly concerned with government regulations on foreign securities in these lands. In December the Austrian National Bank granted permission for certain kinds of capital exports to be made by residents, and in April the Italian authorities gave permission for Italians to buy securities traded on any stock exchange in the world.

In the New York market, the bulk of new foreign securities issues come from Canada, the World Bank and Israel. Because of special circumstances tying these borrowers to some extent to the New York market, the U.S. authorities look to the Europeans to borrow more at home and less here. In 1962 European countries raised an estimated $315 million in new securities issues in the United States, while similarly borrowing $185.5 million in each other's markets.

Because of the free availability of capital in the United States, European borrowers in the past have often sold new securities issues here even when interest rates were unfavorable. In some cases European borrowers raised what they could in European markets, then sought the remainder, at higher rates, in New York.

Foreign bond issues offered publicly in the United States thus far in 1963, as compiled by Moody's Investors Service, Inc., include:

| Issue | Amount | Date offered |
|---|---|---|
| Japan Development Bank | $22,500,000 | Jan. 31 |
| Denmark | 30,000,000 | Feb. 27 |
| Finland | 12,500,000 | Mar. 13 |
| Mitsui & Co., Ltd. (Japan) | 10,000,000 | Mar. 24 |
| Copenhagen Telephone Co | 15,000,000 | Apr. 10 |
| Australia | 30,000,000 | Apr. 11 |
| Norway | 25,000,000 | Apr. 25 |
| Japan | 27,500,000 | May 2 |
| City of Copenhagen | 15,000,000 | May 22 |
| Oslo | 10,000,000 | June 13 |
| City of Milan | 20,000,000 | July 11 |
| Mexico | 40,000,000 | July 17 |

Major foreign bond issues known to have been placed privately in the United States thus far in 1963 include:

| Issue | Amount | Month sold |
|---|---|---|
| Quebec Hydro-Electric Commission | $300,000,000 | February. |
| Bayer Foreign Investments, Ltd. (Canada) | 30,000,000 | March. |
| Bell Telephone Co. of Canada | 50,000,000 | April. |
| Province of Ontario | 20,000,000 | May. |
| Belgium | 20,000,000 | Do. |
| Consolidated Goldfields of South Africa | 18,000,000 | June. |
| Shell Funding Corp. (Royal Dutch) | 115,000,000 | Do. |
| Pechiney Enterprises (France) | 17,500,000 | Do. |
| Nippon Express Co., Ltd. (Japan) | 15,000,000 | Do. |
| Pacific Petroleums, Ltd. (Canada) | 32,000,000 | July. |

Mr. JAVITS. Mr. President, I am a liberal. I am proud of the term. I never apologize for it. But I think this is another example of the fact that liberalism does not mean mawkishness, muddleheadedness, or softening of the brain. Liberalism does not mean that one does not understand the realities of competition, that one does not understand the realities of national selfishness, or that one is not determined to utilize the economic power available to correct a situation in the interests of the health of the total economy of the whole free world.

We should utilize all the persuasive power at our command to induce the cooperation of our friends, to induce them to take steps toward the development of their own capital markets and to remove their restrictions on capital movements. But should persuasion not

suffice, we should give serious consideration to taking proper steps, including the establishment of a capital issues committee in the New York market, to be composed of the New York Federal Reserve Bank, the Treasury, and key commercial banks and underwriters, which would be required to pass judgment on which proposed foreign capital issues would be consistent with our national interest.

The Swiss National Bank, the central bank of the second largest world financial center, has traditionally exercised such reviewing authority, as have several other key financial centers in the United Kingdom, the Netherlands, and France.

I ask unanimous consent to include in the RECORD with my remarks an editorial from the New York Times of September 1 recommending exactly such a capital issues committee.

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

[From the New York Times, Sept. 1, 1964]

STOPPING THE DOLLAR DRAIN

The huge outflow of dollars that took place in the first 6 months of this year has reportedly been reduced since President Kennedy proposed a tax on American purchases of foreign stocks and bonds. This stanching of the drain, however, is unlikely to be permanent. Prospective foreign borrowers are simply holding off, waiting to see whether Congress will approve the administration's interest equalization tax. If it does, the hemorrhaging appears bound to resume, for this means of halting the outflow is an ineffective tourniquet.

The tax is difficult to reconcile with President Kennedy's frequent assertions that the present tax structure must be simplified and trade barriers relaxed. The addition of the tax would complicate the tax structure and would establish a tariff on capital, putting into effect a two-price system for funds. And despite the administration's claims that the tax will not interfere with the workings of the free market, it is clearly a form of control.

Worst of all, there is little evidence that this masked control will work. It is not the low cost of capital but the ready availability of funds that attracts foreign borrowers to the United States. Interest costs would be a deterrent if they were put up high enough, but the administration is not going to an extreme. Moreover, it has granted an exemption to Canada, the largest of all foreign borrowers, so that the amount that may be saved is hardly worth the cost of the new tax.

With the drain of dollars caused by foreign borrowing having run at an annual rate of $2 billion during the first half of the year, the administration is right to contemplate specific action to curtail the flow. Its proposal, however, would bring new leaks. If controls are to be used, the one sure method to stop the drain is to establish a capital issues committee, charged with limiting the number and amount of foreign issues as long as the emergency exists. This is the only way immune to loopholes and not involving an artificial price for funds. It is, moreover, a device well known and trusted by Europeans.

It might be possible to get by without any specific action. But if the administration is bent on reducing the drain created by foreign borrowing, it should fashion an effective tool.

Mr. JAVITS. Mr. President, United States capital will stay at home when we have succeeded in creating an attractive economic climate in this country conducive to a high rate of investment by United States and foreign investors alike. This includes a more equitable tax treatment of corporate and individual investors, contemplated under the new tax bill; provision of additional incentives to increase productivity; and the establishment of effective means to resolve damaging labor-management disputes.

I add to that list the reconsideration of the antitrust laws of the United States, which, certainly in their application to the operation of American business abroad, are archaic and seriously disadvantage American business in competing, especially in the newly developing areas, with foreign business. A great deal of our business today is taken by foreign business because of the inhibitions we impose on American business concerns through archaic interpretation of the antitrust laws.

The proposal for a tax reduction will receive a great deal of consideration. One point of difference between Governor Rockefeller, as he stated his position this morning, and the President of the United States, is in the timing of a tax cut.

I say to the Senator from Wisconsin [Mr. PROXMIRE], whom I welcome into the Chamber, and who has taken such a great interest in the subject of my discussion this morning, that I was waiting for him. I am at the place in my discussion where I am pointing out the difference between Governor Rockefeller, in this morning's statement, and President Kennedy on the timing of a tax cut. I do not see that the question of a tax cut represents a material difference between them. It is true that the House Ways and Means Committee is considering the reduction of the corporate tax to 48 percent, instead of 47 percent, as the President originally desired, and as Governor Rockefeller wants to have; but essentially the tax cut is distributed in about the same way—that is, when it entirely takes effect, something in the area of $9 billion in the individual tax rates and about $2.3 billion in corporate tax rates.

There is a material difference in timing, however. Governor Rockefeller thinks the tax cut should take effect upon enactment, which would, or could, apply retroactively to the year 1963, and to income for the year 1963. The House Ways and Means Committee proposes to make the tax cut effective in two installments, one on the first of January, 1964, and the other on the first of January, 1965.

I would take my position—and I hope the President comes to that view and presses it in the Senate Finance Committee—with Governor Rockefeller.

I think there should have been a tax cut last October, when—and I am speaking for myself—the testimony before the Joint Economic Committee clearly showed that the President's advisers were of the mind that we should have provided an incentive tax cut, with which I thoroughly agree. As the British say, the time to resume is when we want to resume.

I think we made a great mistake in deferring, and we make a mistake when we defer, in a state of uncertainty as to whether or not to accept the deficits involved in a tax cut. The important point is that it should be done when it will be most helpful. I deeply believe it would have been most helpful last year. That point has passed.

I, too, would like to see the tax cut made retroactive to the 1963 tax year. I believe that is the way to give the economy the stimulus which will help us in respect of unemployment and improve our gross national product, which we are all looking for so ardently, as well as be of considerable assistance in the balance-of-payments field, and help to make American investment much more desirable and attractive at home than it seemingly is as of now.

I would like to cast my vote for a tax cut effective now—subject to the parliamentary requirements, but effective on the 1963 tax return—which still can be done this year, if we act before January 1, and which I feel is in the most urgent interest of the country.

I address myself now to another aspect of the problem which can very materially influence our balance of payments, and that is the restriction of tourist expenditures. There again we have a strange anomaly, as in the case of international capital movements, when a good many of our friends and allies and trading partners throughout the world, almost without exception, place restrictions on their tourist expenditures. We do not. I am all for our not doing it. But I do not want our not doing it at the cost of allowing others to do it. Therefore, we must utilize our economic power, to induce others to remove such restrictions. If they fail to do so let us impose it ourselves. We would much rather approach the situation by having the tourist restrictions of others lifted.

Mr. President, this is a serious problem. A total of 72 countries, including 19 of the fully developed, industrial countries of the free world, maintain such restrictions today.

I ask unanimous consent to include in the RECORD as a part of my remarks a compilation upon this subject, country by country, furnished to me by the International Monetary Fund as recently as July 5, 1963.

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

RESTRICTIONS ON THE SALE OF DOLLAR EXCHANGE FOR TRAVEL PURPOSES

CARIBBEAN

Barbados: $280 per person per year with additional amounts granted.

Bermuda: Sums up to $500 with additional amounts granted.

British Leeward Islands: $280 per person per year with additional amounts granted.

British Windward Islands: $280 per person per year with additional amounts granted.

Dominican Republic: $100 per person at the discretion of the Central Bank.

Jamaica: $700 per person.

Nassau (Bahamas): $700 per person.

Trinidad and Tobago: $700 per person per year with additional amounts granted.

CENTRAL AMERICA

El Salvador: $200 a person each six months with additional amounts approved.

SOUTH AMERICA

British Guiana: $393 per person per year.

Brazil: $250 a person with approval of Bank of Brazil in foreign banknotes and travelers checks, with no limit on domestic currency.

Surinam: $1,050 per person per trip with additional amounts granted.

EUROPE

Austria: $576 per person per trip with additional amounts granted.

Cyprus: $700 per person per year with additional amounts authorized.

Finland: $250 per person per trip.

France: $1,200 per person per trip with additional allocations granted.

Greece: $266 per person per trip.

Iceland: $338 per person per year with additional amounts granted.

Ireland: $700 per adult per year with additional amounts granted.

Italy: $880 per person per trip with additional amounts granted.

Malta: $700 per person per year with additional amounts granted.

Monaco: $1,200 per person per voyage with additional allocations.

Netherlands: $830 per person for a 2-weeks trip, plus $42 a day up to 75 days with additional amounts granted.

Norway: $500 per adult per year and $250 per year for children under 12.

Portugal: $3,480 per person per trip.

Spain: $275 per person per year.

Sweden: $1,160 per person per trip with additional amounts granted.

Turkey: $222 per person per year.

Yugoslavia: $10 per year per person.

United Kingdom: $840 per person per trip with additional amounts granted.

AFRICA

Republic of Cameroon: $162 per person per year.

Ethiopia: $480 per person per year.

Ghana: $308 per adult per year and $196 for minors per year.

Guinea: Allowance subject to individual license.

Libya: $446 per person per year; $195 for children under 12.

Malagasy Republic: $300 per person per year.

Morocco: $160 per person per year.

Federation of Nigeria: $700 per person per year with additional amounts granted.

Federation of Rhodesia and Nyasaland: $28 per day up to $840 per person per year; $14 per day up to $420 per child under 12 with additional amounts granted.

Sierra Leone: $700 per person per year with additional amounts granted.

Sudan: $288 per person per year; $72 per child under 16 per year.

Tanganyika: $700 per person with additional amounts granted.

Tunisia: $71 per person per year.

Republic of South Africa: $2,800 per adult per year, and $1,120 per year for children under 12.

Uganda: $700 per person per year with additional amounts granted.

Zanzibar: $700 per person per year with additional amounts granted.

MIDDLE EAST

Aden: $840 per person per year with additional sums granted.

United Arab Republic (Egypt): $172 per year per adult.

Iran: $500 per adult; $250 per child under 10 years of age.

Iraq: $504 per person per year, and $210 per person under 18.

Israel: $433 per person per trip.

Jordan: $500 to $600 per month.

Syria: Allowance subject to authorization from exchange control authorities.

FAR EAST

Australia: $4,400 per person per year with additional amounts granted.

British Borneo (Sarawak): $700 for each person in any travel year with additional amounts granted.

Brunei: $1,500 for each person with additional amounts granted.

North Borneo: $700 for each person with additional amounts granted.

Burma: $31 allowance.

Cambodia: Allowance subject to individual license.

Ceylon: $430 per person and $210 per child under 12 years of age. Residents who have traveled abroad in past 7 years will not be allowed further exchange.

India: Allowance subject to approval by Reserve Bank.

Indonesia: Allowance subject to approval by Reserve Bank.

Japan: Allowance subject to absolute control by Bank of Japan.

Korea: Allowance subject to approval by the Bank of Korea.

Laos: Allowance subject to approval by the exchange control authorities. No limit on export of national currency.

Nepal: Application must be made to Ministry of Finance for allowance.

New Zealand: $1,668 per person per year, and $1,167 per child under 12. In addition, $1,112 available to those who had not received an allocation for travel during previous 5 years.

Pakistan: $420 per person once every 3 years for a limited number of tourists per month.

Singapore: $1,400 for each person with additional amounts granted.

Taiwan: Foreign travel must be made with self-provided foreign exchange only. Tourists may take out $200 in foreign currency and $12 in national currency.

Thailand: $630 per person up to 90 days with additional sums available.

Vietnam: $140 to $200 converted authorization required from the National Exchange Office.

Source: International Monetary Fund, Exchange Restrictions Division, July 5, 1963.

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

Mr. JAVITS. I yield to the Senator from Ohio.

Mr. LAUSCHE. I am pleased to state that my thinking on this item coincides with that of the Senator from New York. I have had this subject in mind for some time. I obtained a report on the imbalance that results from the dollars spent by American tourists in foreign countries and foreign tourists in the United States, and the record gives these alarming figures:

In 1960, the deficit was $1,261 million. In 1961, $1,250 million. In 1962, $1,430 million, for a total of $3,941 million.

So in 3 years we have suffered a deficit of practically $4 billion, solely out of the difference between the dollars spent by foreign tourists in our country, and the dollars spent by our tourists in foreign countries.

These tourist imbalance figures, when included together with other items which make up our imbalance, show a total deficit for the year 1960 of $3,881 million; for 1961 of $2,370 million; and for 1962 $2,186 million, making an aggregate total of all deficit items for the 3 years of $8,437 million in our balance of payments.

I concur in what the Senator from New York has said about hoping these nations will change their restrictions. If they do not, we shall have to adopt restrictions which will be similar to those of the foreign countries.

Mr. President, an immediate remedy is for the President of the United States to call forcefully the deficit problem to the attention of the people of our country, and to make the plea, "See America." There are many things to be seen here. The problem of imbalance of payments is a dangerous one. It forebodes trouble for our country unless we solve it. One way to solve it is to curb the great deficit that occurs from the dollars spent by American tourists in foreign countries.

I want to commend the Senator from New York for his discussion of this very, very important subject.

I note, in reading his statement, that he referred to the $1.4 billion deficit for the year 1962.

Mr. JAVITS. The Senator is exactly right. I may state to the Senator from Ohio that I, myself, was responsible for considerable activity in respect of "Visit U.S.A."

We dedicated a whole year to the idea "Visit U.S.A. Year." I was chairman of the Foreign Economic Policy Subcommittee in the other body when that idea was developed, and I was happy to see the Senator from Washington [Mr. MAGNUSON] carry through to completion that idea in the Senate.

I am sure that we would rather—and I am certain that the Senator from Ohio joins me in this statement—see foreign tourists spending as much money in this country as our tourists spend abroad. We would like to see a greatly increased number of them visit our country. That is certainly our hope, just as it is our hope that many more of our people will travel all over the world, even many more than do today.

However, when it comes to this issue as it relates to the question of balancing our international payments, it does seem to me—and I am very much honored to have the Senator from Ohio join me on this point—that it is anomalous to shut our eyes when other governments place restrictions on their tourists, particularly countries in which the economic situation has improved so tremendously, and arbitrarily shut the door to their capability to lifting those restrictions, and at the same time expect us to do nothing about the subject—unless they believe that we are inclined to be softheaded about all this—and therefore it seems to me that we may have to go through on this point. After all, big nations cannot bluff. We could well say to them, "Lift your restrictions, or else." If the restrictions are not lifted, we should begin to apply our restrictions until theirs are lifted. It is the only language, apparently, in which we can speak in terms of hard realism, in the light of the financial and economic situation prevailing in those countries. They must not expect to continue cozily in the old way, which they adopted after World War II under very different circumstances.

Mr. LAUSCHE. The program espoused by the Senator from New York, which Congress adopted, with respect to a course of action which induces people to visit our country, has been productive of good results. Statistics on the influx of visitors from foreign countries have been encouraging. The number has been increasing. However, the deficit is still

frightening. The deficit in 1962 was $2 billion. Of that, $1,400 million represents the imbalance resulting from what tourists from the United States spent in foreign countries.

Mr. KEATING. Mr. President, will the Senator yield on that point?

Mr. JAVITS. I should like to get the figures clear on this point. I can give the Senator the exact figures, because I am well aware of the situation. The total tourist expenditures of U.S. tourists abroad in 1962 was $2½ billion. The deficit in 1962 was $1,400 million. In 1963, it is expected to be $1,600 million. There has been an improvement with respect to receipts from those who visit us from abroad, in the sense that those expenditures have moved up from something in the neighborhood of $900 million in 1960 to approximately $1,050 million in 1962. Further improvement is contemplated as a result of the World's Fair in New York in 1964, and the productivity of our tourist promotion efforts. However, we are certainly not doing for the U.S. Travel Service what we should. The dollars that they spend for promotion are paid back many times over. I have often thought of advocating the idea of giving the agency a percentage of the improvement that is brought about, in terms of dollars to be spent for promotion.

The fact is that the tourist problem, as the Senator has pointed out, is very critical, and represents about a $3 billion outflow, which we have been suffering for almost 10 years. That is figuring half of what has been pretty much accepted as our normal imbalance of payments.

Mr. LAUSCHE. I understand that the imbalance in 3 years has been nearly $4 billion. It is something we should begin to think about. This is a field in which an appeal should be made to our own citizens, to give recognition to that danger. We should ask them to see America, and we should say to them, "You will be serving two purposes. Your esthetic and cultural richness will become stronger. At the same time you will be helping to extricate the United States from a fiscal and monetary situation which may become calamitous."

Mr. JAVITS. I thank the Senator. I am glad to yield to my colleague from New York.

Mr. KEATING. Mr. President, I wish to add to what the distinguished Senator from Ohio has said. This is merely by way of a postscript. He has referred to our asking our citizens to do more of their shopping in their own country. What the Senator has been discussing is significant in the Senator's State, as it is in our State also, particularly from the standpoint of our being so close to the Canadian border. The Canadian Government very recently reduced the amount of goods that a Canadian citizen may purchase in this country, cutting the amount back from $100 to $25.

I made some remarks on this subject the other day. I asked representatives in the State Department, and the President, and others, to make strong representations to the Canadian Government, to restore the $100 duty-free allowance for goods purchased in the United States. Curiously enough, I received quite a bit of mail from Canadian citizens, who feel very strongly about it, and who share the sentiments of the Senator from Ohio and others of us. In other words, the Canadian citizens who have written to me do not support the action taken by their Government in this respect. They do not wish to have such a limitation placed on their purchases in this country. As we all know, Canadians are extensive shoppers in this country. It seems to me that this would be a reasonable request. It may be a relatively small matter, but the purchases of Canadians in this country are quite extensive, and it would have an effect on this problem with which we are confronted in this country.

Mr. LAUSCHE. What the Senator from New York [Mr. KEATING] has mentioned ties in with the general views being expressed by his colleague from New York [Mr. JAVITS].

Mr. KEATING. Yes.

Mr. LAUSCHE. I believe some action must be taken in this field. It is one in which we must be effective if we are to cure the problem.

Mr. KEATING. I agree with the Senator that an appeal should be made to our citizens, but I do believe that even a stronger and a more hardheaded appeal should be made by our Government to the officials of foreign nations.

Mr. JAVITS. I thank my colleagues in the Senate for their meaningful and very helpful contributions.

Mr. President, having covered two subjects which relate to our problems in the field of the imbalance of international payments, I now wish to discuss my next subject. That is the question of what to do to help us with foreign trade. I would like to say a word about nontariff barriers.

Here we face a rather odd situation, in that we are being hurt as much, at least, by nontariff barriers as we are by tariff barriers in terms of expanding international trade. So I propose that we should undertake a major effort at the forthcoming General Agreement on Tariffs and Trade negotiations to eliminate nontariff barriers to trade, including discriminatory customs procedures and procedures for the issuance of import licenses, indirect discrimination against automobiles made in the United States, unfair health regulations, unfair dumping procedures, unfair types of laws, best known as "Buy American" laws, which endeavor to give domestically a preference outside tariff laws, and various regulations dealing with quality control and security, all of which restrain trade.

I recognize the difficulty that such negotiations may involve, particularly with the European Common Market.

The postwar grand design of Western economic unity, in which Britain's entry into the Common Market was inseparably a part of an economically united Europe, in close partnership with the United States, has come under severe attack as a result of General de Gaulle's veto of Britain's entry into the Common Market and his intransigence with regard to meaningful trade negotiations with the United States.

The economic costs to the United States of an economically united Europe are now becoming apparent as we are experiencing increasing competition with European goods in our markets and as our goods find it increasingly tough to compete with European manufactures in the markets of other countries.

There are great advantages for us and the free world in the European Common Market. However, should we fail to obtain a general reduction of such nontariff barriers maintained by the European economic community and a number of GATT countries, such as taxes and tax rebates, quotas, and tariff valuation procedures, as well as licensing procedures, special technical standards, and discriminatory ocean freight rates—the latter being a subject recently discussed before the Joint Economic Committee—it is certain that the forthcoming "Kennedy round" of tariff negotiations will serve the cause of expanding U.S. exports little or not at all.

I ask unanimous consent to have printed at this point in the RECORD a series of articles from the Journal of Commerce of June 18, 19, and 20 and an article from the June issue of the OECD Observer, the official publication of the Organization for Economic Cooperation and Development, showing the extent of nontariff barriers to trade and their harmful effects.

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

[From the Journal of Commerce, June 18, 1963]

TRADE TALK PREPARATIONS—UNITED STATES PRIMES NONTARIFF ITEMS FOR GATT BILLING

(By Richard Lawrence)

WASHINGTON, June 17.—Administration officials are being urged to work at least as hard to reduce nontariff trade obstacles as to cut actual tariff rates in next year's General Agreement on Tariffs and Trade negotiations. About 20 American industries have reported to the Commerce Department what they consider their biggest export barriers. Tariffs are shown to still play an important role, but the U.S. companies seem to be concentrating now on the relatively little known nontariff hurdles blocking U.S. sales abroad.

FACE SOME OBSTACLES

To a remarkable extent, the same obstacles facing one industry trouble most of the others. These nontariff barriers appear over and over again in the form of internal taxes, quotas, licensing procedures, special technical standards, tariff variations, and discriminatory ocean freight rates.

Industries from automobiles to food products are airing such problems with the Government as part of the U.S. effort to prepare for the coming GATT bargaining round.

To a remarkable extent, the same obstacles facing one industry trouble most of the others.

For the first time, GATT negotiations are expected to assign a significant role to discussions of world trade obstacles other than tariffs.

The U.S. industries are especially singling out what they find restrictive in their most lucrative sales area, the European Common Market. Here, taxes and tax rebates, quotas, tariffs, and tariff valuation methods have been brought under attack.

U.S. aluminum companies, for example, complain that the Common Market's 9 percent external tariff on ingots dims

chances to improve exports. This tariff, they say, is completely unnecessary since the Common Market is not nearly self-sufficient in ingots.

U.S. TRADE OBSTACLES DESCRIBED IN SERIES

The trade obstacles most troubling U.S. exporters, as revealed in the current series of industry meetings held by the Commerce Department, are discussed today in the first of three articles. Today's article treats some of the major tariff and nontariff barriers imposed by the European Common Market, while obstacles in other countries will be explored tomorrow. A third article will attempt to assess U.S. chances to lower the trade barriers.

PRACTICES TERMED DAMAGING

American auto makers, food canners and electronic manufacturers also would like to see a reduction in Common Market duties, which in these three sectors generally range over 20 percent.

The canners and car makers, however, indicate that other Common Market practices are more damaging than high tariffs.

France embargoes canned fruits, it was reported, and almost rules out imports of canned vegetables, clear violations of GATT regulations. West Germany retains quotas on many canned fruits and vegetables and uses a system of import tenders discouraging U.S. bids, U.S. food representatives claim.

The canners also warn against prospective Common Market regulations governing labeling and food additives, which they say could have "serious consequences" for U.S. exports. Common Market canners, the American spokesmen reveal, have proposed specifications that would require the U.S. industry to change such basic factors as tin can sizes.

ASK ROAD TAX SWITCH

American auto producers meanwhile urge the United States to persuade the Common Market and other countries to switch their annual "road taxes" from a horsepower basis to a system based on car value. Foreign regulations, they say, cause owners of American "compacts" to pay hundreds of dollars more a year than do owners of comparable European models.

On a broader front, almost every U.S. industry is complaining of the myriad taxes imposed by the Common Market nations.

Italy, for example, charges a 20 percent duty on television receivers plus an import "equalization" tax, which brings the total charge to over 31 percent. France levies a 13.6 percent C.I.F. duty on air-conditioning equipment and then imposes a 25 percent sales tax on the duty paid value.

Also generally attacked is the method used by Common Market countries, as well as by some less developed nations, basing tariff charges on cost, insurance and freight. This multiplies a disadvantage for U.S. exporters in many instances, electronics industry spokesmen say, since landed cost increases with distance.

U.S. aluminum firms point to another handicap facing American exporters as a result of Common Market policies—tax rebates. West Germany gives its exporters rebates of up to the full amount of the turnover or sales tax, and Italy does the same. France allows dollar-earning exporters to retain special sums to cover trade promotion and travel expenses.

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[From the Journal of Commerce, June 19, 1963]

FRUSTRATIONS ARE CITED—UNITED STATES EYES NONTARIFF OBSTACLES

(By Richard Lawrence)

WASHINGTON, June 18.—U.S. industry spokesmen, in talks with government officials, are bringing into sharp focus the varied and frustrating obstacles fencing in world trade.

Troubled not only by export hurdles set up by the European Common Market, American businessmen are often hampered—and sometimes completely barred—from selling to other countries, particularly the underdeveloped lands.

U.S. textile men contend that about 50 nations literally prohibit textile imports. Spain and Australia are said to close their borders to intermediate chemicals and reportedly Mexico blocks entry of almost all canned foods, Japan bars foreign television receivers and Colombia embargoes air conditioners, to cite a few examples.

ORGANIC CHEMICAL PROBLEM

In stark contrast to these complaints, most sectors of the organic chemicals industry insist that removing tariff or nontariff barriers will not substantially increase their exports. In many instances, organic chemical representatives say, they are just being underpriced by lower cost foreign competition.

As might be expected, several American industries have checked off foreign trade blocs other than Europe's Common Market as pursuing policies stalling U.S. exports. Paper product makers caution that lower duties within the European Free Trade Association will seriously damage their future exports to Britain, and food processors don't like the protective wall being built by the Latin American free trade area and the Central American Common Market.

POINT TO CONTROLS

Many of the less developed nations, the U.S. businessmen point out, exercise unusually onerous controls against imports, to limit foreign exchange outflow, protect local enterprises, or just out of sheer bureaucracy.

Pigments manufacturers cite Argentina as a case in point. Besides getting a license, importers must post advance deposits covering up to 100 percent of their transaction. Then there's a surcharge, an obligatory certificate describing the product's constituents, the notarizing by a county clerk of invoices, and if more than one page is involved a blue ribbon must be secured with the official company seal set in wax.

Further required is a consulate fee in U.S. dollars, forms from the U.S. Agency for International Development, and with every bank draft a bank certificate. At draft maturity, a second notice listing ocean vessel, bill of lading and date must be supplied the importer for delivery to the Argentine Central Bank.

CASCADING TAXES

The most common devices used by Latin Americans and other developing lands to impede imports appear to be "cascading taxes, heavy cash deposits for licenses, currency restrictions, and tariffs ranging up to 200 percent ad valorem." Administrative "foot dragging" on processing license applications and excessive paperwork also has been frequently singled out as significant obstacles.

The cascading tax, as applied by some Latin American countries, is more sophisticated than the system prevailing in many Western European countries, it is said. The importer must pay the tariff, landed cost charges, administrative charges, customs fees and finally a "social security" tax.

U.S. auto makers have more specific grievances against several of the larger Latin republics. They point out that Argentina, Brazil, and Mexico require that locally produced components be used in increasing amounts in domestic car production.

The only apparent way to circumvent this and maintain imports into these countries, car producers say, is to expand or build new plants.

MORE COVERT WAYS

The developing nations, U.S. businessmen make clear, have more covert ways of holding back imports. Sweden, for example, maintains certain electrical code requirements, specifying such things as a particular wire, which effectively block U.S. appliance sales.

U.S. pharmaceutical firms face stringent registration requirements in countries like Austria and Denmark. Great Britain imposes particularly severe health standards on meats and Canada forbids certain food can sizes common in this country.

South Africa levies, according to some American industry spokesmen, an arbitrary freight "antidumping" charge. If the South African authorities think a freight rate is too low, they automatically impose an extra fee.

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[From the Journal of Commerce, June 20, 1963]

INTERNATIONAL PIONEERING—NONTARIFF TALKS UNIQUE TO GATT

(By Richard Lawrence)

WASHINGTON, June 19.—The United States will explore a new facet of international bargaining at proposed GATT trade negotiations next year when it tackles the problem of nontariff barriers.

It appears that there will be difficulties enough to settle on a generally acceptable technique for bargaining relatively straightforward tariff concessions. The United States, the European Common Market and other members of the General Agreement on Tariffs and Trade (GATT) still have many delicate tariff negotiation procedures to work out.

FIFTY-NATION ORGANIZATION

But while tariffs have been negotiated in past GATT meetings, though on a more limited formula than proposed now, the 50-nation trade organization has never attempted to take up nontariff questions other than in a way incidental to the tariff discussions.

Now, however, everyone is agreed that such trade obstacles as taxes, quotas, discriminatory laws and health regulations should be given almost equal time as tariff matters.

The present survey of 30 or more American industries being carried out by the Commerce Department, to guide U.S. negotiators next year in their trade bargaining, discloses that some leading industrial representatives feel that reducing nontariff barriers abroad would be more rewarding than persuading countries to give further tariff concessions.

Representatives of the food industry, for one, have urged categorically that nontariff trade obstacles be attacked before tariffs are negotiated.

The prospects for U.S. negotiators to eliminate significantly nontariff trade barriers look mixed, however, a good part of these obstacles are bound up in laws or partly justified because of special circumstances.

FREIGHT RATE ISSUE

Without exception, American industries are complaining that ocean freight rates, as imposed by international shipping "conferences," discriminate against U.S. exporters. Rates for the same product are substantially higher from the United States to other countries than for any other foreign trade. Cars, for example, can be shipped more cheaply from Hamburg to Rio de Janeiro than from New Orleans to the Brazilian port.

In order to pare this differential, the United States will have to weave through the most complex of situations. Any rate change would need ultimately the consent of foreign shipping lines.

The present rate structure, which emerged during the immediate postwar years, has long been approved by U.S. lines, which form a minority element in the shipping conferences. The rationale is that without a fixed rate U.S. lines would be destroyed by the lower-cost foreign competition. In return for the high U.S. outbound rates the American shipping companies reportedly receive special treatment in non-U.S. intercoastal foreign trade.

Another objection raised by American exporters—that European countries base their tariff charges on c.i.f. rather than on f.o.b., values, is not expected to be satisfied. The 1960-61 GATT negotiating round was predicated on the West Europeans using c.i.f. and the U.S. f.o.b. valuation systems. To revise this agreement would considerably complicate next year's negotiations, officials here say.

Foreign taxing procedures that work against imports presents another complicated nontariff problem. Some of these taxes, such as an equalizing fee applied by certain countries to offset taxes on their domestic goods, involve statutory laws and thus legislative consent for amendment.

The United States, as regards its own nontariff barriers, is entangled in this legislative question. U.S. negotiators will be unable to bargain away laws such as that placing coal-tar chemical tariffs on an American selling price basis.

LIMITS ON ACTION

The most that can be done in these instances is to pledge executive action proposing changes to the national legislature. However, the administration of some laws, for example the antidumping or buy American acts, could be negotiated, including perhaps regular consultations on the administrative procedures in dispute.

Negotiating nontariff obstacles such as national health standards or electrical codes obviously will not be easy, either. But wherever regulations and not statutory law is involved the task will be considerably simplified.

Most of the foreign quota and licensing restrictions U.S. exporters denounce are found in the less developed countries. Here again, U.S. negotiators hit a problem—GATT recently agreed that the industrialized nations should go fairly easy on the protective trade barriers of the less developed lands.

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[From the OECD Observer, June 1963]

ADMINISTRATIVE AND TECHNICAL REGULATIONS: THE LESSER KNOWN OBSTACLES TO TRADE

When corset boning is exported to one major OECD country, each individual bone has to be marked with the country of origin even though the bones will never be visible in the finished article. Similarly the small metal nameplate for dogs' collars must be stamped with the country of origin on the inside. Yet who can know where they were made once they have been fixed to the collars?

Regulations like these, even if of only minor importance, hamper trade since the exporter has to meet different requirements for each different national market. Marking regulations are, however, only one, and probably one of the least important, of a whole series of administrative and technical regulations which influence in varying degrees the movement of international trade.

In the past, import duties and quantitative restrictions constituted the normal barriers to trade. With the passage of time quantitative restrictions have been substantially reduced and, in fact, virtually eliminated for nonagricultural imports; customs tariffs have been significantly lowered; and efforts are continually being made to achieve further progress in this domain.

As these barriers to trade disappear, the restrictive effects of existing administrative and technical regulations become more apparent; and it may become more tempting to use certain of the regulations as a substitute for the normal forms of protection.

Two different categories of regulations are covered by the general heading of administrative and technical regulations which may hamper trade. One group comprises the regulations directly related to trade: for example, customs formalities; rules concerning the classification and valuation of products for customs purposes; and procedures for the issue of import licenses, permits, and certificates. A number of these regulations were initially introduced between the two World Wars, others in the difficult period immediately following the last war when balance-of-payments difficulties forced even countries intimately wedded to a liberal trade policy to resort to exchange control and import licensing. As currencies became convertible again and quantitative restrictions could be relaxed, the machinery previously necessary to control imports became to a great extent redundant. Controls of this nature are, however, seldom scrapped as soon as they might be. They may be retained solely for statistical purposes or because it is feared that, once discarded, it would be difficult to reintroduce them. Thus even when imports are no longer restricted, an import licensing procedure may be retained; and the retention of such a procedure when it is no longer necessary may provide a degree of protection for the home producer.

Even if they serve a useful purpose, the formalities connected with importing and exporting may constitute an obstacle to trade because of the time it takes to complete them. Moreover, the complexity of many of the formalities to be completed by anyone who wishes to engage in trade constitutes a nuisance factor which cannot but be regarded as an impediment to trade.

Thus an importer may be required to fill out several extremely detailed forms, each similar but not identical to the other, and each requiring a large number of copies. He may be obliged to wait weeks or even months for his import license to be granted. Moreover, complex rules of classification and valuation may make it impossible for him to know at the time he places an order exactly how much he will have to pay in the way of import duties; and he must spend time keeping abreast of a host of constantly changing rules or employ someone else to do so.

The second category of technical and administrative regulations includes a multitude of rules not directly related to trade but having to do with security, public health, quality control, the prevention of fraud, or the rationalization of production. A country may, for instance, require that imported seeds and livestock be inspected for diseases of various sorts, that farm machinery meet certain safety standards, that fertilizers be analyzed chemically before being put on sale, that drugs be tested by medical authorities. The validity of this group of regulations is rarely open to doubt, but their diversity from country to country and their undue severity and complexity in many cases constitute an obstacle to trade and a hidden element of protection for the home manufacturer.

The OECD is to an increasing extent directing its attention to the knotty problem of administrative and technical regulations. Its objectives are to eliminate unnecessary or discriminatory regulations which hamper trade without harming the legitimate interests that may be involved; to reduce the timelag between technological development and changes in legislation so as to lessen the number of outmoded rules; and, finally, to facilitate trade through encouraging simplification of procedures and standardization of rules from country to country. In 1962, the Council of the Organization recommended to member governments that they review the administrative and technical regulations in force in their countries with an eye to eliminating those which are not essential and those which hamper trade; it also set up the machinery through which the OECD could handle problems that might arise in this area.

Because of the diversity of technical and administrative regulations, the approach of the Organization to achieving these aims is flexible. In some cases a country whose exporters have been experiencing difficulty owing to the regulations of another member country will refer the problem to the OECD which tries to resolve the differences through consultation. In other cases the OECD may take the initiative and conduct an inquiry into the difficulties that exist in a specific problem area. Or the organization may undertake a systematic country-by-country survey of the regulations in force in a particular domain. In the latter case the action resulting from the survey is likely to be a set of standardized rules and regulations which all member countries are urged to accept.

In the past, the specific actions of the OEEC and OECD have been principally concerned with regulations of the second group, e.g., those not directly connected with trade. The following examples show the nature of the organization's work in this area.

The Council has recommended that governments of member countries harmonize and simplify insofar as possible the procedures for labeling and registration of pharmaceutical products and move toward the reciprocal recognition of national registrations; for this purpose it has issued for both registration and labeling a set of standards to which it recommends that member governments adhere.

The Council has adopted a scheme for introducing international quality standards for certain agricultural products; for example, apples, pears, and tomatoes.

The Council has passed a resolution setting forth standards for the application and supervision of national safety regulations on welded gas cylinders.

The OECD has recently been intensifying its work in the realm of administrative regulations directly related to trade, in particular those having to do with customs formalities (including procedures for valuation and classification of goods) and Government buying procedures.

With a new round of trade negotiations about to take place following the U.S. Trade Expansion Act, the intimate link between the problems posed by administrative regulations on the one hand and the lowering of trade barriers on the other has become more evident. Certain important countries have indicated that they are no longer prepared to conduct tariff negotiations if the concessions they might obtain risk being counterbalanced by the protective effects of administrative regulations.

Mr. JAVITS. Mr. President, the next point which complicates our effort to come abreast of the balance-of-payments problem is burden sharing for the defense of the West.

Our European NATO allies should also begin to assume a more equitable share of the burden of Western defense. It is noteworthy that $3 billion of our imbalance in international payments is attributable to foreign aid, military aid, and the maintenance of our forces abroad. The economic recovery of Europe, their intense desire to assume a larger role in the councils of the free world brings with it the responsibility of financing an increased share of that defense. We should let our allies know that our patience is running out and that unless they are ready to discuss burden sharing with us in a meaningful fashion, we may regretfully have to consider the advisability of making severe cuts in our military expenditures in Western Europe.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table entitled "Defense Ex-

penditures of NATO Countries as Percentages of Gross National Product at Current Market Prices, Calendar Year 1962."

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

*Defense expenditures of NATO countries as percentages of GNP at current market prices, calendar year 1962*

| | Percent |
|---|---|
| Belgium-Luxembourg | 3.0 |
| Denmark | 3.0 |
| France | 6.5 |
| Germany | 5.1 |
| Greece | 4.5 |
| Iceland | (1) |
| Italy | 3.5 |
| Netherlands | 4.5 |
| Norway | 3.7 |
| Portugal | 7.1 |
| Turkey | 5.4 |
| United Kingdom | 6.4 |
| European NATO countries | 5.4 |
| Canada | 4.5 |
| United States | 9.8 |

[1] Not available.

Source: Statistics and Reports Division, Agency for International Development.

Mr. JAVITS. Mr. President, it is very clear that the only thing which has enabled us to tolerate a serious imbalance in our international payments for as long as 5 years now is the fact that we have been running a material export surplus. But in order to do the job which the world apparently requires and desires us to do, even more of an export surplus than the one we are running is required. Hence, one of the major things we must consider in connection with this matter is how to increase our exports.

In this respect, Mr. President, I believe we face again—as we faced in connection with the restrictions on tourist expenditures and the restrictions on the flotation of capital issues—a situation of discrimination by many of our allies; for although they are giving export incentives to their own citizens, we are not giving export incentives to ours.

Incidentally, this is pointed out very clearly in an article written by Rowland Evans and Robert Novak entitled "Inside Report—An Economic Carrot," which was published yesterday in the Washington Post. 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:

AN ECONOMIC CARROT

(By Rowland Evans and Robert Novak)

As the deficit in this country's international balance of payments grows dangerously worse, there is sharp disagreement within President Kennedy's Cabinet over one possible remedy that would command the backing of the business community.

Secretary of Commerce Luther H. Hodges has been promoting a special tax reduction for businessmen who export. This conceivably could cut into the international payments deficit by increasing exports. In fact, top Commerce Department officials have talked the idea over with their counterparts at the Treasury in private negotiations this summer.

But the answer from the Treasury, which has primary responsibility for tax policy, has been a flat "No." There isn't even any formal conversation between Commerce and Treasury in progress at the moment.

There is some question, however, whether the Treasury's "No" will be final. A straw in the wind comes from Representative AL ULLMAN, of Oregon, a liberal Democrat and the Treasury's best friend on the tax-writing House Ways and Means Committee. ULLMAN has become interested in the export subsidy scheme and recently broached the subject to Secretary of the Treasury C. Douglas Dillon.

ULLMAN typifies the bipartisan concern on Capitol Hill over our international payments crisis. It has been a long time since liberals scoffed at the gravity of the payments deficit. It is hard to scoff when the dollars leaving this country exceed the dollars entering it by an annual rate of $5.2 billion. The dollars held overseas can be exchanged for gold on demand, and an accelerated gold outflow could lead to possible economic disaster here.

What's more, there is a notable lack of enthusiasm in Congress over the way the Treasury is handling the crisis. The Treasury's major proposal—to reduce outgoing dollars by levying a tax on the purchase of foreign securities—smacks of controls and coercion. Moreover, many Congressmen fear more currency controls to come.

The great appeal of a special tax break for exporters then is that it involves persuasion, not coercion, of business—an economic carrot, not a stick.

It presumably could interest more businessmen in export markets and permit a drop in export prices so that U.S. products would be more marketable abroad. Greater exports not only would reduce the payments deficit, but would also stimulate the economy back home.

A simple plan devised by private economist, Eliot Janeway, has attracted much interest in the Commerce Department. Janeway would provide a tax credit to corporations and individuals for the export of commodities, manufactures, and services to countries with hard—that is, convertible to dollars—currencies.

What's the Treasury's objection? Mainly loss of revenue—billions of dollars perhaps. This objection, reasonable enough for doctrinaire budget balancers, seems a bit strange for a Treasury team that is advocating an $11 billion general income tax cut.

A more sophisticated argument, however, is advanced by Secretary Dillon in a July 5 letter to Senator JACOB K. JAVITS, of New York, who has been interested in export subsidies. Dillon points out that income tax subsidies violate GATT, the international trade rule book.

This is a really remarkable stance in view of the way export subsidies are spreading all over the European continent. De Gaulle's France, for instance, completely exempts export earnings from its principal tax on business.

The Europeans are simply taking advantage of a GATT loophole permitting export subsidies through transaction taxes (though not income taxes). It may or may not be coincidental that West European countries make great use of the transactions tax—and we do not.

So, instead of trying to expand U.S. exports through our own tax subsidies, Dillon is "taking a very firm stand against the proliferation of special tax export incentives used by our European competitors."

The probability that this firm stand won't mean a thing to tough European finance ministers is one reason why the United States may yet turn to Luther Hodges' subsidy scheme, in self-defense, if for no other reason.

Mr. JAVITS. Mr. President, we should give immediate consideration to updating such laws as the Western Hemisphere Trading Corporation Act, the Webb-Pomerene Act, and the China Trade Act, all of which were designed 20 to 40 years ago as incentives to U.S. exports and U.S. investments in certain areas of the world. It seems to me that we must modernize all of these acts and generalize their application. I have asked the Legislative Reference Service to make a thorough study of them; and on the basis of this study, I expect to introduce appropriate legislation in the near future.

We should also fully utilize the tariff-cutting authority contained in the Trade Expansion Act in the next round of tariff negotiations—which opens officially May 1, 1964—as a most effective initial step to bring about adjustment of the free world economies to one another.

Should it become apparent during these negotiations that the President's authority to cut tariffs is insufficient under the Trade Expansion Act, Congress should immediately consider amendments proposed during this session by me and by the senior Senator from Illinois [Mr. DOUGLAS].

Both of these amendments are designed to deal with the problems caused by rejection of the United Kingdom's application for membership in the European Common Market, which makes our Trade Expansion Act of 1962 already obsolescent, in part; they would give the President flexible power to cut tariffs further, in order to obtain meaningful cuts in the tariffs of our principal trading partners, and would deal effectively with the so-called 80-percent clause of the Trade Expansion Act—a clause which now is completely ineffective, because although it was assumed the United Kingdom would be admitted to the European Common Market, that has not occurred.

Mr. President, we have been threatening the European Common Market with retaliation; and, indeed, in connection with certain items we have already retaliated against what we consider to be unfair treatment of our exports in the European Common Market.

I recall correctly we retaliated in connection with special tariff rates on carpets and glass. Now we are threatening to retaliate again, unless the European Common Market takes a position more friendly to our exports of chickens and similar agricultural exports.

But, Mr. President, we would be extremely unwise if we were to resort to the process of retaliation—which not only hurts others, but also hurts us—if we can find any other way by which to correct a situation which needs correction.

I come now to another remedy. Again, all of these are remedies within our means; they do not require a change in the international monetary system or the convening of an international monetary conference. The latter remains—I repeat—a key recommendation I am making in this speech. But at this point I am referring to measures we can use—short of a long-term, definitive remedy—to help ourselves.

I come now to the subject of our gold-reserve requirement. Let us remember that we still have a 25-percent gold-reserve requirement as backing for our currency. However, less than half of the central banks in the world today have legal gold requirements against their currency note issues and deposit liabilities. This is a very important point. We are in the minority in the world in continuing a 25-percent gold-reserve requirement. The 33d annual report of the Bank for International Settlements stated, in June:

> The fact that a substantial part of the U.S. gold stock is legally designated as cover against the internal money supply, where it serves no function, naturally increases the doubts about the adequacy of the gold stock to fulfill its essential function in settling international balances.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the gold and foreign exchange cover requirements of selected foreign central banks for the latest period available. It indicates that the United States is in the minority, not the majority, in that regard.

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

*Gold and foreign exchange cover requirements of selected foreign central banks by Federal Reserve Board, March 1961*

| Central bank of— | Liabilities against which gold or foreign exchange reserves are required | Required reserves (percent) | | Status of reserve requirements; recent changes; qualifying provisions |
|---|---|---|---|---|
| | | In gold | In gold or foreign exchange | |
| Argentina | Notes and demand liabilities | | 25 | Suspended since October 1949. Only net foreign exchange holdings may be included. Gold cover requirement of 20 percent eliminated by 1957 legislation. |
| Australia | | (1) | (1) | |
| Belgium | Notes and demand liabilities | 33⅓ | | In effect since Apr. 12, 1957. Previous legislation, which had been suspended from May 1, 1944, required a 30-percent cover in gold and 40 percent in gold or foreign exchange. |
| Brazil | Notes | | 25 | In effect (but note qualification). Basis of requirement significantly reduces ratio of cover of total outstanding notes. Currency is issued exclusively by Treasury, which can either put it into circulation directly itself, or under general legislation, i.e. through Rediscount Department or the Bank Loan Fund of Bank of Brazil. Gold and foreign exchange cover requirement applies only to currency issued under latter of the two methods. A large part of notes in circulation was put into circulation directly by the Treasury. |
| Canada | | (1) | (1) | Unless the Governor in Council otherwise prescribes, Bank of Canada is not required to maintain gold or foreign exchange reserves in any minimum or fixed ratio to its liabilities (sec. 25 of Currency, Mint, and Exchange Fund Act of 1952). Sec. 26 of Bank of Canada Act of 1934 had specified reserve of not less than 25 percent of note and deposit liabilities, to be held in gold coin or bullion, net amounts of specified types of foreign exchange, and specified quantities of newly mined Canadian silver. This requirement was suspended from 1940 until 1952, when suspense procedure was superseded by sec. 25 of Currency, Mint, and Exchange Fund Act cited above. |
| France | Notes and other demand deposits | 35 | | Suspended since Sept. 1, 1939, by decree. Statutory requirement of a 35 percent reserve in gold bullion or gold coin had been in effect only from June 1928. Previous legislation generally stipulated that Bank of France metallic reserve must at all times be adequate "to assure full convertibility" of note issue. |
| Germany | | (1) | (1) | |
| India | do | (2) | (3) | In effect; requirement established in 1956. Foreign exchange assets must total at least 4,000,000,000 rupees and may be in the form of deposits abroad, foreign government securities maturing within 5 years, and bills of exchange bearing at least 2 good signatures and maturing in not more than 90 days, provided that these claims are payable in the currencies of countries which are members of the International Monetary Fund. At least 85 percent of the gold must be held in India. The minimum amount of foreign exchange required may be lowered temporarily from 4,000,000,000 to 3,000,000,000 rupees by Cabinet action. Previously, Reserve Bank was required to maintain gold and foreign exchange reserves equal to at least 40 percent of note issue, and at least 400,000,000 rupees of such reserves had to be in gold. |
| Italy | Notes and other demand liabilities | | 40 | Suspended since July 22, 1935. Requirements had been established by a decree-law of Dec. 21, 1927. |
| Japan | | (1) | (1) | |
| Netherlands | Notes, drafts, deposits, and other current account balances. | | 50 | In effect. Under royal decree of June 27, 1956, issued in conformity with art. 2 of decree of Jan. 11, 1956, requirement is 50 percent in gold and convertible foreign exchange; may be changed at any time by royal decree. Except in period 1914–29, when requirement was 20 percent in gold coin and bullion, required cover from 1860's to 1949 was 40 percent in gold coin and bullion; this was suspended in 1940 and abrogated in 1945. |
| Sweden | Notes | (4) | | In effect. Requirement specified in Sveriges Riksbank Act of June 30, 1934, as amended to May 22, 1959. (See ch. III, art. 11, which states gold reserve may not remain below this figure.) In addition, the Riksdag establishes a ceiling on the note-issuing authority of the bank. In June 1960, total notes outstanding amounted to 6,800,000,000 kroner; minimum gold reserve of 150,000,000 is less than 2.2 percent of this amount. |
| Switzerland | do | 40 | | In effect since 1905. Requirement is currently in force under art. 19 of Federal law on the Swiss National Bank, Dec. 23, 1953. |
| Union of South Africa | Notes and other liabilities, including notes of other banks for which it has assumed liability under sec. 15 of Currency and Banking Act. | 25 | | In effect. Requirement established by October 1948 amendment to Reserve Bank Act of 1944. In computing the reserve ratio the Reserve Bank may deduct from its liabilities an amount equal to the book value in Union currency of its assets outside the Union. Minister of Finance may suspend reserve requirement for 30 days, subject to extension by him for periods not exceeding 15 days each (language of sec. 17 of Reserve Bank Act of 1944, as amended by sec. 9 of Act No. 49 of 1948). From May 1944 to October 1948, required reserve was 30 percent in gold coin and bullion against notes only. Between 1920 and 1944, requirements were 30 percent in gold against notes, and 30 percent in gold and specie against deposits and bills payable; silver specie was limited to one-fifth of latter reserve. |
| United Kingdom | Notes in excess of £2,350,000,000 | 100 | | In effect. From 1844 to 1928, an increase in note issue had to be matched by a corresponding increase in Bank of England gold holdings. Since 1928, bank has been required only to hold gold coin and bullion to the full value of notes in excess of a specified total fiduciary issue. Current applicable legislation: Sec. 2(1) of Currency and Bank Notes Act of 1954. Current fiduciary ceiling of £2,350,000,000 established by United Kingdom Treasury in 1960, under legislation permitting it to establish for 2 years, and renew for another 2 years, ceiling above that laid down by Parliament. As of Dec. 14, 1960, notes covered by gold amounted to £364,976. |

[1] No minimum required of gold or foreign exchange.
[2] Rs1,150,000,000.
[3] Rs5,150,000,000.
[4] SKr150,000,000.

Source: Prepared by the Division of International Finance, Board of Governors of the Federal Reserve System. Mar. 2, 1961.

Mr. JAVITS. Mr. President, we have some $15.8 billion in gold on hand. The 25-percent gold requirement is a lien on $12 billion of that amount. One of the problems we face is the maintenance of confidence in connection with the flow here of short-term funds. That confidence is tied to our ability and our determination to honor the imbalance against us with gold, if need be. So I believe we face the very serious question of whether we now have any business tying up most of our gold stock in what seems to be a largely sterile exercise of backing our currency, at a time when most countries do not depend on any such backing.

There are many things which we can do by ourselves. But I repeat that the main thrust of the speech I am making today is in the area of long-term

remedies. It is very clear to me that everything we have done up to now has failed to improve our underlying balance-of-payments position, despite the fact that we have taken many steps. Many of them have been good and constructive, but they demonstrate to us that interim or short-term remedies will not solve our basic problem. Therefore, today I want to address myself to this basic, long-term problem, which I feel absolutely demands an international monetary conference and a new framework for the international monetary system to be developed at that conference.

Mr. President, how can the existing system be modified? The international gold standard worked reasonably well in pre-1932 depression days, largely because of the ability of the Bank of England to make it work and also because of the fact that the pre-1914 world was much less complicated than the one in which we find ourselves today. In those days there was much greater flexibility in the domestic economies of the western countries, and deficits among them were automatically settled through equilibrating short-term capital movements and gold flows.

But today neither the United States nor any other country is willing to allow its economy to be subjected to inflation or depression as a result of forces operating in other countries. Dominant in the minds of most people and of their governments is the concept of full employment, the achievement of a prosperous national economy which takes priority everywhere over the desirability of reestablishing a world economy along the lines that existed prior to 1914.

Some conservative economists and bankers insist that the United States should try to convince other countries to follow, and also should follow itself, policies which would completely subject domestic economic policies to the discipline of the balance of payments, and that we should return to an automatic international payments mechanism under some form of a gold standard no matter what the domestic economic consequences.

There are growing indications that the willingness of our European creditors to hold additional dollars as reserves is diminishing. The inadequacy of new gold production to provide adequate additions to world reserves is widely recognized.

It is therefore quite evident that the proposals that have been circulating for the fast few years including those of Triffin, Bernstein, Stamp, Maudling, and most recently of the authors of the Brookings study for world monetary reform, should be carefully evaluated. An additional proposal for the evolutionary change of the present international monetary system put forth by central bankers of Germany, Italy, and Switzerland and senior officers of the Federal Reserve Bank in the latest Monthly Review of the Federal Reserve Bank of New York, while extremely modest, indicates that they too question the adequacy of the existing mechanism upon which the world's whole monetary credit structure rests.

My assistant, Mr. Szabo, has discovered in the statement of Walter Heller, Chairman of the Council of Economic Advisers, made before the House Committee on Banking and Currency on July 25, 1963, a clear indication that he, too, is deeply troubled by the inadequacy of the pace of expansion of international credit and the existing monetary system of the world. I ask unanimous consent that pages 31 to 35 of Mr. Heller's prepared statement referring to the long-run evolution of the international monetary system may be printed at this point in my remarks.

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

STATEMENT OF WALTER W. HELLER, CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS, ACCOMPANIED BY GARDNER ACKLEY AND JOHN P. LEWIS, MEMBERS, BEFORE THE HOUSE COMMITTEE ON BANKING AND CURRENCY, JULY 25, 1963

LONGRUN EVOLUTION OF THE INTERNATIONAL MONETARY SYSTEM

In the last 2½ years, much has been done to render the international monetary system less vulnerable to crises and to provide facilities for dealing with speculative attacks on national currencies. Central banks of the leading industrial countries have cooperated with the U.S. Treasury and Federal Reserve System in the development of currency swap arrangements and techniques for intervention in forward exchange markets, in the pooling arrangement for dealing with speculation in the London gold market, and in generally improved coordination. Through these devices, it has been possible to deal with the speculative outbursts which occurred in connection with the revaluation of the mark and the guilder in March 1961, the Berlin crisis in the summer and fall of 1961, the Canadian exchange crisis in mid-1962, and the Cuban crisis in October 1962. Through the negotiation of the special resources arrangement in the IMF, an additional pool of up to $6 billion of convertible currencies has been made available for use in time of emergency.

These are notable accomplishments, and efforts to extend their scope are continuing and will continue. By contributing to the stability of the international monetary system, they have helped to make it possible for the United States to finance a continuing balance-of-payments deficit without resort to extreme and costly restrictive actions, giving us time to bring to bear constructive measures which will reduce unemployment, increase productivity, and accelerate economic growth—measures which, when fully in effect, promise a constructive and lasting solution to our balance-of-payments problem.

But while the techniques of central bank cooperation that have been worked out in the past 2½ years have been constructive, we feel—and our feelings are shared by many officials in Europe—that further changes in the international monetary system will be needed in the future if the system is to be able to meet the needs of an expanding and prosperous world economy and a steadily growing volume of international trade in the years ahead. Despite the improvements that have been introduced, the present system tends to impose deflationary pressures on countries which are in deficit. Such pressures are appropriate when a balance-of-payments deficit results from inflation. But for major countries of the modern world—and the present U.S. situation is such a case—deficits may also frequently arise from structural changes over which they have little control. In such cases, deflationary measures are not the appropriate nor necessarily an effective way to eliminate a deficit and the United States has deliberately avoided such measures. Balance-of-payments imbalances do set in motion basic corrective forces working through price and income changes in both surplus and deficit countries. But in the modern world characterized by domestic policies aimed at the maintenance of high employment and reasonable price stability in all countries, these forces necessarily work slowly.

Since the basic corrective forces are slow-acting and since the function of official reserves is to finance the inevitable deficits that continue while the discipline of these corrective forces is making itself felt, it follows that large reserves are required. Moreover, since the potential payments imbalances will increase in size as world income and trade grow, reserves must expand steadily. In recent years, the growth of reserves has resulted primarily from gold production, from increased foreign holdings of dollars generated by U.S.-payments deficits, and from ad hoc adjustments in the resources of the IMF. To leave the generation of reserves entirely to gold production and to the deficits of reserve currency countries is to rely upon chance factors which bear little relation to need. Gold production is an inadequate and independable source of reserve growth, and the increments to foreign holdings of dollars will stop when we succeed in eliminating our deficit. Under past procedures, a U.S. surplus would actually shrink world reserves.

It seems clear that all countries would benefit from monetary arrangements which provide greater assurance that the growth of world reserves will keep pace with income and trade but not grow so rapidly as to exert an inflationary influence. We also need to insure that existing reserves are readily available for use when needed. In the latter connection, the U.S. standby arrangement with the IMF is a significant step forward, since it will help to establish the principle that the resources of the IMF can be drawn upon as a matter of course when a country is in deficit without implying the existence of a balance-of-payments crisis.

Apart from the question of a more systematic provision for adapting the growth of reserves to the world's needs, it would be desirable to share with other industrial countries the pressures and burdens that now tend to be concentrated on the reserve currency countries—the United States and the United Kingdom. Progress has been made in developing means to eliminate the disruptive tendencies that now may result from shifts of reserves between one country and another, between one reserve currency and another, or between reserve currencies and gold, but still further protection is desirable. And we need to clarify further the responsibilities that devolve upon surplus as well as upon deficit countries.

Many proposals have been advanced for improving the international monetary system to meet some or all of these needs. A number of these proposals would operate through the IMF, increasing the scope and flexibility of its operations. U.S. officials have not yet arrived at a judgment concerning the merits of specific proposals. But we are studying them carefully, both within our own Government and in joint deliberations with other interested countries. Moreover, we remain fully open to any new proposals and initiatives advanced by other countries.

The development of an improved international monetary system is important to the longrun expansion of the world economy. The elimination of the current U.S. balance-of-payments deficit will not mean the end of world balance-of-payments problems. Other countries will have deficits when we get into surplus, and we ourselves can expect the periodic recurrence of deficits.

Strengthening the international monetary system, however, is a process that will inevitably take time. Agreement will have to be reached among the participating countries on the particulars of the improvements to be adopted, and there will be many technical details to be settled. Moreover, it cannot be looked upon as a solution to our immediate problem, or as a substitute for a determined attack on our balance-of-payments deficit—although a more effective payments system, if it were now in operation, might help the United States in its present situation. We must, therefore, continue to take prudent and responsible action to deal with our deficit.

Finally, it is important to recognize that, in a world of convertible currencies and increasing capital mobility, it has become more difficult to adapt national monetary policies primarily to domestic objectives. Therefore, every effort should be made to increase the flexibility of national fiscal policies. If both fiscal and monetary policies can be adjusted quickly, it becomes easier to adapt simultaneously to domestic and balance-of-payments requirements. For example, if the tax cut proposed by the President were already in effect, there would be a stronger case for an increase in our interest rates as a means of dealing with our balance-of-payments deficit. The need to take monetary action at the present time to meet urgent balance-of-payments problems intensifies the need for vigorous tax action to meet the persistent problems of domestic unemployment and underutilization. In the final analysis, a full employment and full utilization economy offers us the soundest basis for mastering our balance-of-payments problems in a way fully consistent with leadership in the free world.

Mr. JAVITS. Mr. President, at the heart of each of these proposals is a reform of the world monetary system which would provide additional liquidity to existing world reserves within the next several years to preserve stability in the system, to guard against disruptive capital flight, to maintain orderly exchange markets, and to enable countries undergoing temporary deficits to make adjustments over a period of time without having to sacrifice such highly desirable national policies as full employment and economic growth.

Consideration of world monetary reform to have lasting value should come within the context of free world economic integration alongside the steady removal of those barriers which make the adjustment of one economy to another in the free world extremely difficult.

What do I mean by "adjustment"? In the days before the depression it was not the international movement of gold that brought about adjustment, but rather the fact that internal credit and prices were directly linked to the gold supply that brought about price changes, including changes in wages, incomes, and employment. Changes in individual prices caused terms of trade to shift, resulting in increased exports and imports sufficient to effect adjustment. The system operated with reasonable efficiency and automaticity.

The pre-1914 system would not work today. Countries experiencing weakness in their balance of payments would find it difficult to sell their goods because other countries would be disposed to keep them out by one form of import restriction or another. Governments and central bankers, as well as labor leaders, industrial leaders, and the citizenry generally are not willing today to adjust to these equilibrating forces.

This is the dilemma in which we find ourselves. On the one hand, we can allow the U.S. economy to adjust to other economies, but at the cost of some added unemployment. At the other extreme, the maintenance of full employment and unwillingness to adjust means persisting deficits in the balance of payments and the increasing need for international liquidity, which, incidentally, is kept liquid by our own deficits under the gold standard. Under the gold standard there was no problem of liquidity because the pluses and minuses in the international accounts never got very far out of line with each other. In the absence of willingness of countries today to allow their economies to adjust to each other, the maintenance of fixed foreign exchange rates means the necessity of creating an ever-increasing supply of credit for the sake of financing a persistent imbalance in a given direction. At the present time, these balances are in the form of dollars. During the period of dollar shortage the financing was accomplished by the payment by the United States of large quantities of dollars in the form of foreign aid of one kind or another.

That was true for the 10 years following World War II. We should move more slowly, but steadily in the direction of allowing our economy to adjust to the economies of other countries and other countries should allow their economies to adjust to ours. Adjustment in today's terms means a willingness to accept each other's goods in accordance with the principle of competitive advantage and a willingness to allow capital to move freely. For this reason, the Trade Expansion Act of 1962—or a more realistic version of it—is at the very center of the problem. The new international economic system that has emerged since the end of World War II—namely, GATT, the Bretton Woods institutions, that is, the IMF and the International Bank, large-scale economic aid by industrialized nations to less developed countries, the development of the EEC, a general commitment in Western countries to full employment policies—will be part and parcel of this adjustment process.

If we and the other industrialized nations could agree upon substantially freer trade, there would be a strong possibility that shifts in the movement of goods would go a long way toward attaining international equilibrium and toward the disappearance of the chronic U.S. balance-of-payments deficit. If labor and business should help to maintain unwarrantedly high wages and prices, the forces of international trade, if allowed to function, would provide a powerful corrective.

To be effective, commerce must be free. Import quotas and other types of quantitative trade restrictions imposed by governments will have to disappear. Ideally, tariffs should also be eliminated except possibly for infant industries in newly developing countries. Certainly they should be reduced substantially. Foreign trade policy is thus one of the most important instruments at our disposal for solving what we glibly call the balance-of-payments problem.

This is why I urge that an international monetary conference be planned now. World monetary reform is essential, and I am confident that it will take place in the not too distant future. Forces of equilibrium are at work even now while we are in a balance-of-payment deficit position, and it will not be long before the pendulum will be swinging to the other direction, causing deficits abroad and requiring measures to be taken in Western Europe which may impinge on their national objectives.

These economic forces will bring about a greater responsiveness of our European friends to consider dealing with this problem in the broadest possible context. We must begin to devise a world payments system which takes cognizance of changes in the world economy since the Bretton Woods Conference days in 1944 and which will be flexible enough to fit into the economic order of 5 to 10 years from now; which would fit into a world of lower barriers to trade, investment, and capital flows; a world of increasing specialization of national economies, and which would leave room for improvements in the form of trade in the raw materials as well as the early manufactures of developing economies.

The process of this adjustment to lesser barriers to trade, freer competition in the area of trade and investment, would undoubtedly cause economic dislocation. Therefore, we should bring into existence the means to ease the adjustment process within the various national economies as well as among countries.

The new facility created early this year by the IMF to broaden its balance-of-payments support of member countries—particularly those exporting primary products—which experience temporary declines in their export earnings due to circumstances beyond their control is one evidence of this trend.

There are mechanisms available to ease the adjustment process in the United States through the Trade Expansion Act which contains machinery to assist industries as well as workers to adjust to economic dislocation that may result from reduction of tariff protection. There is also the Manpower Development and Training Act which attempts to deal with the reallocation of our manpower to the most efficient uses through retraining. These concepts could very well be applied on an international scale.

The President's Independence Day address in 1962, delivered in front of Independence Hall in Philadelphia, is particularly relevant in the context of my remarks. The President, in referring to Atlantic partnership and the increasing integration of Europe, said the following:

I will say here and now on this day of independence that the United States will be ready for a declaration of interdependence—that we will be prepared to discuss with a united Europe the ways and means of forming a concrete Atlantic partnership—a mu-

tually beneficial partnership between the new union emerging in Europe and the old American Union founded here 175 years ago.

All this will not be completed in a year, but let the world know it is our goal.

This is the type of leadership which I am urging upon the Senate today. This is the type of approach we must bear in mind and act upon as we attempt to deal with the immediate problems at the moment.

I have given my analysis of what we can do to improve our situation on the immediate problem. But if the whole world is to go forward it must have a broader credit base, a broader monetary base than it has today. From what I can see, there is no really effective way in which this can be done.

Can such lofty goals be achieved through the utilization of gold which is available to us or which is being newly mined, or through the ad hoc arrangements through the International Monetary Fund and with central banks? Obviously not.

All of these are palliatives and will break down, as they are threatening to break down now.

Nothing less than a new basis for world credit is required. The only basis that I can see myself is the real analogy between what is taking place in the world today and what took place in the United States some decades ago, which brought on the development of our Federal Reserve System.

Somehow or other we must show how tangible, substantive improvements in international trade can be translated into credits which will finance that trade. We must come to the conclusion that gold does not represent wealth—that wealth is represented by the productive power of goods, which contributes to the well-being of people, and that the greatest and most substantial wealth is found in the productive power of goods to facilitate the future economic development of peoples—whether dams, harbors, roads, means of transportation and communication, educational systems, or health systems. These are the fundamental evidences of wealth. That wealth must be translated through an international banking system into credits which will enable that wealth to constantly expand and to be built up.

It seems to me that there is no other way.

This cannot be done, in my view, except through the convening of an international monetary conference, which will signalize the determination of the free world to proceed upon a new line, as the Bretton Woods Conference demonstrated in 1944.

We are quickly approaching the crossroads. The United States will have to decide whether to take the path of free world economic integration, or to return to a new version of obsolescent economic nationalism, and to engage in make-do practices of the kind we have been engaging in up to now, which are not solving the fundamental problem.

I am confident that we can deal with our immediate economic problems without departing from the historic foreign economic policy precepts which we have been following without interruption for the past 30 years. The Trade Expansion Act of 1962 shows that.

We must couple that with a world monetary and credit reform, which is absolutely demanded by changed economic circumstances since the establishment of the International Monetary Fund 20 years ago. We must continue to work for a true Atlantic partnership, for a true integration of the free world's economy. In this way we can insure the decisive superiority of free institutions as the ruling principle for all mankind. We can then marshal far more effectively the thousand billion dollars of productive power which resides in the Atlantic Community—the greatest force ever known to man—with which the victory for freedom should be made absolutely secure.

I have often said—and it is a good note upon which to end this speech, upon which I have lavished much time and attention—that if Khrushchev had a thousand billion dollars of production in the Communist bloc he would pulverize us in less than 5 years. Here we sit, tangled up in our own feet, because somehow or another we do not know how to integrate this tremendous productive machine. I propose, at least in terms of a credit and monetary base, that we get together for the purpose of seeking to agree upon how we may do it.

That is the principal point I have tried to make today.

Mr. President, I ask unanimous consent to include in the RECORD an outstanding analysis of the state of the free world's monetary and trading system by Thorkil Kristensen, Secretary General of the OECD, which appeared in the August issue of the OECD Observer and a fine editorial prepared by Harvey Segal entitled "Bankers, Not Theorists," which appeared in the September 2 issue of the Washington Post.

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

[From the OECD Observer, August 1963]

WESTERN COOPERATION IN MONETARY MATTERS AND TRADE

(By Thorkil Kristensen, Secretary-General of the OECD)

The industrialized countries of the West will be faced with three major economic problems in the next few years. The way in which are we able to handle these problems will be decisive both for the economic and political relations between all the Western countries and for the relations between the West and the rest of the world.

What are these three problems? They are, first, the reinforcement of the international monetary system; secondly, the progressive abolition of barriers to international trade; and thirdly, a consistent policy for our economic relations with the less-developed countries.

These three problems are closely interlinked and the question of trade policy is, so to speak, the focal point. If we were able to reduce, on a vast scale, the economic barriers between the different countries, that would unquestionably result in remarkable changes in all the relations between the peoples of the world. But an effective monetary policy which would allow satisfactory economic growth without thereby prejudicing financial stability is obviously one of the essential conditions for a large-scale liberalization of trade, which in its turn will to all appearances be a major element in a constructive policy toward the less-developed countries.

We must therefore begin with monetary policy, which during the coming years will be one of the most important instruments in facilitating the bold reduction of trade barriers. It must never be forgotten that it was the collapse of the international monetary system in the thirties which led to the unfortunate wave of quantitative restrictions before the war. If, in contrast to this, the Common Market has been able to reduce internal customs tariffs in a spectacular fashion without major difficulty, the decisive reason for this is undoubtedly that member states have generally found themselves in a favorable monetary situation during recent years.

In principle, the international monetary system is a world system. It should not be overlooked, however, that by far the greater part of international monetary transactions take place either within the Western World or between certain Western countries and other countries, especially the underdeveloped countries. It is therefore on the monetary policy of the West and very particularly on the policy of a fairly small number of major Western countries that the operation of the world monetary system will largely depend.

It is evident that each government has a national responsibility for the maintenance of the internal and external stability of its own country. Nevertheless, since the restoration of convertibility we have seen a rapidly growing interdependence between the industrialized countries in this field. Not only has there been a remarkable increase in trade and other current transactions but, what is perhaps even more important, long-term and short-term capital movements have assumed sometimes alarming proportions. The question has therefore arisen what is to be done to avoid the appearance in certain cases of a dangerous disequilibrium in the balance of payments.

THE PROBLEM OF INTERNATIONAL LIQUIDITY

The problem is a complicated one. In the first place it is necessary to insure that countries possess sufficient monetary reserves to finance, where necessary, what may be a substantial deficit over a certain period. In the second place countries must find themselves constrained to embark upon internal policies designed to restore equilibrium, unless the deficits and surpluses merely reflect a passing imbalance. This means that the ordinary course of international transactions must be insured without, however, disregarding monetary discipline.

Now, the volume of a country's monetary reserves is largely governed by national government policy. Nevertheless, the total amount of reserves, and even to some extent their distribution between the different countries of the world, will increasingly depend upon international cooperation. More particularly, the countries which find themselves in a strong position can help the others to strengthen their reserves, but in doing so they can also require the assisted countries to satisfy the conditions which seem to them to be proper. How can we insure that the results of this cooperation will be a suitable combination between the necessary financing and the necessary discipline? That is the core of the monetary problem.

In principle, the monetary system is always based on gold, but gold production is not enough to increase monetary reserves to the extent required by an expanding world economy. Other means have therefore had

to be found to insure that economic growth is not checked by the lack of national or international liquidity. National liquidity is largely the responsibility of national governments, but time and time again the economic expansion of a country has been checked by lack of foreign exchange, or in other words by insufficient international liquidity.

There has been much discussion in recent years about the problem of international liquidity. I will not recall all the different proposals which have been made. It is enough to indicate that there are four different ways of increasing the monetary reserves of a country or, in general, the reserves existing in the world as a whole.

The first would be to raise the price of gold from time to time so as to increase overall reserves by increasing the monetary value of gold stocks and also more indirectly by the increase in gold production which would undoubtedly result from the price increase.

The second way would be to create a growing quantity of an international currency by an agency, preferably worldwide, such as the International Monetary Fund, which would make this currency available to the different countries by loans on certain terms.

The third way would be to accept the system of flexible exchange rates. Under such a system there would be no need for monetary reserves since, if a particular country had a deficit in its balance of payments, the exchange rates for its currency would fall, which, in turn, would bring about an increase in the country's exports and a fall in its imports.

Finally, the fourth way would be the grant of credits by one country to another either by bilateral agreements or through the intermediary of an international institution such as the International Monetary Fund.

These, then, are the four ways which might be contemplated, but it looks at the present stage as though countries would probably not be prepared to accept any of the first three.

THE SOLUTION: INTERNATIONAL CREDITS

With regard to the price of gold the decision in practice lies with the American Government alone, which is in any event an undesirable state of affairs from the international point of view since an increase in the price of gold would affect the situation in every country.

The fact is that the American Government has on many occasions declared that it has no intention of raising the price of gold, which seems highly reasonable. If it had been desired that the role of gold should remain unchanged from one century to another, its price should have been changed from time to time according to needs, but as everyone knows we have for a long time been in the period of monetary history when metal is more and more widely replaced by instruments of credit (bank notes, bank accounts, etc.) both in internal circulation within the different countries and in international monetary reserves.

This is an inescapable trend. Credit is much more practical than metal and in this way the manipulations and speculations in gold prices are avoided which might create some danger for monetary stability.

While it is inevitable that gold should play a constantly diminishing part in the monetary system, the best policy would no doubt be to maintain its price and to increase monetary reserves by an increase in international credits which would correspond to the development which has already virtually taken place in the internal monetary circulation of the different countries.

The creation of an international currency by a world institution will perhaps sooner or later be accepted as a suitable solution. At the present stage, however, it does not look as though most countries are ready to delegate such powers to an institution over which the government of an individual country would have only a very limited influence.

As to the third method, the acceptance of flexible exchange rates, it is against the existing rules of the International Monetary Fund. These rules were made for the very purpose of avoiding the uncertainty created by the fluctuations in exchange rates which were so frequent during the thirties. Moreover, if there were no rule about the relative value of the various national currencies the door would be open for large-scale speculation and manipulation. It therefore seems that this system also would not be generally accepted in the world as it is today.

There remains the fourth method; namely, the grant of credits by one country to another. In fact this was the method used to solve the problems of international liquidity which arose during the postwar years.

This method may take many forms. Countries can make their currency available to the International Monetary Fund which in turn will make it available to other countries according to their needs. On the bilateral plane, a government may borrow abroad or a central bank may accept deposits from another central bank.

The most interesting cases from the point of view of monetary policy are those where two countries grant each other reciprocal credits, because this means that the reserves of both countries have increased at the same time. In other words the aggregate monetary reserves of the whole world have increased. In fact this means that so far as countries can agree together they are in a position to increase international liquidity by the creation of claims on the part of one country against the other.

It is not surprising that this was exactly the way in which the international monetary system evolved, since the whole nature of monetary reserves is that they are claims held by one country against another. This is easily understandable in the case of foreign exchange but in fact it also applies to gold reserves. In the case of gold, however, the claims are, as it were, against an unknown debtor country since gold is current in all countries. The same would apply to a genuine international currency created by a world institution and the position is almost the same in the case of convertible currencies because they can be changed into the currency of almost any country.

We must not overlook this fundamental fact: That monetary reserves are really claims which enable their holder to have a deficit in its balance of payments over a certain period. By accepting a quantity of these reserves, whether in gold or foreign currency, the surplus countries finance the deficits of the deficit countries.

That is why, in spite of everything, there are limits to the possibility of augmenting aggregate reserves by the grant of credits from one country to another. Countries which expect to be in surplus in the near future will not be prepared to finance the deficits of other countries without limit. In consequence if they are asked for supplementary credits, they may either fix limits or impose the conditions which they think justified or both.

THE IMPORTANCE OF CONSULTATION AMONG INDUSTRIALIZED COUNTRIES

For this very reason the most important arrangements in the sphere of international monetary cooperation in recent years have either been bilateral arrangements between two industrialized countries or arrangements among a small group of industrialized countries. The most important of these arrangements is the new loan convention, linked with the International Monetary Fund, but signed by some 10 industrialized countries and valid for those countries only. (December 1961; $6 billion.)

Obviously it is among the industrialized countries between whom current transactions and capital movements have taken on considerable scale that substantial deficits and surpluses must be looked for. It is therefore incumbent on these countries to come to appropriate arrangements if it is desired to avoid a dangerous disorder in the international monetary system.

If a surplus country is to finance the deficits of some other country under arrangements of this kind, limits and conditions must naturally be imposed. In the case of large-scale arrangements there will be generally be some hesitation in making use of a worldwide institution over which the countries in question have only a limited influence.

It is for this reason that monetary consultations between industrialized countries have in recent years become one of the most important instruments of the international monetary system. In making the necessary arrangements consideration must obviously be given to the possible effects not only on the two countries in question but also on other industrialized countries in which imbalance might appear in the near future. Bilateral consultations are therefore not enough. These problems must be discussed in a small group composed of the countries most concerned.

The main forum for such monetary consultations is the OECD Economic Policy Committee, and more especially its Working Party No. 3, which consists of some 10 industrialized countries with major responsibilities in this sphere.

It is in consultations of this kind that attention is paid to the monetary discipline already spoken of. A certain degree of discipline is inherent in the monetary system itself, since in the deficit countries the private banks must buy foreign exchange from the central bank to bridge the gap in foreign payments. By these purchases the banks reduce their liquid assets, which means a reduction in national liquidity, which in turn will impel the national economy to cut down its activity and its imports. By these means therefore the deficit has unleashed forces which tend to redress the balance of payments. In surplus countries there will be a chain of similar effects but in the reverse direction.

It must be emphasized that these corrective effects come about regardless of the national organization of the monetary system. Whether the gold standard is used on its own or whether monetary reserves partly consist of foreign exchange, in both cases the banks must cut down their liquid assets if it is necessary to bridge a gap in foreign payments.

What might make monetary discipline lax is the fact that the national authorities are in a position to counter these automatic effects by deliberate expansion of credits in deficit countries or their contraction in surplus countries. There is no international mechanism which could automatically prevent national governments from following such a policy should they so desire. It is only monetary consultations between the industrialized countries which can bring to light all the national and international consequences of such a policy which might well be dangerous to financial stability. These consultations are therefore an essential element in the international monetary system at any rate at the present stage in world economic history.

Are there desirable reforms which could be gradually brought about by such consultations?

For the time being there seems no adequate answer to this question. We are in

an experimental period. A number of different forms of arrangement have been tried out. It is too soon to draw any firm conclusions.

It may well be that in the future such consultations will lead to understanding on certain more or less generally accepted rules of conduct concerning the composition of monetary reserves and perhaps also on some other elements of monetary policy such as fixing the various national rates of interest in relation to each other. It must not be forgotten, however, that each case must be judged in the light of the concrete circumstances of the moment. No two cases will ever be exactly alike.

It follows that general rules can never completely take the place of monetary consultations between the industrialized countries of the West.

COOPERATION PUT TO THE TEST

There is every likelihood that the monetary cooperation of the West will be put to the test during the next 2 years. The ministerial meeting of the GATT which came to an end on May 22, 1963, concluded with an agreement that fresh tariff negotiations would be opened on May 4, 1964. One of the most decisive conditions for a further effort to reduce customs tariffs and other trade barriers will no doubt be the existence of a generally favorable economic climate in the industrialized countries, that is to say the maintenance of full employment with little exception and a state of approximate equilibrium in the balances-of-payments. Such are the precise objects of monetary cooperation.

Nevertheless in the contemplated negotiations within the GATT the cooperation of the West will be put to the test on a scale much greater than that of monetary policy alone. In practice, if it is desired to do away with trade barriers on a large scale there must be a substantial adaptation of industry, agriculture, and manpower. Since the coming negotiations will be a very important event from the political point of view, their preparation requires exceptional care. No major aspect of the problems raised by the Geneva decision must be overlooked.

The coming negotiations have a historical basis. They are, as it were, one of the consequences of the efforts which have been going on since the Second World War toward European integration. The most important result of these efforts has been the establishment of the Common Market, which in turn has set off a chain of other events. Then followed the negotiations in Paris in 1958 for a large European Free Trade Area and after their breakdown, the establishment of the smaller free trade area, EFTA; this in turn was followed by the association of Finland with EFTA, the association of Greece with the European Economic Community, the negotiations for Britain's entry into the Common Market and finally the new American Trade Expansion Act, the main object of which was to allow negotiations with the EEC on the reciprocal reduction of customs tariffs and freer trade in agricultural products.

The issues at stake in the forthcoming negotiations are therefore of some importance. If, following the breakdown of the Paris negotiations in 1958 and the suspension of the Brussels negotiations in 1963 there were to be a failure in the tariff negotiations at Geneva in 1964, the consequences for Western cooperation as a whole might become extremely grave even on the purely political plane. On the economic plane the result would probably be a new wave of protectionism and isolationism on both sides of the Atlantic. The disappointment which follows the frustration of an attempt at progress generally has results of this kind.

THE ADAPTATION OF INDUSTRY

There are still many questions to be settled about the methods and formulas of the contemplated tariff negotiations, but these problems will be discussed in the organs of the GATT before the opening of the negotiations proper and we need not therefore concern ourselves with them here. Let us rather consider the problems of adaptation which will arise in the various sectors of the national economies if we embark upon the progressive reduction of barriers to international trade. It is only so far as we find ourselves able to surmount these difficulties that we can dare to pursue an expansionist policy in the field of trade.

European industry has for many years been in a period of constantly intensified competition. There was first of all the European liberalization of trade, that is to say the progressive abolition of quantitative restrictions followed by the very rapid lowering of the internal customs tariffs of the EEC and EFTA, the result of which was an exceptional increase in trade in industrial products between member countries. Not only was the adaptation to an enlargement of trade accomplished without major difficulty but at the same time the competitive strength of European industry in world markets was reinforced in a remarkable manner. Keener competition has unquestionably been an invaluable stimulus to European industry.

Obviously, the industrial progress of Europe has been more marked in some branches than in others, and it may well be that in some branches of industry production has declined. In a generally favorable economic atmosphere, however, the labor thus liberated can be absorbed fairly easily.

American industry was in the forefront of world industrial development in the 20th century. The recovery of Europe has, however, probably deprived the Americans of some of their lead. It therefore seems that in the case of U.S. industry also an enlargement of markets and keener competition would be a very valuable stimulus. The initiative taken by the President of the United States in proposing the Trade Expansion Act to Congress was undoubtedly inspired by thoughts of this kind.

There is, however, one special problem which will arise for Western industry if freer entry into Western countries is accorded to manufactures from low wage countries, that is to say from countries which are now poor but are in the process of development.

An increase in the exports of these countries will be necessary and there is every indication that this problem will play an important part in the coming tariff negotiations.

It may very well be that over the next few decades a division of labor may be contemplated between the Western countries and the countries which are launching out to modern industrialization. These countries will have fairly low wages but they will not have all the technical, commercial and administrative advantages of Western industry. It follows that in some branches or for some products production costs may be lower in the poor countries whereas in other branches or for other products the West will keep its lead.

We must identify these problems so as to know the tasks which will face us in connection with the adaptation of industry. During the next few years however, imports of manufactures from the poor countries will probably be fairly limited in relation to Western production as a whole, which will make our task easier.

THE NECESSARY EXODUS FROM AGRICULTURE

In the sphere of agriculture the problems will be much more difficult because European and American agriculture are already very inadequately adjusted to modern conditions. Production per man-hour is much lower than in industry and most farmers therefore find themselves in a social position which leaves much to be desired. The reason is that there are still a large number of small farms, especially in mountain districts which do not allow the use of modern techniques or even the full use of the family labor force.

It must be admitted that adaptation to the extraordinary changes which have come about during the last 100 years is harder in agriculture than in industry. As the standard of living rises a decreasing proportion of income is spent on agricultural products. The consequence is that a steadily diminishing proportion of the population has to be employed in agriculture. This is an inescapable trend which is particularly marked in a period of rapid economic growth such as the present.

But the necessary exodus from agriculture is difficult because the life of the peasant is a traditional life and very often an isolated life. Families are therefore very reluctant to leave their villages and go to the towns. It is perhaps for this reason that agriculture has been strongly protected since the 1930's and even over a large part of Europe since the 1880's. The effort has been made, as it were, to protect the peasants against the necessary exodus. The result is that agriculture today still has a labor force which is much too large, including a great number of small farmers.

Obviously it has been possible to retard the inevitable exodus to some extent but in the long run this is a policy of despair. These measures of protection and subsidy may perhaps have made life easier for the politicians of past generations but in return they have made it much more difficult for the statesmen of today and especially for ministers of agriculture.

We have reached a stage where protection and subsidies have caused excess production in the West. The position has become somewhat dangerous. The traditional food-importing countries desire to cut down their imports, while the exporting countries for their part desire to increase their foreign sales. It is for this reason that points of view clash so regrettably in discussions on agricultural policy. It is enough to refer to the divergence between Germany and France in the negotiations on the common agricultural policy of the European Community and the discussion between the United States and the representatives of continental Europe on the entry of American foodstuffs into Europe.

How can we get out of this impasse? It is a very serious and very complicated problem. It must be handled as a matter of urgency because if we fail to tackle this question in the immediate future not only may agriculture find itself in an unbearable situation within the next few years but European and Atlantic cooperation will perhaps be jeopardized by discord between exporting and importing countries.

It is not possible to deal with the whole of this delicate problem here. Two points which appear essential should, however, be emphasized.

TOWARD A WORLD ECONOMY

Over the last 10 years there has been large-scale exportation toward some underdeveloped countries of agricultural products mainly from North America. Since the importing countries are poor, these exports have had to be financed by credits on favorable terms. It seems, however, that there will be a growing market in the overpopulated countries of Asia during the next few years. We must therefore consider how these exports can be made an integral part of Western development assistance policy.

It is certain that exports of this kind will at the same time help to solve the agricultural problems of the West, but this policy must be pursued with caution so as to avoid further disturbance of agricultural markets. Furthermore, it seems obvious from the world point of view that the two large North American countries with a sparse population have an enormous relative advantage over certain densely populated Asiatic countries like India and Pakistan in the supply of agricultural foodstuffs.

The other point I should like to stress is that by its very nature the problem of low incomes in agriculture is a social problem. *It must be treated as such.* It would be better to give the peasants social assistance rather than guarantee them artificial prices and thus encourage production which cannot be sold.

In the case of young people from the villages the best solution would be to provide them with general education and vocational training which would allow them to enter industry or the modern public services.

In many countries this constructive policy has already been started. It must be further extended and developed, since, as I have indicated, it is basically a problem of adaptation to changing circumstances.

As we know, these problems are extremely delicate. We must therefore act with some caution. We must, however, not be blind to the fact that the situation is becoming somewhat dangerous.

That is the core of the problem of trade. *The expansion of* trade is one of the inevitable consequences of modern technique. The West has been the leader and pioneer in creating this technique, among other things in the sphere of means of transport which has brought the continents closer together. The appropriate conclusions must be drawn in the matter of trade policy.

Today the world can be circled in 90 minutes. In the face of this impressive fact the ideas of national or continental isolationism appear to be thoroughly obsolete and almost ludicrous. The only possible solution is a movement toward a genuine world economy. The West must once again take on the role of leader in this movement.

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[From the Washington (D.C.) Post, Sept. 2, 1963]

BANKERS, NOT THEORISTS

(By Harvey H. Segal)

(NOTE.—Harvey H. Segal, a former professor of economics at New York University's School of Business Administration and at Rutgers University, is an editorial writer for the Washington Post. His column will appear on Mondays.)

Since 1958, when the return to general currency convertibility subjected the international monetary mechanism to severe pressures, there has been an essentially sterile dialog between proponents of reform and practicing central bankers.

The latest and unfortunately disappointing installment appears in the August number of the Monthly Review of the Federal Reserve Bank of New York. It is a curious piece entitled "Conversations on International Finance," the joint product of four central banking officials: C. A. Coombs of the New York Federal Reserve Bank, M. Ikle of the Banque Nationale Suisse, E. Ranalli of the Banca d'Italia, and J. Tuengeler of the Deutsche Bundesbank. All have been intimately involved in foreign exchange operations and their notes were published "with the thought that they would be of interest to a wider public."

The criticism of the present gold-exchange standard system, which the four bankers accept boils down to this: Gold production adds far less to the monetary stock than is necessary to conduct growing volume of international trade, and therefore the dollar reserves of countries other than the United States must be continually expanded. But dollar additions to international liquidity—or the means of payment—can be made only if the United States runs balance-of-payments deficits. But there is the dilemma.

Continuous deficits subject the international value of the dollar to inordinate pressures and inhibit the efforts to stimulate the growth of the domestic economy. On the other hand, a U.S. surplus would diminish international liquidity as other countries used dollar reserves to settle their international accounts.

The authors of the "Conversations" acknowledge this dilemma, but in attempting to come to grips with it they rely essentially on faith in the proposition that solutions to difficult economic problems will somehow emerge through the pursuit of well-established practices.

To cope with the recurrent pressures on the dollar, they would rely heavily upon currency swaps and sales of U.S. Treasury obligations that are denominated in foreign currencies. The effectiveness of these devices in shoring up currencies over the short run cannot be doubted. But they do little to resolve the basic conflict with which the United States, the principal reserve-currency country, is now confronted. The raising of the Federal Reserve System's discount rate in July, when 5.7 percent of the labor force was unemployed, was the last of a series of efforts to defend the dollar which have run counter to the domestic goals of higher employment and more rapid rate of economic growth.

Nor are the four central bankers any more convincing when they turn to the second horn of the dilemma; the contraction of international liquidity that would occur when and if the United States achieves a balance-of-payments surplus. That problem, they are confident, would be dispensed with by the announced willingness of the United States to accumulate reserves of foreign currencies, in their words "a truly revolutionary development which has added a new dimension to the international financial system."

But would an international monetary mechanism based on a multiple currency standard and multiple currency reserves be stable? Suppose that one of the currencies widely held as a reserve suddenly became weak. Could its value then be maintained in the face of pressures through a series of currency swaps and loans?

Perhaps, but it would seem that the scheme that the central bankers envisage embodies the same weaknesses that plagued the national banking system between 1863 and 1913. Under that system country banks kept reserves in Reserve city banks and Reserve city banks held theirs in central Reserve city banks. Recurrent panics toppled the credit pyramid because there was no ultimate source of liquidity in the shape of a central banking institution.

The problem of the international monetary system is roughly analogous, save for the complication introduced by the various national currencies. What is needed is a central bank for central banks, a supernational institution, the embryo of which already exists in the form of the International Monetary Fund.

Yet the central bankers' remarks on expanding and increasing the "automaticity" of the IMF's drawing facilities are extremely cautious, and their conception of that institution's future role is shrouded in ambiguity.

While the sincerity of this effort can hardly be doubted, it brings to mind a passage in Walter Bagehot's classic "Lombard Street," written 90 years ago. Distressed because the directors of the Bank of England were not acquainted with relevant principles, Bagehot remarked that:

"They could not be expected themselves to discover such principles. The abstract thinking of the world is never to be expected from persons in high places; the administration of first-rate current transactions is a most engrossing business, and those charged with them are usually but little inclined to think on points of theory, even when such thinking most nearly concerns those transactions."

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

Mr. JAVITS. I yield with great pleasure to the Senator from Wisconsin.

Mr. PROXMIRE. When the Senator from New York announced last week that he would make the speech he is making today, I commended the Senator at the time and I said that he was well qualified to make this kind of speech.

The speech the Senator has made is one of the outstanding speeches made in the Senate this year. Certainly in this field it is without question the most comprehensive and constructive.

The Senator has made an unusual speech with respect to the international balance-of-payments problem, because he has not selected one or two or three aspects of it, but has dealt with the whole problem comprehensively. In my judgment, he has gone directly to the crux of the problem.

The Senator started his speech by stating realistically, honestly—and I think accurately—the great seriousness of the problem. He dealt with capital movements and what we can do about them, in a critical way which was also constructive. He dealt with tourist restrictions; with the elimination of nontariff barriers, a subject often neglected and very seldom mentioned, though it is important; with the burden of defense expenditures; with export incentives; with the possibility of removing the gold reserve requirements; with additional international liquidity needs; and also with the slow, basic economic adjustment which—I am sure he agrees with me—is fundamental, and which we must reach.

There is one principle which I believe has pervaded the speech of the Senator from New York, which I think is quite important and which I think we have neglected. That is the great force and power this Nation possesses to enforce its will and to provide leadership.

To give one quick example, in the area of influencing the flow of tourists the Senator emphasized that we experience a deficit of about $1.4 billion a year. We certainly have the power—at least the threat of power—to impose severe financial economic consequences on a nation which will not cooperate.

I believe the Senator from New York would agree that this power would have to be exercised with the greatest of restraint, but tourists from the United States do go abroad, spending billions of dollars a year, and this gives us a force to require reciprocation and the elimination of tourist restrictions against this country.

This is also true in the area of foreign aid and in the area of defense, for we contribute far more than all the other countries combined.

Since we possess this kind of power, we can use our contributions and our

ability to make the contributions to get the kind of cooperation which we all agree the free world must have if we are to succeed.

I should like to be a little more specific and perhaps disagree a bit with my distinguished colleague, the Senator from New York.

The Senator seems to disagree—I am not sure whether he flatly disagrees, or has made a final commitment—with the so-called interest equalization tax proposal of the administration. I noticed that the Senator said at one stage that this plan has been weakened by numerous exceptions, including the exemption of commercial bank loans.

I should like to ask the Senator from New York if in his judgment it would be better if we did not exclude commercial bank loans. After all, the bill will come before the Senate. We can amend it, and we can make it the kind of instrument we wish to make it, so as to be effective.

Mr. JAVITS. I point out to my colleague precisely my position on the interest equalization tax. I believe it is not as good as the technique of the capital issues committee in the New York market. I believe, as a result of my own research and inquiries in the New York market, that a capital issues committee is entirely practical and would work to far better effect than an interest equalization tax.

Now that that has been said, I will not inhibit myself from voting for the interest equalization tax if it comes before the Senate, if our Government can show a good reason why it should be supported. I do not know of any reason why the Government should not cooperate with a capital issues committee, or encourage the organization of one. The Government may be able to demonstrate that, notwithstanding the exceptions already made to the interest equalization tax, it still remains meaningful at least in terms of a standby, so that the matter of capital flotations in this country will not run away from us even further than it has—and we are now close to the $2 billion mark.

I give my views on the subject in terms of alternatives. I agree with the need for certain exemptions. We had to exempt commercial loans. We had to exempt direct investments. We had to offer some indulgence for Canada, which is our best customer in terms of the surplus of exports from us, so that we would not cut off our nose to spite our face and inhibit the best market for our own exports, heavily attributable to the flotation of capital issues.

The exemptions deemed necessary have resulted in making the whole program one of relatively small significance. Therefore I would rather approach the problem in a different way. But if left only with the interest equalization approach, I am not saying I would not vote for it, if it demonstrated some capacity as a standby solution, as a sort of stop-loss approach to capital flotation which, at present, is running at an annual rate of about $2 billion.

That is an important point. I was very careful in my statement not to cut off that possibility, but to indicate that I might support it if I had nothing else to support.

Mr. PROXMIRE. Is it not true that one great value of the interest equalization tax is that it leaves the determination of what security to invest in to free market forces? While it is true that there is an inhibition to free market forces to some extent, it is within the framework of the tax law, and the decision is left to the investors to use their own judgment in investing in the security of any country. No nation will be banned or cut off; but this freedom would not exist under the capital issues committee proposal. We are free to maintain our interest rates in this country at a level which does not restrain our economic activity.

Mr. JAVITS. Freedom is always a relative thing, and we are free; but it is not as effective in this respect, and it is not worth sacrificing effectiveness for freedom. After all, freedom is relative. When the rediscount rate is raised, interest rates are raised for foreigners, and Americans as well. This is an absolute act by a government agency, or a quasi-governmental agency. We are free, but the market is not permitted to seek its own level. We come to the point of government decision that it is in our national interest to raise the rediscount rate, so we sacrifice the right for the market to seek its own level.

I think the argument can be made that it will cause the buyer considerable freedom if he can buy the security he wants to buy, but I point out that, in my opinion, its disadvantages probably outweigh its advantages, if there is some other way to do it. The disadvantages are, in the first place, that it will have no effect, because even if the equalization tax is paid, interest rates will still remain higher abroad, and I doubt that we will stop the outflow of American dollars.

Second, there is involved an area of governmental control over capital issues; and if there is to be any control, people would rather have the control in the hands of an agency composed of government as well as private enterprise.

Mr. PROXMIRE. If the Senator will yield at that point, I point out that we can make the remedy as effective as desired. We can maintain whatever differential is necessary, on the basis of the balance of payments, to put our securities on the same basis as foreign securities. There is no magic in the tax figure suggested by the Secretary of the Treasury. We in Congress can fix the figure that will protect us.

Mr. JAVITS. That is correct; but protection involves adding a self-defeating provision in another respect. We have much to gain, since we are the biggest importer, exporter, and investor in the world, from economic viability and prosperity in the world, which is indispensable to us.

The Secretary of the Treasury, through the interest equalization tax, would discourage rather than prohibit foreign flotations. Markets abroad are not as available as markets in this country; there are customers in the United States ready, willing, and able to buy foreign securities. So we are trying to find our way, in the most sensitive manner, and as perceptively as we can, among the main alternative remedies. Among the alternatives, I suggest that the capital issues committee would be more effective and a better remedy, considering the facts of international finance, than the interest equalization tax.

Mr. PROXMIRE. The Senator from New York is an outstanding statesman because he does not simply criticize and say a certain proposal is wrong. He makes a constructive proposal. On the other hand, he makes it easier for us who defend the present proposal by the administration to criticize his.

The Senator is proposing a capital issues committee composed of the New York Federal Reserve Bank, the Treasury, and key commercial banks and underwriters, to pass judgment on which proposed foreign capital issue is consistent with our national interest. It appears that American citizens are to be prohibited from investing in a large number of foreign issues on the ground that it is against the national interest. Would not this involve hundreds of millions of dollars, perhaps billions of dollars, of foreign securities, and put us in the position of discriminating, on a specific basis, against the securities of nationals in a particular country? It seems to me that this policy would be most difficult for us to administer without serious charges of discrimination. Switzerland can do it, for many reasons for which we cannot do it.

Mr. JAVITS. As the Senator from Wisconsin explained it, my proposal sounded better than when I made it. My reason is that it would not necessarily restrict the flow of dollars. It might increase the flow of dollars, provided they were dollars which, when utilized to buy foreign securities, were used in our national interest.

Let me give some practical examples. For a long time we untied our foreign aid—the Senator from Wisconsin is familiar with it—and it was almost a doctrine of the Treasury and the State Department. We were setting the fashion in the world by absolutely untied foreign aid, and were saying that, academically, this was the right way to give aid, so the country and the person aided could have the entire range of international competition in order to use the aid to the greatest effect.

We found that that theory did not work. It was hurting us. We were put in the position where we had either to cut off aid or place some restrictions on it.

With respect to the capital issues, we are somewhat in the same position. We are still laboring under the same academic illusion that the interest equalization tax is the better way, because it leaves those involved free to raise money and spend it as they will.

I do not think we can afford that luxury at this moment, with the imbalance of payments which we have and with the restrictions on our international business. It would be more to our national interest that there should be security flotation in this country. That is a more effective measure to apply. The major

flaw in the argument of the Senator from Wisconsin is that this is not a time when we are free to indulge in a classic demonstration of economic liberalism—a time when we are suffering a deficit at the annual rate of $5.2 billion in our balance of payments.

The question is, what do we do about it? Do we cut off military or foreign aid? Of course not. That is very clear. Do we restrict our tourists to $500 a year for expenditures? No; we will not do that if we can avoid it. Do we do other things? Do we try to attract all the money in the world to the United States, on a temporary basis, by raising our rediscount rate, not to 3½ percent, but to 5 percent? The British raised it to 7 percent. No, if we did that, we would probably have 8 million unemployed. Unemployment is dangerous enough now.

I ask unanimous consent that a Wall Street Journal article of August 27, 1963, by Alfred Malabre, describing the disastrous domestic economic consequences of Britain's efforts to correct its balance-of-payments deficit problem through higher interest rates in 1957 and 1960 be printed in the RECORD at this point.

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

BRIDLED BRITAIN: ITS MEASURES TO RETARD GOLD DRAIN HOLD LESSON FOR UNITED STATES

(By Alfred L. Malabre, Jr.)

Last month's increase of the Federal Reserve discount rate to 3½ percent from 3 percent, in one respect, was not unusual. The Federal Reserve Board has boosted the interest it charges member banks no less than 13 times in the last 9 years.

But in another sense the latest increase was most extraordinary. For the first time in the post-World War II era, the Fed raised its rate for reasons not tied to happenings in the domestic economy.

The rate boost, as Fed officials readily concede, was aimed at easing the United States worrisome international balance-of-payments deficit and the resulting gold drain. It is impossible to ascertain whether the payments deficit will continue to worsen—it jumped sharply in the second quarter—and necessitate further Federal action.

If additional measures are required, however, a hint of what may lie ahead can be gleaned from a review of the balance-of-payments woes that have recently plagued *the United Kingdom*. Though Britain's experience is not strictly applicable to the United States, it indicates that a balance-of-payments problem can be licked with stern action, but at some cost.

Discount rate increases, of course, tend to push up short-term interest charges, generally, and curb capital outflows to countries offering more attractive returns to investors. An international payments deficit, such as America's, occurs when a country spends more abroad than it takes in from foreigners. The U.S. gold drain is linked to its balance-of-payments problem because dollars accumulating abroad may be used to buy gold from the U.S. Treasury.

The Fed's previous postwar rate boosts were designed chiefly to prevent too rapid inflation in the domestic economy, by increasing borrowing costs. And they were modest, seldom pushing the rate higher than the 3-percent level.

THE 1957 EXPERIENCE

Not so in postwar Britain. Without exception, recent increases of the United Kingdom bank rate (comparable to the Fed's discount rate) have been initiated to improve the island's shaky international balance of payments.

Take, for instance, the sterling crisis of 1957. Because of a persistent payments deficit, Britain's gold and dollar reserves, used to settle foreign debts, shriveled by September 1957 to $1,850 million, down about 20 percent from the level at the year's start. To halt the decline, United Kingdom authorities on September 19 of that year boosted Britain's bank rate two full points to 7 percent—twice the current Fed rate.

Other restrictions were also imposed, including a freeze on Government spending and more stringent borrowing regulations for banks. The measures were aimed at sharply curbing inflation that was spurring import demand and pricing some British-made goods out of foreign markets.

The impact of these moves on Britain's foreign reserves was dramatic. By September 1958, the country's gold and dollar holdings were at $3,120 million, nearly 70 percent above the crisis level of a year earlier and higher, in fact, than at any time in 7 years.

But this is not the full story of the 1957 crisis. Britain's industrial output, which had been climbing steadily for 5 years, began to slide soon after the restraints were imposed. It fell from 119 percent of the 1953 base in late 1957 to 113 percent in mid-1958. Employment, at 106 percent in late 1957, skidded to 104 percent in a few months and didn't regain 1957 levels until the end of 1959. By that time, the United Kingdom exchange reserves again strong, the bank rate was back down to 4 percent.

British monetary authorities were unable, however, to leave the bank rate at the 4-percent level for long. Britain's reserves began tumbling again in late 1959, and on January 21, 1960, the bank rate was raised to 5 percent. When the pressure on reserves persisted, the authorities, in a series of steps were forced finally in July 1961 to bring the rate back up to the 7-percent mark.

In addition, brakes were applied to consumer buying, so as to free more production for export markets and trim import demand. Downpayments, normally at the discretion of lenders, were fixed at not less than 20 percent on installment purchases of such consumer goods as autos, TV and ratio sets and major home appliances. Also, a 2-year repayment limit was slapped on a wide range of products bought on credit.

KEEPING OFF INFLATION

When the credit controls were imposed in April 1960, Chancellor of the Exchequer Derick Heathcoat Amory told the House of Commons that the measures were to keep off inflation and thereby give Britain a more healthy external position.

As before, the effect of the restraints on United Kingdom reserve was swift. In July 1961, when the bank rate again hit 7 percent, Britain's holdings of gold and convertible currencies stood at $2,452,800,000, the lowest total in 3½ years. A short 4 months later, reserves amounted to $3,556 million, a 45-percent rebound from July's low point.

But industrial production, at a record in mid-1961, began a 6-month decline and did not return to 1961's high level until mid-1962. By then, with reserves rebuilt, the bank rate was down to 4½ percent. Employment, also at a peak in mid-1961, similarly dropped for several months and did not turn up again until the second quarter of 1962.

Recently, British reserves have held at relatively high levels. In a burst of optimism, United Kingdom officials have vowed to steer an expansionary course in the months ahead. How long this may be possible, however, is open to question. Britain's living costs have pushed markedly higher in recent months. And just last week it was reported that the nation's trade gap widened to $216 million in July, up sharply from $98 million in June. The July gap constituted the United Kingdom's largest excess of imports over exports in any month since August 1962.

The list of economic restraints Britain has used in the postwar period to bolster its exchange reserves is long. Besides bank rate adjustments and other actions already noted, tactics employed at one time or another include pay freezes for workers, steep purchase taxes geared to crimp domestic sales of many goods and, to reduce the drain on United Kingdom treasury funds, higher charges for such Government services as postage.

COMPARISON OF PERFORMANCE

The impress of Britain's balance-of-payments woes on its economic growth is suggested by matching United Kingdom performance against those of other industrial powers. In a recent review of various Western economies, the Bank for International Settlements stated that Britain's economic growth rate has been unsatisfactory. The BIS concluded that "if the persistent balance-of-payments obstacle to expansion could be overcome, a better record could be achieved in the present decade."

The following table dramatizes Britain's lagging expansion. The percentages express, by country, the average annual increase of gross national product (the value of goods and services produced) for 1950–60. Distortions caused by inflation have been adjusted for.

| | *Percent GNP gain* |
|---|---|
| West Germany | 7.5 |
| Italy | 5.8 |
| Netherlands | 4.7 |
| France | 4.6 |
| Switzerland | 4.3 |
| Canada | 3.7 |
| Sweden | 3.5 |
| Belgium | 3.1 |
| United States | 3.0 |
| United Kingdom | 2.6 |

The United Kingdom growth rate, the table shows, has been slower than in any other major Western country. And BIS studies reveal British expansion in some recent years has been well below the 2.6-percent average.

There is, of course, another side to the coin. The restrictive measures have doubtless enabled the pound to weather repeated devaluation threats. The record also shows that Britons have suffered less inflation in recent years than most West Europeans. The United Kingdom cost-of-living index has risen only about 10 percent since 1958, far less than the corresponding increases in such lands as France and Italy, where living costs have spurted some 25 percent since 1958. It's no coincidence, parenthetically, that the United Kingdom money supply (demand deposits plus currency in circulation) has increased less, recently, than that of any other West European nation.

GREAT DISSIMILARITIES

To be sure, there are great dissimilarities between the British and American economies. Britain's was hit especially hard by World War II and has been strained in the postwar years by the disintegration of the colonial empire. Moreover, as an island, Britain relies heavily on imported goods. United Kingdom imports traditionally exceed exports, and this places constant pressure on the country's balance of payments.

Thus far, the U.S. action to curb its payments deficit can hardly be likened to the drastic restraints that have been resorted to in Britain. Some U.S. officials even contend last month's half-point discount rate boost won't hamper continued business growth.

Still, the British experience appears noteworthy, as the gold drain persists and the

payments deficit swells. It is an experience that America, with a naturally favorable trade balance and a highly modern industrial plant that wasn't ravaged by the war, would presumably strive to avoid as the decade once labeled the "soaring sixties" unfolds.

Mr. JAVITS. Mr. President, I respectfully suggest that one of the least harmful worries is to create the Capital Issues Committee. In that way we give ourselves some discretion about where and for what reason we may invest our capital. That is the only point. We are not yet in the situation where we have complete freedom of action. We must do something. That question is, What shall we do?

Mr. PROXMIRE. The question is, How far do we want to go? The Senator takes the position that the Capital Issues Committee would flatly—and it would have to do so flatly—prohibit investments in certain countries or with respect to broad kinds of investments. It would have to do that flatly, to be effective. The Senator would have that done in a comprehensive way.

I suggest that we follow the administration's procedure, which I believe to be a much more moderate approach to a solution of the problem. That would discourage investment in this country and leave us free for such investments as we wanted to make. We should also follow the suggestion of the Senator from New York, which the administration is pursuing today in other areas. It seems to me, also, that though we have an adverse balance-of-payments situation, we still have more gold than any other country has. We can proceed with greater prudence without moving in a drastic fashion through the establishment of a committee which would flatly prohibit investment in broad areas, instead of putting the situation on a basis where as much freedom as possible is left to the investor.

Mr. JAVITS. By way of moving on to other ideas, I believe that the Capital Issues Committee is the more moderate of the two programs. If we passed an interest equalization tax law, it would take a great deal of work to undo it when we felt it had served its purpose. On the other hand, the committee can be set up at 10 o'clock on a Monday morning, and a week later, if we do not like it, we can do away with it. It seems to me that that kind of discipline is much less decisive and a much less complete commitment than would be the case if we passed a law. If we did pass a law, I would hope it would be for only a short time, perhaps for a year, or for 2 years at most, and perhaps we should couple the law with the capability of termination on the part of the President, if we found it did not work or if it worked adversely to American interests.

Mr. PROXMIRE. Yes; an expiration date tied to the act would be desirable. There is no question that if it were a law it might create some difficulties. Nevertheless, what I suggest is a much more moderate approach; and it would be possible with such a law to get at the problem in such a way that it would not involve our relations with other nations very critically. Furthermore as this problem is solved and payments become more favorable, what a joy to vote wholeheartedly and conscientiously for a tax cut.

Nevertheless, there is one part of the Senator's address which comes to the real crux of the whole problem. He says:

> In the absence of willingness of countries today to allow their economies to adjust to each other, the maintenance of fixed foreign exchange rates means the necessity of creating an ever-increasing supply of credit for the sake of financing a persistent imbalance in a given direction.

This is the real crux, the real problem. The Senator has put his finger on it.

The Senator asks that we improve our financial agencies so that we can have a great increase in international credit. I believe that is a most important thing to keep in mind, namely, that other countries also must adjust. I gain the impression, from talking with some economists, including some who testified before the Joint Economic Committee, that we need not worry about the international balance-of-payments situation, because we still have a great deal of gold, and that eventually things will work out.

They will not work themselves out. We must recognize the fact that there must be some degree of austerity. The program should be gradual; it should be practical. We do not want further unemployment. We must not take extreme measures. But we must adjust, and that means at least a measure of austerity, of balanced budgets or lower deficits, of reduced costs. We must keep prices down and do all we can to operate as efficiently as we can.

This is the central idea. That is the most important lesson we can learn from the past. Historically, austerity, reducing cost, was the only way that we could solve the imbalance-of-payments problem.

We know we cannot shove prices down by measures that would increase unemployment. On the other hand, we cannot afford to go "out into left field" and say we do not need to make adjustments. We must make adjustments. The emphasis should be on how we make them.

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

Mr. JAVITS. I yield.

Mr. SYMINGTON. I congratulate the able Senator from New York for his presentation of this all important subject to the Senate today. Unfortunately I could not be present to hear all of the discussion, but look forward to studying the RECORD. I agree with the Senator from Wisconsin that the Senator from New York has once again demonstrated his statesmanship in his presentation of this thought-provoking and constructive address. It is one of the finest I have heard on one of the fundamental problems that we now have confronting us as a leading free enterprise nation. I would ask the Senator:

> Regardless of what we decide—and I hope that what we do will be the best way—I am impressed by what the Senator has said; if I understand his presentation, it is necessary, essential, that we do something about this continuing outflow of gold. Is that correct?

Mr. JAVITS. I would say to the Senator from Missouri that in this regard I do not quote only myself, but I quote also the Secretary of the Treasury, who has given us a year, and at the most 2 years to solve this problem. He says that beyond that we cannot take this kind of situation.

Mr. SYMINGTON. Recently I read a book, which I believe the Senator has read also, or has heard reference made to it, by Heilborner and Bernstein, called "A Primer on Government Spending."

Mr. JAVITS. Yes.

Mr. SYMINGTON. It is a brilliant if somewhat overcondensed book. It intimates that a school of economists in this country believe, in effect, that gold is relatively unimportant as compared to production. I believe that not true if the thought is carried to the point where gold becomes unimportant. If we continue to lose gold, it seems clear that in the not too distant future we will have a very serious situation develop in our economy. Does not the Senator agree?

Mr. JAVITS. I say to the Senator that in the absence of any other standard—except in the field of short-term adjustments through the International Monetary Fund, and through the relationship which exists among the central banks—the Senator is absolutely correct, in terms of international credit. That is true in the absence of any other basis for international credit than dollars, the pound sterling and gold.

There are two schools of thought as to what we ought to do about gold. One school says that we should do what the British did in the blitz of 1942, when they sent an army division to North Africa. In other words, we should take the $12 billion which we have tied to our currency and invite all the people of the world by saying "Bring your dollars and we will pay for them in gold," and let that be the end of it.

Others say, "Leave that $12 billion on lien."

I believe we should do one of two things. We should "hit" the international balance of payments with many ad hoc measures, and cut it down. This is too serious even to deal with on the basis of long-term remedies. We must do something immediately. We can get at the problem through the promotion of tourism, the reduction of tariff barriers, tax incentives for exports; and we can do something in terms of foreign flotation of securities in the United States, and also toward attracting short-term money; and so forth.

The fundamental problem is the fact that the world has not adjusted to itself in terms of $200 billion of export-import trade; the size of the national economies; and the fact that people will no longer take suffering merely because the the bookkeepers are not doing a good job. That is what it really comes down to. The latter aspect is what I had hoped to emphasize so heavily in my speech.

But to answer the Senator directly as to why we are standing where we are, while the fever chart is operating on the basis of the old thermometer, namely, the gold we have, of course, the Senator is absolutely correct.

Mr. SYMINGTON. There is no other thermometer we can use at this time.

Mr. JAVITS. The Senator is exactly correct.

Mr. SYMINGTON. I thank the Senator from New York, and again congratulate him on his most able address.

Mr. JAVITS. I thank the Senator from Missouri.

Mr. PROXMIRE. Mr. President, will the Senator from New York further yield?

Mr. JAVITS. I yield.

Mr. PROXMIRE. While I have been somewhat critical of one or two phases of the Senator's speech, it is a great speech. I have learned much from it; I am sure the country will.

We ought to keep one or two things in mind. First, there has been an adjustment of our economy vis-a-vis the world economy in this sense: Prices have been rising more rapidly, and real wages in many instances have risen more rapidly, in other countries than in this country. Their inflation is consistently worse and far worse than ours.

Mr. JAVITS. Other countries are still far behind.

Mr. PROXMIRE. The fact is that their prices are rising more rapidly now.

Mr. JAVITS. That is correct.

Mr. PROXMIRE. The Senator from New York is an extremely responsible man. He has handled this problem well. Nevertheless, it would not be an accurate reflection of the temper of America and of realism if we did not recognize that there is a feeling on the part of many persons that one way to help solve the problem is by reducing our foreign aid sharply, by reducing our troop commitments abroad sharply, and by recognizing that we cannot carry the burden of the world on our back in the way we have done in the past.

The Senator has partially dealt with this question by saying that we must share the defense burden. He said nothing about foreign economic aid. I presume he has not brought that up because such aid is imperative if we are to lead the free world against communism. Nevertheless, we have a number of ultimate alternatives in mind, as President Kennedy himself has said. It may be, if we do not solve the problem in this way, that it will have to be solved in the long run by making certain sacrifices in the area of common defense, vital as those areas are, if we are to maintain financial leadership, which is a part of the ability of the United States to lead the free world as it has in the past.

Mr. JAVITS. I am a great believer in the "carrot and stick." What the Senator from Wisconsin has said exactly illustrates that point. I believe that for us to reduce our international commitments would be a fatal blow to the struggle against communism and the struggle to maintain a free world. Therefore, I would not take that course except in extremis. But we are adults, and we know there may be exceptional situations. That is what the Senator is talking about. Therefore, I am advocating that we use our economic power and time to prevent our situation from deteriorating to that end, on the ground that solely an appeal to reason to our allies may not accomplish the purpose. That is the essence of what I have tried to explain today.

I should like to add one further point. The Senator from Wisconsin has rendered us all a service in dramatizing the situation before the Senator from Missouri [Mr. SYMINGTON] spoke. He said that we must adjust. I should like to add to that, as a combination of our common thinking, not only that we should adjust, but that we must adjust. We should adjust because morally a nation which has duties and responsibilities to itself and its future and to the peace cannot waste itself away in frippery. We cannot increase our gross national product, much as we love the ladies, producing lipstick and perfume and silk stockings. We must have the hard reality, the muniments of power, in order to retain our place in the world. Unfortunately, in our world the only thing that toughens us is competition. Therefore, we do not want to immure ourselves from the situation of competition, because to do so will destroy us; we will decay. We must keep in the competition. Therefore, not only should we adjust to this necessity; we must adjust. It is good for our Nation that we should know what we are doing; but we must move out into the field of competition with other nations and with other combinations of nations. That is the real way in which we shall keep ourselves from growing soft. In that way, we shall keep ever ready to meet whatever eventuality life may bring us.

Mr. PROXMIRE. It seems to me that one beneficial aspect of adjustment on our part, so called, is that we tend to restrain whatever other tendencies we might have had toward inflation. We fight to keep prices down. But with increased international liquidity for which many plead, there is a possibility that we may adjust later than we should, and that other countries may adjust to us by permitting their prices to rise even faster. We should be conscious of the intimate, close connections between our international economic responsibilities and our domestic economic responsibilities. The groups in our Nation that suffer from inflation are, by and large, those that are less economically and less politically strong and the least represented.

At the same time, this is true in other countries. We may come to a position where this association, in terms of international liquidity, can permit a greater degree of inflation before we have to take the hard, tough, austere position which may lead to bringing prices under control, which could be seriously damaging to our people and to peoples throughout the world, unless we are conscious of it.

The Senator from New York has made a marvelous speech. I have been privileged to be on the floor to listen to it.

Mr. JAVITS. I am grateful to the Senator from Wisconsin. By way of substantiating how we both feel, I am opposed to an increase in the price of gold in dollars. I am rather of the mind that we ought to consider seriously revoking our offer to buy gold at $35 an ounce.

Mr. PROXMIRE. The Senator from New York underlined that point in his speech. If he did not take this position, there would not have been the same urgency and force behind his speech. He has emphasized in his speech that we must act in this way; otherwise, there is the grim alternative that he has just mentioned, the devaluation of the dollar, which would be inflationary.

Mr. JAVITS. Exactly.

Mr. PROXMIRE. That would have an adverse effect on many Americans.

Mr. JAVITS. I thank the Senator from Wisconsin. I am grateful to him and to other Senators for their participation in the discussion.

## VISIT BY KHRUSHCHEV TO PLASTICS FACTORY IN YUGOSLAVIA

Mr. LAUSCHE. Mr. President, the newspapers report an incident that occurred in Zagreb, Yugoslavia, while Khrushchev was visiting that country. The reports say that Marshal Tito took Khrushchev to a model plastics factory and there, with great fanfare, exhibited to Khrushchev an achievement of the Yugoslav Communist government in the establishment of a $40 million plastics plant.

For the building of this plastics plant, the U.S. Government contributed $23 million. The alarming aspect of what happened in Zagreb resides in the fact that as the delegation arrived at the plant, the flags of Yugoslavia and of Red Russia were being flown on high, but the flag of the United States was nowhere visible.

When Tito and Khrushchev entered the plant, the Russian newspaper reporters were allowed to enter. The U.S. reporters were taken to the door, but were not permitted to enter the plant at all.

There is some concern as to whether Khrushchev was even told that the plastics plant was built with the dollars of American taxpayers. There is some question whether the people of Yugoslavia know that $23 million of U.S. money was used for the construction of that establishment.

I believe that at this time we can well ponder again to which area the thinking of Tito is oriented. Is it to his benefactor, the United States, or is it to the person with whom he contends he is in disagreement? I cannot help feeling strongly that our generosity is thus dealt with in a brutal and unjustifiable way; and I shall have more to say on the subject of why we are giving such extravagant aid, amounting to $2,500 million, to Tito, who contends the Communist economy has rebuilt Yugoslavia. He does not tell the truth, for Yugoslavia has been rebuilt by the $2,500 million supplied by the Browns, the Greens, the Whites, the Fergusons, and all the other people of our country, through the payment of taxes.

## MAGSAYSAY AWARD TO PEACE CORPS IN ASIA

Mr. SYMINGTON. Mr. President, earlier this week, announcement was made that the Peace Corps volunteers in Asia—now numbering over 1,000—have

collectively been named to receive this year's Ramon Magsaysay Award for International Understanding. The Magsaysay Award has been termed Asia's equivalent to the Nobel Prize.

As further distinction, these men and women are the first nonresident Westerners ever to be so honored.

All Americans can only take deep pride in this outstanding tribute to these accomplishments of the Peace Corps. We should be grateful for the high honor they bring our Nation in their contribution toward a better life for these people.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, the press release, dated August 23, announcing this award, together with background memorandums thereon; and also an editorial from the Philippines Herald.

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

PEACE CORPS,
*Washington, D.C., August 26,1963.*

Peace Corps Director Sargent Shriver has accepted an invitation to go to Manila August 31 to receive the Ramon Magsaysay Award for International Understanding on behalf of Peace Corps volunteers in 11 Asian nations.

President Macapagal of the Philippines Republic will present the award to Mr. Shriver in ceremonies to be held in Manila, Saturday evening, August 31.

"The Magsaysay Award is the finest tribute Peace Corps volunteers have received," Shriver said. "They are the first group of Americans to receive the award. We are deeply gratified and very pleased."

Established in 1958 to honor the late President of the Philippines, the Magsaysay Award recognizes persons in Asia who "exemplify his greatness in spirit, integrity, and devotion to liberty." It has been termed Asia's equivalent to the Nobel Prize.

The 1963 award was given to the volunteers "for their contribution to work among people and service to the cause of peace and humanity in a direct and personal way."

In commenting editorially on the awards, the Manila Evening News said: "In 22 months of quiet and sometimes painful, often discouraging labor, Peace Corps volunteers who came to this part of the world have secured a verdict not before vouchsafed to any other foreign group. What millions of dollars in machinery and foodstuff and other material gifts had failed to accomplish, the Peace Corps workers achieved in less than 2 years—an understanding with Asian peoples that promises to pass all tests."

The Philippines Herald termed the award "a signal honor, for the award, normally for Asians, is being conferred this time on persons who, while not of the region, have contributed to the cause of peace and understanding in this area. That the honor is most deserved, everyone will heartily agree."

Volunteers serving in Afghanistan, Pakistan, India, Nepal, Ceylon, Thailand, Indonesia, Malaya, North Borneo, Sarawak, and the Philippines were cited by the award foundation. The foundation also commended the work of volunteers serving in the Near East, Africa, and Latin America.

Presently there are about 2,000 Peace Corps volunteers serving or in training to serve in Asia. Worldwide, there are 6,657 volunteers currently overseas or in training. They are serving in 47 different nations, all over the world.

In its award citation the Magsaysay Foundation said of the volunteers: "The problem of achieving peace amidst the tensions and dangers of a nuclear age occupies the mind of much of the human race, yet few within it discover a useful way to contribute. In reaffirming the essential community of interest of all ordinary people, regardless of creed or nationality, the Peace Corps volunteers belong to that small but growing fraternity who by their individual efforts do make a difference."

The award carries with it a cash prize of $10,000. Like the Nobel Prize, there are several categories of the Magsaysay Award: international understanding government service, public service, community leadership, literature, and journalism.

Past award winners have included the Dalai Lama, Malayan Prime Minister Abdul Rahman, Thai civic leader, Nilawan Pintong, Indonesian public health physician, Raden Kodijat, Burmese social worker, Daw Tee Tee Luce, British missionary doctor, Sir Henry Tristram Holland, Indonesian labor leader, Koesna Poeradiredja, and Mother Teresa, founder of the Missionaries of Charity in India.

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MEMORANDUM ON THE RAMON MAGSAYSAY AWARD

The Ramon Magsaysay Awards, established in 1958 and given annually, is one of Asia's highest honors. Established to honor the late President of the Philippines, the award gives recognition to persons in Asia who "exemplify his greatness of spirit, integrity, and devotion to liberty."

The award is given in five fields each year:

Government service: Outstanding service in the public interest in any branch of government or the military.

Public service: Outstanding service for the public good by a private citizen.

International understanding: Advancement of international amity, building of friendship between peoples of different countries.

Community leadership: Action that would help the man on the land to have fuller opportunities and a better life.

Journalism and literature: Effective writing and publishing as a power for public good.

Each of the five awards carries a cash prize of $10,000. The board of the Magsaysay Foundation may omit awards in one or more categories in a given year if they do not find an appropriate candidate.

The awards are persented each year in Manila on August 31, the anniversary of the birth of Ramon Magsaysay.

Some distinguished past winners of the award are as follows:

Dalai Lama, Tibet, winner Community Leadership Award, 1959.

Chintamon Deshmukh, joint winner, Government Service Award in 1959, a former Finance Minister of India, currently president of the Indian International Center in New Delhi.

Jose Vasquez Aguilar, Philippines, joint winner, Government Service Award, 1959.

Tunku Abdul Rahman Putra Alhai, winner, Community Leadership Award, 1960, Prime Minister of Malaya.

H. Koesna Poeradiredja, Indonesia, and Palayil Narayanan, Malaya, joint winners, Community Leadership Award, 1962.

Mochtar Lubis, Indonesia, winner, Journalism and Literature Award, 1958.

Tarzie Vittachi, Ceylon, winner Journalism and Literature Award, 1959.

Nilawan Pintong, Thailand, winner Public Service Award, 1961.

The Peace Corps volunteers are the first nonresident Westerners ever to win the award. Only one other American has won the award. In 1961, Genevieve Caulfield was given the Award in International Understanding "in recognition of her international citizenship in guiding to full and useful lives those in other lands afflicted like herself by blindness." Miss Caulfield has worked in Japan, Thailand, and is now in Vietnam where she runs a small elementary school for the sightless in Saigon.

Often called the Nobel Prize of Asia, the Magsaysay Award is given to persons or groups working in 1 or more of the 26 Asian nations. This year's Award in International Understanding is being given to Peace Corps volunteers working in 11 Asian countries: Philippines, Afghanistan, Pakistan, India, Nepal, Ceylon, Thailand, Indonesia, Malaya, North Borneo, and Sarawak.

While the award cites specifically the accomplishments of persons in Asia, the board also commended the Peace Corps volunteers serving in the Near East, Africa, and South America.

The board stated: "The problem of achieving peace amidst the tensions and dangers of a nuclear age occupies the mind of much of the human race, yet few within it discover a useful way to contribute. In reaffirming the essential community of interest of all ordinary people, regardless of creed or nationality, the Peace Corps volunteers belong to that small but growing fraternity who by their individual efforts do make a difference."

BACKGROUND INFORMATION ON THE PEACE CORPS IN ASIA

The Peace Corps presently has 1,262 volunteers at work in Asia, with another 604 candidates in training for service there.

Volunteers are working in five southeast Asian countries. They range from the Philippines, where there are more than 450 volunteers in the organization's single largest program, to Indonesia, where 17 regional physical education instructors are working in one of the smallest and newest projects. They include also Malaya, Thailand, North Borneo, and Sarawak.

Teaching is the major activity among the more than 900 volunteers assigned to this sweeping area. Some volunteers teach at important universities and colleges. But most work in secondary and elementary schools in rural regions. A small number are in physical education. And a growing number are in community development, 4-H, agriculture and health programs.

In the Near East and south Asia, volunteers cited by the Magsaysay Foundation are working in Afghanistan, Ceylon, Nepal, Pakistan, and India.

The Peace Corps' activity in this region increased sixfold during the agency's second year of existence. As one example: On June 30, 1962, there were 83 volunteers at work in India and Pakistan. Today 287 volunteers are serving in those two countries.

Again, one major field of endeavor is education. Nearly half of the volunteers here are involved in it, in one way or another. Other work includes community development, public works, health and agricultural extension.

Here is a country-by-country rundown of Peace Corps work in the 11 Asian nations cited by the Magsaysay Foundation:

Afghanistan: The first nine volunteers arrived here in September 1962, making up the smallest Peace Corps group overseas. They included five English teachers, three nurses and an automobile mechanic. Since then they have been joined by 26 more volunteers, 19 of them secondary school teachers and 7 printers.

Ceylon: Thirty-six volunteers have been at work here since September 1962 in 20 teachers colleges and secondary schools, where they are participating in Ceylon's campaign to improve its educational system and extend the curriculum into scientific and technological fields. They are teaching science, health, physical education and home economics.

Indonesia: When 17 Peace Corps volunteers arrived in Indonesia last May they

were greeted by a Communist "Yankee-go-home" demonstration, but also by some reassuring words of welcome from top national leaders.

Known there as Sukarelawan Pembangunan (volunteers for development) the group of 15 men and 2 women are working as athletic instructors in the islands of Java, Sumatra, and Sulawesi.

Malaya: Of the 169 volunteers here, 90 are teachers at all levels from elementary to university, 53 are health workers, and others serve as architects in charge of school construction, heavy equipment operators, and surveyors engaged in road construction, foresters, and soil analysts.

The health workers include two doctors as well as nurses and laboratory technicians who work in district hospitals, rural health centers, in leprosaria, in yaws and tuberculosis control programs and in maternal and infant care. Peace Corps nurses treat as many as 1,200 patients and have given inoculations to many thousands more.

North Borneo/Sarawak: After almost a year of operation in these last two British colonies on the vast island of Borneo, the Peace Corps has 91 volunteers spread out across the two regions which stretch along almost 800 miles of the island. About half are secondary and primary school teachers. Others are nurses, lab technicians, social workers, malaria control specialists, 4-H organizers, specialists in truck farming, pig raising, and veterinary work. Peace Corps surveyors are leading work parties plotting roads that will open up trackless jungle areas.

India: India's size and complexity present the 115 volunteers there with a formidable challenge. The population of 440 million is more than four times that of any other country served by the Peace Corps. The Peace Corps' first project there was in the Punjab, in the fields of agricultural extension, rural housing, town planning, farm machinery production, small business improvement, and youth work. Since then, additional volunteers have become university teachers. Volunteers now work in five different Indian States.

Nepal: The majority of the volunteers here—51 out of 65—are teachers in secondary schools and colleges. Twelve others are in agricultural extension work. These volunteers are teaching about 3,000 Nepalese. The agricultural extension workers have vastly increased egg production at experimental farms and have launched chicken raising projects.

Pakistan: The Peace Corps in Pakistan has expanded in the past year from 57 volunteers to 117 now working there. Fighting such natural hazards as drought, typhoon, and flood, they have made considerable progress throughout the country. They are working in such diverse fields as gardening, education, and flood control and irrigation, in many cases with the local villages themselves. In the Ganges-Kobadak region, PCV's work hand in hand with the United Nation's Food and Agriculture Organization.

Philippines: A Peace Corps program rich in people-to-people contacts has evolved in this nation. There are 474 volunteers currently serving in the Philippines in a program designed to improve the quality of Philippine education. Most are serving in rural elementary schools. Others are in high schools, normal schools and colleges. They are helping teach English, science, math, and community education.

Thailand: In mid-1963 about three-quarters of the Peace Corps' 227 volunteers in Thailand were in education. A small group was teaching advanced subjects at universities in Bangkok. Some were instructing at trade and agriculture schools. A dozen physical education instructors were spread around the country. The bulk of the volunteers were teaching English in secondary schools and teacher colleges far out in the remotest provinces.

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[From the Philippines Herald, Aug. 10, 1963]

WELL-DESERVED AWARD FOR PEACE CORPS VOLUNTEERS

U.S. Peace Corps volunteers in 11 Asian countries including the Philippines have been singled out collectively to receive this year's Ramon Magsaysay Award for International Understanding—a signal honor—for the award, normally for Asians, is being conferred this time on persons who, while not of the region, have contributed in a unique manner to the cause of peace and understanding in this area. That the honor is most deserved, everyone will heartily agree.

In deciding to cite the Peace Corps volunteers, the RM Award Foundation noted: "The problem of achieving peace amidst the tensions and dangers of a nuclear age occupies the mind of much of the human race, yet a few within it discover a useful way to contribute. In reaffirming the essential community of interest of all ordinary people, regardless of creed or nationality, the Peace Corps volunteers belong to that small but growing fraternity who by their individual efforts do make a difference."

The award is made more significant by the fact that the first Asian contingent of Peace Corpsmen were detailed to the Philippines. That was in October of 1961. By the middle of this year, they have spread out all over Asia, including India, Pakistan, Indonesia, Malaya, North Borneo, Nepal, Afghanistan, Ceylon, and Sarawak. What they have done and are doing in the Philippines is most eloquently indicated by the many favorable and highly complimentary reports about their services in various parts of the country, sharing their energy and technical skills with the people, as teachers, athletic coaches, nurses, doctors, laboratory aids, mechanics, engineers, etc., and, in the process, promoting friendship, understanding, and the cause of peace.

The award, established to give recognition to those in Asia who exemplify the late Magsaysay's "greatness of spirit, integrity and devotion to liberty," carries a $10,000 prize which the Peace Corps has indicated would be put to "appropriate" use. But it's not the cash award, of course—for the Peace Corps volunteers have embraced their work in a spirit of service and self-denial—as much as the honor that deservedly goes with it and the gratefulness of the people who have been the beneficiaries of their services. One might say that the conferring partakes of the nature of an expression of thanks to these volunteers for the splendid thing they are doing for the cause of peace and understanding in our part of the world.

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## THE PROBLEM OF UNEMPLOYMENT

Mr. SYMINGTON. Mr. President, in consideration of more dramatic issues of the day—such as the nuclear test ban treaty, civil rights, defense, space and foreign aid programs—I hope that one of the most serious and persistent problems facing our Nation will not be overlooked.

According to the latest figures, during June, some 94,200 Missouri citizens seeking work could not find jobs.

As long as this type statistic is considered normal, not only is our economy failing to fulfill its potential, but we can be sure our gross national product is not increasing in adequate fashion to take care of the annual increase, in millions, of our population.

Despite our pride in the results of our open democratic society, it is clear that nothing approaching the good life is within the reach of millions of the citizens of the United States.

In this connection, I ask unanimous consent to have printed at this point in the RECORD an editorial from the August 21 issue of the St. Louis Post-Dispatch entitled "Not as Bad in Missouri, But—."

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

NOT AS BAD IN MISSOURI, BUT—

Unemployment in Missouri in June was not as bad as in the country as a whole, according to the division of employment security. It stood at 4.8 percent of the labor force compared with the national figure, adjusted for the season, of 5.7 percent.

Yet there is slight cause for satisfaction here since in June 94,200 Missourians were looking for jobs and could not find any. There were 4,600 fewer unemployed than in June 1962. But this improvement seems to be due partly to the fact that some people had left the State in their search for work. There was an increase of only 1.5 percent in its labor force in 1963 over 1962, and the increase in St. Louis was only three-tenths of 1 percent. That is not growth.

Perhaps in Missouri as well as in the rest of the United States, too many of us are not sufficiently aware of the human tragedies embraced in these statistics—the increasing hopelessness of fathers and mothers unable to provide for their children, the frustration and anger of those denied a place in "the affluent society," the apathy, irresponsibility and delinquency of a growing number of young people. But if we cannot fully appreciate unemployment in terms of its victims, we might be somewhat more aware of its threats to us as a source of depredation and depression. Morally, we cannot tolerate it; economically, we cannot afford it.

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## MUSIAL TIES ANOTHER RECORD

Mr. SYMINGTON. Mr. President, yesterday, one of the great athletes of all time equaled another record. When Stan Musial doubled against the Pittsburgh Pirates, he tied the record of the late Tyrus Raymond Cobb. Both Cobb and Musial now have 724 doubles in the record book—more than any player except Tris Speaker, who had 796.

I ask unanimous consent to have printed at this point in the RECORD an article in the New York Times by Arthur Daley with regard to the retirement of Musial. It is entitled "In Fond Farewell."

All of us will agree with Mr. Daley's last line: "Baseball enriched itself by having him."

The PRESIDING OFFICER (Mr. INOUYE in the chair). Without objection, it is so ordered.

The article is as follows:

[From the New York Times, Aug. 30, 1963]

IN FOND FAREWELL

(By Arthur Daley)

Having been away when Stan Musial announced he would wave farewell to baseball at the end of this season, this admirer never did get a chance to wave back at him. But the delay really doesn't matter. That's the beauty of dealing with Musial. He's so lacking in formality and pretense that protocol has no importance.

Musial is more than an extraordinary ballplayer. He's an extraordinary person as well.

"Any guy who ever says anything bad about Stan Musial," once declared Hank Sauer, the onetime Cub outfielder, "has to have something wrong with him." No one ever expressed it better.

"Stan the Man" has rewritten the National League record book with his exceptional accomplishments and replaced in wholesale fashion the presumably imperishable marks posted by Honus Wagner, one of the greatest ballplayers. Like the immortal "Flying Dutchman," Musial will be voted into the Hall of Fame on the first bounce.

BY A LANDSLIDE

Even in that he is likely to shatter all precedent. Five years after his retirement Musial will be eligible for selection by the voting members of the Baseball Writers Association. The probability is overwhelming that Musial will be voted into Cooperstown unanimously.

Pause for a moment and savor the significance of that step. Ty Cobb failed to win unanimous endorsement for reasons that defy comprehension. Babe Ruth also was omitted from some ballots, as were Wagner, Christy Mathewson, and Grover Cleveland Alexander, the other charter members of the hall.

It took Rogers Hornsby and George Sisler and other fantastically talented performers several years to make it. Even Joe DiMaggio missed out on his first try, a shocking denouement. But if any press-box tenant fails to vote for Musial, he should have his credentials torn up.

When selection day arrives, however, it will not hurt the Cardinal superstar one bit to have won for himself more personal popularity than any other ballplayer who ever lived. The warmth of his personality has swept into his rooting section without any known exception among his fellow ballplayers, club officials, writers and fans.

ONE OF THE BOYS

He took his greatness in stride and never lost the common touch. This observer has seen rookies stand in awe of Ted Williams and Mickey Mantle and other headliners. But Musial still is regarded as one of the boys. He laughs and jokes with the kids until each feels perfectly at ease with him. Laughter is his constant companion.

None of this is a pose. It just wells up from his natural wholesomeness. He has shown it in so many little ways. One spring day in St. Pete this reporter had just left the ball park when Musial fell into stride alongside.

"Walk me to the garage," he said, "and I will drive you back to your hotel."

"But it will take you out of your way," he was told.

"So what?" he said. "I want to do it."

Baseball was not even discussed as two old friends ambled along until pause was made in front of the Cadillac agency. Musial stopped.

"Can you imagine an ordinary guy like me owning a Cadillac?" he said. The incredulity in his voice was genuine.

On another day in St. Pete an idea popped into the mind of that easy conversationalist.

"Hey," he said, starting to laugh. "I just realized something. I have not had a raise in salary for 5 years. Maybe I should hit the boss for a hike in pay."

He sounded like a bank clerk about to ask for an increase from $80 a week to $85. He was then earning $80,000 a year. He did not even ask for the hike, but it came anyway. It was at $100,000 per annum.

A GENEROUS MAN

When Musial was a 19-year-old kid playing for Daytona Beach, he was befriended by Dickie Kerr, the former White Sox pitcher who was his manager there. The only expression of gratitude Stan could afford then was to name his first-born son Richard Kerr Musial. But many years later the now wealthy Musial bought a home for his benefactor and was embarrassed when the news leaked out.

Notre Dame wanted to give a scholarship to Dick Musial, a fine high school athlete.

"No thanks," said Stan. "I can afford to pay his way through college. Give the scholarship to someone who needs it more."

A remarkable man is Stanley Frank Musial. Baseball enriched itself by having him.

## DR. FREDRIK SCHIOTZ ELECTED PRESIDENT OF THE LUTHERAN WORLD FEDERATION

Mr. HUMPHREY. Mr. President, last month one of Minnesota's and this Nation's most respected church leaders, Dr. Fredrik A. Schiotz, of Minneapolis, was elected president of the Lutheran World Federation, at the closing plenary session in Helsinki, Finland. Dr. Schiotz also serves as president of the American Lutheran Church.

This is a singular honor bestowed upon one of the truly outstanding religious leaders of the United States and the world. Dr. Schiotz received his education at St. Olaf College, in Northfield, Minn., and at the Luther Theological Seminary, in St. Paul. He also holds an advanced degree from Concordia College, in Moorhead, Minn. In short, this distinguished churchman is a son of Minnesota, if ever one existed.

In 1961, Dr. Schiotz represented the American Lutheran Church during the historic World Council of Churches assembly at New Delhi, India. He was one of the 100 clergymen named to the central committee of the world council.

The United States and the State of Minnesota should take pride in the leadership of Dr. Schiotz as manifested by his service in these numerous capacities. His election as the head of the World Lutheran Federation presents him with great responsibilities, but I am confident they will be fulfilled beyond expectation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial, from the Minneapolis Star, commenting on the election of Dr. Schiotz and an article from the Minneapolis Tribune.

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

[From the Minneapolis (Minn.) Star, Aug. 14, 1963]

LEADER OF LUTHERANS

A singular and well-deserved honor has come to Dr. Fredrik A. Schiotz with his election to the highest Lutheran Church post. As president of the Lutheran World Federation he will be the top representative of more than two-thirds of the world's 73 million Lutherans and an influential leader in current ecumenical movements involving other churches and religions.

Dr. Schiotz was educated in Minnesota (at St. Olaf College, Northfield, and Luther Theological Seminary, St. Paul) and has served churches in Duluth and Moorhead. After broad experience, pastoral and administrative, which took him repeatedly to many other countries, he returned to Minneapolis in 1954 to become head of the Evangelical Lutheran Church and guide its merger into the American Lutheran Church, of which he is also president. The fact that he has been chosen to succeed another American, Dr. Franklin Clark Fry of New York, speaks well for both Dr. Schiotz and the reputation of American leadership within the worldwide organization.

Dr. Schiotz is to be congratulated, and Minnesotans will look forward with interest to the closer bond with church people of other countries which inevitably will result from his new responsibilities.

[From the Minneapolis (Minn.) Tribune, Aug. 10, 1963]

DR. SCHIOTZ TO HEAD WORLD FEDERATION

HELSINKI, FINLAND.—An American church leader today succeeded another American as president of the Lutheran World Federation.

The Reverend Dr. Fredrik A. Schiotz of Minneapolis, Minn., president of the American Lutheran Church, was elected unanimously as the fourth head of the federation at the closing plenary session of its fourth assembly. He will serve for a term of 6 years, until the next assembly.

As president of the American Lutheran Church, Dr. Schiotz heads the third largest Lutheran body in the United States.

A graduate of St. Olaf College, Northfield, Minn., and Luther Theological Seminary, St. Paul, Dr. Schiotz holds advanced degrees from Concordia College, Moorhead, Minn., and Augustana Theological Seminary, Rock Island, Ill.

He has served as pastor of Zion Lutheran Church, Duluth, Minn., Trinity Lutheran Church, Moorhead, Minn., and Trinity Lutheran, Brooklyn, N.Y.

He was elected president of the Evangelical Lutheran Church in 1954. He was chosen in April 1960, to be president of the American Lutheran Church.

In September 1960, he was elected chairman of the board of directors of the Lutheran World Federation broadcasting service at the board meeting in Bukoba, Tanganyika. In this position he played a role in supervising the construction of a 100-kilowatt radio station at Addis Abba, Ethiopia, at a cost of almost $1 million.

He represented the American Lutheran Church during the World Council of Churches assembly at New Delhi, India, in 1961.

When he was elected to head the American Lutheran Church (ALC) in April 1960, Dr. Schiotz delivered an address that included the suggestion that ALC should try to help Minneapolis rid itself of the "evil" of segregated housing.

In 1961 he took a stand opposing Federal aid to parochial schools, stating that such aid "would inevitably lead to deterioration of the public school system."

He supported a move by Minneapolis Protestant churches to "save Sunday" as a day of rest and worship by avoiding shopping in stores that remain open on Sundays.

In 1961, at New Delhi, India, Dr. Schiotz was one of 100 clergymen named to the central committee of the World Council of Churches. The committee governs the world council between assemblies which are held every 6 or 7 years. He is one of 20 Americans named to that committee.

## THE NUCLEAR TEST BAN TREATY

Mr. HUMPHREY. Mr. President, the Gallup poll released over the past weekend has revealed heartening public support for the limited nuclear test ban treaty. Sixty-three percent of the Americans interviewed said they would like to see the treaty approved; 17 percent said it should not be approved; 20 percent expressed no opinion. These figures correlate with those of other public opinion polls taken in recent years in the United States on the test ban treaty.

The Louis Harris poll of July 8, 1963, showed that 73 percent favored a test ban agreement similar to the one now under consideration.

The Minnesota poll published on Sunday in the Minneapolis Tribune showed that 83 percent of the citizenry of Minnesota favor Senate approval of the test ban treaty, without reservation. I am very proud of that record. I am very much pleased that our State has this interest in these matters. The citizenry of the State of Minnesota take a keen and continuing interest in all matters of domestic policy and international policy. The fact that 83 percent of the citizenry of the State of Minnesota took *that position* in a statewide poll conducted by the Minneapolis Tribune—a poll which has a record for accuracy—is very heartening to me.

One of the facts about which I was very much concerned during the hearings on the test ban treaty was the great emphasis placed on the development of more weapons under the treaty. Seldom did anyone discuss the contribution our country can make to the achievement and maintenance of peace.

Our country is not short of weapons; neither is the world. Mankind has learned how to slaughter itself at an ever-increasing rate, and has used the full impact of automation, science, and technology in developing its capacity to kill. But today the shortage in the world is learning how to live. We are strong on dying, but short on living. The Senate will make a good name for itself during its consideration of the nuclear test ban treaty if occasionally a voice is raised in this Chamber to indicate that one of the purposes of the treaty is to search for more reliable pathways to peace.

As the President of the United States has so well stated, peace is a process, and we must develop this process step by step.

If a little more emphasis were placed upon that aspect of the nuclear test ban treaty, we would be raising some basic questions that should be discussed. It would in no way diminish our strength. Our strength is a fact. It is a reality based upon unbelievable power. But there is another source of power and another kind of strength which we seem to neglect all too often. It is the power of mankind's search throughout history for a just and enduring peace. I am not a bit ashamed to stand in this body day after day and say that the best intellects of our country and of the world should be organized and fixed upon the search for the steps and the processes of peace. If we will spend more time on that question, we may spare ourselves the destruction which will surely be inevitable, sometime, somewhere.

It is genuinely reassuring to me to find that the American people are a little more confident about these matters than are some of their Representatives in Congress. I have the feeling, however, as I indicated several weeks ago, that when the vote is taken on the test ban treaty, the doubts will fade away and the vote will be overwhelmingly in support of the treaty. Statements of doubt might permit some Senators to say, "I had to raise those doubts." If anything goes wrong, one can always point to the doubts. But what the Nation needs is not only doubters but also advocates. I will not be a doubter, but an advocate. If we have ten doubters, we ought to have one advocate—someone who will take a stand to work for the treaty. I will be one of those, as I have been. I will let others develop their expertise knowledge in the field of doubt and concern.

But this support among the American people is not a new phenomenon. Several years ago an earlier Gallup poll disclosed a similar attitude. In short, the American public has consistently favored a cessation of nuclear weapons tests in the atmosphere, underwater, and in outer space.

The Senate, of course, has the clear responsibility to examine such an issue most carefully and objectively to determine whether such a test ban would effectively protect this Nation's security. Much of the information needed for such a determination is not available to the general public. We have engaged in precisely this task over the past month. The 16-to-1 vote by the Foreign Relations Committee in favor of the treaty revealed a congruence between the judgments of the Senators on the Foreign Relations Committee and the opinion of the American public.

As one of those Senators supporting ratification of this treaty, I interpret the results of this Gallup poll and of the Minnesota poll as good news.

Mr. President, I ask unanimous consent that the Gallup poll of August 31, 1963, on the limited test ban treaty as carried by the Washington Post be printed at this point in the RECORD.

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

THE GALLUP POLL—PUBLIC EXPRESSES ITS FULL APPROVAL OF PARTIAL NUCLEAR TEST BAN TREATY

(By George Gallup)

PRINCETON, N.J., August 31.—If the American people were asked at this time to vote in a nationwide referendum on the nuclear test ban treaty with Russia, the evidence shows that they would approve it by a large majority.

In a Gallup poll just completed, 6 out of every 10 Americans who have followed the issue say they would like to see the Senate vote approval of the treaty. Only 17 percent think the treaty should be voted down.

Those who said they had heard or read about the agreement with Russia for a partial ban on the testing of nuclear weapons were asked this question: "Do you think the Senate should vote approval of this ban, or not?"

The findings:

| | *Percent* |
|---|---|
| Should | 63 |
| Should not | 17 |
| No opinion | 20 |

The above figures are based on the 78 percent of the persons interviewed who said they had heard or read about the ban on testing. This is a high awareness figure when compared with the public's interest in other major issues of this type, and in comparison with the 60 to 65 percent of the American public who have voted in recent presidential elections.

Analysis of the results by such background factors as region of the country, city size, political beliefs, and level of education shows substantial proportions in favor of ratification among these major groups.

Support for the test ban treaty is lowest in the South, but even in this section of the country, more than twice as many people favor ratification as oppose it, as the following table shows:

[In percent]

| | Should ratify | Should not | No opinion |
|---|---|---|---|
| East | 73 | 15 | 12 |
| Midwest | 63 | 16 | 21 |
| South | 48 | 21 | 31 |
| Far West | 61 | 21 | 18 |

Republicans are somewhat more opposed to Senate approval of the treaty than are Democrats, but again proratification sentiment predominates, as follows:

[In percent]

| | Should ratify | Should not | No opinion |
|---|---|---|---|
| Republicans | 58 | 24 | 18 |
| Democrats | 67 | 13 | 20 |

Greatest opposition to ratification is found among supporters of Senator BARRY GOLDWATER, of Arizona, a critic not only of the current test ban agreement with Russia but of the Kennedy administration's cold war policies in general.

Twenty-seven percent of those who favor GOLDWATER over Kennedy in a Gallup poll trial heat race, think the Senate should reject the treaty.

However, even among GOLDWATER followers, almost twice as many believe the treaty should be ratified as take the opposite view.

[In percent]

| | Should ratify | Should not | No opinion |
|---|---|---|---|
| Goldwater followers | 52 | 27 | 21 |

Source: American Institute of Public Opinion.

NATIONAL COUNCIL OF JEWISH WOMEN SUPPORTS LIMITED TEST BAN TREATY

Mr. HUMPHREY. Mr. President, I have received a copy of the statement supporting ratification of the limited test ban treaty approved by the National Council of Jewish Women, Inc. The council's untiring dedication to careful study of public issues is a matter of record. I commend their statement to other Members of Congress and I ask unanimous consent that it 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 IN SUPPORT OF RATIFICATION OF NUCLEAR TEST BAN TREATY SUBMITTED TO THE COMMITTEE ON FOREIGN RELATIONS OF THE U.S. SENATE, AUGUST 27, 1963, BY THE NATIONAL COUNCIL OF JEWISH WOMEN, INC.

The National Council of Jewish Women, an organization established in 1893, with a current membership of 123,000 in 329 local communities throughout the country, is gratified to have this opportunity to express our endorsement of the agreement for a nuclear test ban treaty. We strongly urge that the Senate Foreign Relations Committee give favorable consideration to the ratification of this treaty.

For the past 15 years our organization has publicly backed the U.S. Government in its untiring efforts to secure an end to nuclear weapons testing. We would, of course, have hoped for the suspension of all testing, including underground, with provision for necessary inspection and control, but we welcome the present treaty as an important first step.

The National Council of Jewish Women has followed closely and with continued optimism the efforts of three U.S. administrations to reach some sort of a solution to this frightful dilemma. As far back as March 1961 at our biennial convention we anticipated agreement when we adopted a statement reiterating our continuing concern for an early agreement to halt nuclear testing with proper safeguards, and calling upon our fellow citizens to join us in pledging firm public support for Senate ratification of such an agreement when it has been concluded. At our last national convention in February 1963, the National Council of Jewish Women once again urged the U.S. Government in our national resolutions to continue to strive for international security through international agreement on general disarmament which will include effective inspection, and through completion of a treaty to ban nuclear weapons testing.

After careful consideration of the provisions of the agreement, and with complete awareness of its potentials as well as of its limitations, the National Council of Jewish Women wishes to go on record in support of the ratification of this treaty. In considering the effects of such an agreement, it appears to us that for every step backward from the dangers of nuclear war there will indeed result a "step toward peace." A reduction in the cold war tensions between the Soviet Union and the United States can become a step forward in resolving the fundamental disagreements between the East and the West. A reduction in the spread of nuclear weapons and nuclear know-how to other countries in the world which have signed the treaty is indeed a step forward in avoiding the dangers of accidental nuclear warfare. A reduction in the radioactive pollution of the atmosphere is certainly a step forward toward safeguarding the health and the lives of this and future generations.

The National Council of Jewish Women has taken due notice of the limitations and risks implied in the treaty, as indicated by President Kennedy and Secretary of State Dean Rusk. But the testimony of Secretary of Defense Robert S. McNamara, Gen. Maxwell D. Taylor, Chairman of the Joint Chiefs of Staff and Dr. Glenn T. Seaborg, Chairman of the Atomic Energy Commission, have confirmed our conviction that those risks are much less than those to which we have already been exposed and would continue to face if unlimited testing were to go on.

It is important that this treaty be ratified as quickly as possible and that the major powers press forward toward greater control over nuclear weapons and toward general disarmament. Until such disarmament becomes not only possible but practical, the nuclear test ban treaty is an indispensable first step on the path to permanent security. As such, we believe it should be ratified by an overwhelming majority vote of the U.S. Senate.

Mr. HUMPHREY. Mr. President, I invite the attention of Senators to an editorial entitled "No Reservations, Please," published in the Washington Evening Star on Tuesday, August 27. The editorial relates to the statement of former President Eisenhower and reads in part as follows:

General Eisenhower's qualified support of the test ban treaty is welcome. But the qualification suggested in his letter of endorsement should not lead to adoption of formal reservations by the Senate. For this might nullify the treaty.

I am sure Senators and the public know that only yesterday the President of the United States pointed out that a reservation to the treaty would require renegotiation of the treaty. The President has made clear that in his responsibility as the Chief Executive of this Nation and the Commander in Chief of the Armed Forces a reservation is unnecessary. The editorial to which I referred also recommends that—

The "understandings" which have been submitted by the administration at the urging of Senator JACKSON and others are another matter. While not a part of the treaty, these should be formally presented to prevent any failure to achieve a meeting of the minds between the Senate and the Executive. This does not necessarily imply distrust of anyone in the administration. The treaty will remain in force, however, long after this administration has passed from power, and the legislators are fully justified in basing ratification on understandings which cannot in good faith be abandoned in the future unless there should be such a change in world conditions as to warrant new treaty undertakings.

I ask unanimous consent that the full text of the editorial be printed at this point in the RECORD.

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

NO RESERVATIONS, PLEASE

General Eisenhower's qualified support of the test ban treaty is welcome. But the qualification suggested in his letter of indorsement should not lead to adoption of formal reservations by the Senate. For this might nullify the treaty.

Mr. Eisenhower proposes a "reservation" which would make clear that the United States, despite any treaty, retains full right to use nuclear weapons to repel aggression. There should be no doubt about this right, and we do not think there is any. The plain purpose of the treaty is to ban nuclear tests in space, in the atmosphere, and in water. It is not intended to restrict free use of weapons in event of conflict, and it is hardly conceivable that any signatory so believes. In order to avoid a possibility of misunderstanding, however, the Senate committee report and the debate should make it clear that ratification of the treaty is contingent on the express condition that it has no application to the use of nuclear weapons in time of war.

The understandings which have been submitted by the administration at the urging of Senator Jackson and others are another matter. While not a part of the treaty, these should be formally presented to prevent any failure to achieve a meeting of the minds between the Senate and the Executive. This does not necessarily imply distrust of anyone in the administration. The treaty will remain in force, however, long after this administration has passed from power, and the legislators are fully justified in basing ratification on understandings which cannot in good faith be abandoned in the future unless there should be such a change in world conditions as to warrant new treaty undertakings.

## INTERNATIONAL BALANCE OF PAYMENTS

Mr. HUMPHREY. Mr. President, I am pleased that the distinguished Senator from New York has returned to the Chamber. He was called away from the Chamber for a moment following his remarkable address today on the subject of our international payments-deficit problem and the whole problem of international financing. The Senator from New York has given a great deal of attention to this controversial and highly complex and difficult subject. I claim no expertise knowledge whatsoever. I am merely an interested citizen and Senator. I rise to commend the able Senator from New York and to ask him a question or two.

I join with Senators who have commended the Senator from New York upon his presentation. I knew of his plan to make his address today. I know of the many hours of hard work that went into the study and preparation of his remarkable address. It is not important whether or not we agree with every paragraph of his speech. I cannot say that I disagree. What is important is that a subject of such complexity and importance should be discussed in this forum, and not merely behind the door of a committee room, sealed off from the public.

Today the United States is the most important commercial, industrial, and banking nation in the whole world economy. Our policies relating to gold, exports, tourism, foreign aid, and troop commitments overseas in terms of our responsibilities in the world today are most vital and they need to be discussed in totality. They need to be discussed in relationship to one another as they relate to the problem of the balance of payments.

As a student at the university, I had a limited formal education in economics. But I find that much of that training is not of great help when we come to the tough day-to-day problems of economic growth, survival and policy for growing countries. I am concerned over what appears to be a fixation with policies that relate to a period no longer with us. I do not mean to place myself on record as saying that now we should abandon the so-called gold standard, or gold as a means of exchange between nations. However, I feel that there is need for some advanced thinking in terms of international financing just as there is need for advanced thinking in the exploration of outer space. If we were to apply to our exploration of outer space the same kind of thinking that was applied to the development of the Model T automobile, or even the first airplane, we would find ourselves far removed from any accomplishment or achievement in the great new sphere called outer space.

I do not believe that this country can withdraw from the foreign aid program. I do not think the answer to the balance-of-payments problem—again I think I have the support of the Senator from New York—is to withdraw foreign aid. I believe the answer is to find ways and means of bringing commerce between the nations to a higher level and of improving our position of liquidity in the international scene without reneging on our responsibilities. For example, I do not believe that we can abruptly reduce the number of our troops overseas. Perhaps some phasing out can be done in certain

areas. I think that question can be examined by the appropriate committee of Congress.

It ought to be examined not because we are angry with De Gaulle, or somebody in Germany or England, or even because of the cost involved. Whatever we do with relation to our troops overseas should be done primarily in terms of, "What will this do for our security?" or, "What will this do with respect to our responsibilities as a world leader against the forces of totalitarianism and communism?"

I do not think we can put the dollar sign ahead of survival and ahead of security.

I was very much interested in some of the short-term proposals of the Senator from New York. For example, there was the minor item of increasing tourism to the United States. That is not so minor, if we really work on it. We can do something about it. We ought to have the airlines, shipping lines, and others figure out packages for tours which people can afford to buy.

Everyone cannot afford a Cadillac, so the automobile makers brought out a compact car.

Everybody cannot afford a $50,000 or $60,000 home, so the homebuilders designed homes that people could afford.

It seems to me, if we desire tourism in the United States, we must find ways of inviting substantial numbers of people to come to this country at prices they can afford to pay. This can be done, if we work at it. But if we pretend it cannot be done, or if we feel that tourism is only for the rich and well born, then tourism will be at best a token enterprise in the American economic scene.

I also believe that we can do a great deal about the export business. I have been a longtime advocate of export insurance. That is available now to a limited degree under the Export-Import Bank, but we were slow in getting at it.

We have never really competed for markets. We have permitted the Belgians, the Dutch, the British, the French, the Italians, the Germans, the Japanese—practically every other country—to get in ahead of us in the competition. Why was that? It was because the big market was at home. It was not necessary to look for markets. It was not necessary to train young people in the field of international economics.

I have given some advice to my older son, in an endeavor to encourage him to study the field of international economics. I said, "If you are going to make any kind of headway from now on in the field of business enterprise, you will have to know something about international trade. We must either know international trade, or we will become a second-rate industrial economic power. There are tremendous frontiers in international opportunities."

I agree that we must find ways and means of increasing exports. This means also financing them.

I do not believe that any country today is rich enough to be the world's banker. No matter how rich we are, we are not that rich. We have assumed that for a period of time the English were the world's bankers. Then we said that the United States took up the burden of being the world's banker. But today no one nation should be in this position.

The requirements for capital throughout the world are so great that no one country, no one central bank, and no one banking structure can possibly finance the tremendous capital requirements of the world. We are finding this out.

For example, in India it is necessary to have a consortium. We have found the same to be true in other areas of the world.

That is why I believe a new method of international financing is absolutely essential.

The World Bank is available. The International Development Bank for Latin America has been provided. We have established new structures, but they are puny structures. They are inadequate. They do not have the capital resources required.

We are still trying to continue as national sovereign states with national economic structures, occasionally coming to grips with reality by saying, "Yes, we think we should participate a little in an international financing program."

If the system which we call free enterprise is to survive it must have capital and credit, and such credit and capital must be made available to new customers. The markets are not to be found only in Western Europe. The markets will be found in the years to come in Asia and Africa.

There is needed, therefore, a kind of international financial structure which will look ahead for 50 years, and take some risks. If one is to take a big risk in an uncertain world for the next 25 or 50 years, many participants should be involved. This is a simple principle of insurance. The base is spread to make the program actuarially sound. In this instance of international finance we must spread the base.

I would make one other point, and then I shall ask the Senator from New York for his observations.

I do not believe that governments in the modern day and age can long survive and meet the needs of growing economies and the social responsibilities of representative governments if their policies are dictated by central banks. Banks should be the instruments of the government. The government should not be the instrument of the banks.

I can use an analogy. We almost saw it happen in the United States. I use the analogy of letting the generals determine our foreign policy, or letting the generals determine what treaty we ought to sign. Generals are experts, and experts should be on tap, and not on top. Policy decisions must be made by those who are in charge of public policy. Those are civilians, to use a broad term. One does not let economists operate a bank. The bankers operate the banks and employ economists. One does not let bankers operate a government. The bankers become secretaries of the treasury or ministers of finance, but there are always chancellors and prime ministers, or a president and a congress or parliament. That is where the policy is ultimately set.

We have placed far too much reliance upon what we call the traditional financial structure, in an untraditional world. We have relied on the orthodoxy of finance in an unorthodox world.

I have been looking into this subject, in preparation for the Senator's speech. The Senator was kind enough to inform me last week that he intended to make the speech. I have interested myself in a report of the Brookings Institution, the Salant report. The report was prepared under the able direction of Walter S. Salant, with a team of nationally known economists. I read the accountings in the report. I have been gathering information on this subject for several weeks.

There is one particular item which really struck me in the report. Mr. Salant and his economists pointed out in simple terms that the physical structure of the world economy has continued to grow but the lifeblood to feed the economy has remained about the same.

If a person had only the amount of blood in his system that he had at the age of 5, when he had a weight, let us say, of 35 pounds, when he attained the age of 25 and had a weight of 175 pounds, he would be in serious physical difficulty.

The world is suffering from a kind of economic sickness because the physical structure of the world in terms of commerce has grown tremendously, but the blood flow of capital has been restricted to that which existed in a much smaller world.

If we use the gold standard, for example, it has been estimated that monetary gold and foreign exchange reserves of central banks were $61.2 billion at the end of 1961. By 1968 world trade will increase, on a conservative estimate, by 35 percent, says the Salant committee of the Brookings Institution. If the imbalances between nations remain in the same relation to world trade, the reserves must increase 35 percent, or $21.4 billion of new gold reserves. Add that to the $61.2 billion and there will have to be $82,600 million by 1968. What, in actuality, are we going to have? Gold supplies are not likely to increase by over $4 to $7 billion, and the United States is expected to supply only $3 billion more to foreigners over this period. So the world will be short of the needed reserves by about $13,700 million, just to stay even in relation to our present situation.

One does not have to be very intelligent to figure that out. When a body is demanding oxygen to keep it going, and the oxygen is choked off, what happens to the body? It starts to wither. What happens to the person? He falters and becomes weak. If there is an economy that is going to grow, in the next 7 years, by 35 percent, and there is a gold reserve that is barely one-fifth of the increase that will be required to meet that growth in world commerce, what happens? There will be deficits. The problem is that simple. A large operation cannot be financed by a country bank.

A huge corporation cannot be financed out of postal savings.

In the world today we are attempting to finance a huge, worldwide development without the necessary reserves. There is in existence a system which requires the money system to be based on gold, and there is a shortage of gold. So credits are issued, and we get into inflation and deficits—and we are facing that trouble now. That is why I think the Senator from New York puts his finger on the problem when he states that we must find new ways and means of international financing.

Now I should like to ask the Senator from New York a question. With the present structure, even with the remedial steps which could be taken, such as the tax on securities, which I do not believe will be too effective, or the raising of interest rates, which will tend to slow down domestic expansion, can we get fundamental solutions?

Mr. JAVITS. Flatly, no; and to that list may be added such measures as tourism and export promotion as well. Those measures are all desirable and necessary as things stand today, but the only measure which would adequately deal with our current international financial problems would be to put into effect a new base for international credit, a new base for monetary support, which would give the world an adequate mechanism so that the nations would not have to prosper at the expense of other nations. They must produce efficiently and effectively in order to live, prosper, and grow, but at the same time should not be caused undue difficulties while they are trying to supply and help others arrive at that stage, as we are doing.

One of the qualities we all enjoy in our colleague from Minnesota is that he has a sure instinct for putting his finger on the main point, even though he may not be an economist and even if he cannot phrase the problem in the technical words of an expert in the subject. He is well able to do that in the fields in which he is a specialist, like disarmament and nuclear control. While he is obviously unable to do it in this field, he has unerringly picked out the central theme, as I tried to do. We must, as we did with the establishment of the Federal Reserve System in the United States, find a way in the international sphere in which we are no longer impaled on a cross of gold. In the pre-1914 days, when we had a situation of imbalance, as we do today, the banks had to limit their credit, people were put out of work, factories were shut down, the country would grind slowly through a depression, and would come back economically only when shortages developed and there was a demand for people to go back to work. The pre-1914 system required that they pay for the necessary adjustments.

Today we do not want to do that. We have a choice of whether we want to go the way of the Communist system, under which the government dictates what one can or cannot do, and what sanctions are to be imposed if a person does not work harder, and he is sent to jail, or worse; or whether we shall alter our system of credit which is imbedded in the credit and banking scheme. The international monetary system we have today is completely inadequate to do the job. It must be changed.

The call which I am issuing on the floor today, which has been joined in by other Senators, is that the poultices, the bandaids, as the Senator from Minnesota calls them, are insignificant. When one meets with an accident, he must be bandaged and put in temporary splints, but if a person is to be cured, he must receive better treatment. We are not doing it. It must be done.

There is nothing holy about gold. We must find a way to expand international credit. Otherwise, we shall find ourselves in trouble. We are in trouble only because the custodians, the bookkeepers, and the thinkers have fallen short of the whole point.

Mr. HUMPHREY. The Senator has made a valid observation and a valiant effort in this regard.

When I came to the Congress, I made up my mind that I was going to learn something about taxation. One can be a great liberal for housing, minimum wage, unemployment compensation; he can have a heart bulging with good will; but ultimately it is the tax policy of the country which determines the economic development of the country, and determines justice and injustice. So I spent a great deal of time in my first year or two in the Congress studying tax policy.

I made some very revealing discoveries. I learned that one does not become rich by working. One becomes rich by thinking, and sometimes thinking rather devious and clever thoughts. They are called tax adjustments. Some people call them tax loopholes.

I learned something else—that if jobs are desired, there must be investment. Some of my liberal brethren and I came to a parting of the ways, in a sense, on this issue, in my home State, as well as here. For example, there is a vast resource in Minnesota known as taconite, a substance from which high-grade iron ore can be obtained. In order to produce that iron ore, hundreds of millions of dollars must be invested. As the Senator from New York has said, a tax policy which encourages such investment—a tax incentive—means jobs, long-term jobs, self-respecting jobs, productive jobs. I have, therefore, supported the investment tax credit. I disagreed with some of my colleagues in the Senate, with whom I agreed on almost every other issue. But I know that investment tax credits have the effect of encouraging investment, and investment means jobs.

Our capital structure for international financing is, at best, outmoded and antiquated.

Back in the 18th century, if a person wanted to buy something, he had to have cash. Everything was on the basis of a cash transaction. There was no credit, and there were no checking accounts. Everything was on the basis of cash.

Pretty soon people found out, in the 19th century, that if we were to have an industrialized society, with export and import business, it was necessary to have credit, and it was necessary to have checking accounts, and communication between banking structures. Therefore the system was changed. That system was not changed because some philosopher said it was the right thing to do. On the contrary, the necessity for survival brought about that change. Necessity is a very good teacher. We should stop quoting philosophers. I am not interested in hearing someone lecture about the values of the gold standard, or that, because grandfather did it, grandson must do it, also; or that if we leave the gold standard we leave a sound principle and sound economics. That is something that is done to fool those who are ready to be fooled. What we really need is a mechanism that works. The Brookings Institution is not known for its radical proposals. It has come forward with a report on the U.S. balance of payments. The report was prepared by a team of nationally known economists under the direction of Walter S. Salant. Copies of the report have been made generally available. This is a complicated report. That is why, I suppose, it will not be read as widely as it should be.

This afternoon I heard used the word "austerity." That word was applied when it was sought to break the backs of the people. That was when farms were foreclosed and business institutions wrecked, and when credit was cut off, and when the number of the unemployed increased.

The banks and the Government got the gold standard back in order. The gold was piled up, and the people were plowed under.

That cannot happen any more. If it happened, there would be a revolution. Franklin D. Roosevelt came to grips with that problem. Some bankers screamed when he decided to embargo gold, and not let it be shipped out of the country. He met the problem on the political ground. We are facing today a new problem. The old answers will not work. The old answers meant taking it out of the backs of the people. We must have a better solution today.

That is a serious problem we face. In the years ahead we shall be compelled to take a greater interest and a greater responsibility in international financing. We shall have to develop new markets, not merely work over the old ones. We must develop new industries and new commodities and channels of trade, new wants and new desires. This will require long-term financing and long-term credit. It will require the industrialized nations to build up reserves, and it will mean some pooling of those reserves, for the benefit not only of themselves, but also for the benefit of the rest of the world. They cannot live by themselves.

The only way to meet the threat of international communism on the political front is to have some international institutions of free peoples on the economic front. The international Communist movement can put shackles on the national states that it controls. It can treat the people with brutality to get from them what it wants. We cannot do that, and should not do it. However,

we can work out our problems through the processes of mind, and evolve mechanisms which meet international requirements.

Certain international requirements must be met. They will be met, or everything that we have been trying to do—militarily, diplomatically, economically—will all go down the drain.

I have now had an opportunity to review the Salant report, and its general conclusions and policy recommendations. My judgment is that the Salant report provides a coherent and comprehensive analysis of the chronic problems brought on by an unsatisfactory system of international payments—not only by an unsatisfactory system, but by an obsolete system.

We are now considering measures to close our balance-of-payments deficit. We must accomplish this in order to stem the gold outflow and minimize the chances of a speculative attack on the dollar. If such an attack occurs, its repercussions would be felt throughout the Western World. Without a stable dollar, there would be an insufficient supply of liquid reserves for the expeditious transaction of international commerce. All international trading nations would be affected.

Incidentally, there is a war of nerves going on in connection with this subject. There are rumors to the extent that in certain European areas people will demand gold, and that the demand on our gold reserves will be so large that our gold reserves will be wrecked. They would not do that, Mr. President, because they are tied into this operation so closely that they cannot do it. They would be wrecked themselves if they did it.

Furthermore, it is ridiculous to talk about the American economy as being in an unfavorable condition because of the statements of a few European central bankers and other bankers, when we are running at approximately a $600 billion gross national product, and when we have the most sought-after dollar in the world. If it is so unstable, so bad, and so weak, why does everyone grab for it? If anyone were to put a platter of dollars out, he would soon see who is after them.

I know that our economy works. It is productive. We produce goods and services and have substantial employment. Therefore, I know that the currency is good money and good collateral.

So we ought to let the central bankers of the world know that if they ever want to call the cards, so to speak, we have the chips with which to pay off. We too have a great many cards to call. We protect large portions of the free world.

When we face the real competition and real problems of the international scene, the differences we have over rates of exchange will fade into insignificance, unless we let the people who are dedicated to minutiae and trivia decide what should be the grand policy of our great Nation or of other great nations.

In order to close the payments deficit and keep the dollar at a stable price relative to gold, we have pursued economic policies which are in some sense at cross-purposes with our continuing need for domestic economic growth. Domestic economic growth is a highly important consideration. The overall balance-of-payments deficit as measured by the Department of Commerce would possibly be closed by manipulating short-term interest rates to attract foreign currencies. Raise the interest rates, and enough foreign money will come in; but by pursuing an exclusive course of deflationary monetary policy, we severely limit American opportunities for vigorous investment, industrial expansion, and economic growth.

Interest rates on short-term money are too high. I never thought that I would see the day when the Government would be paying more than 3½ percent on 91-day notes. That is like printing money. We let private banks print money, and then they charge the Government of the United States 3½ percent interest. I remember the days of Franklin Roosevelt, when it was said that he was a spender and did not understand anything about economics; that if the Government paid more than 1 percent interest on 91-day notes, the Government was really in serious trouble.

In the previous administration and in this administration, the cost of short-term money has been scandalously high. So increased interest rates are not the remedy that is needed. That is like taking aspirin to cure cancer. It may have a momentary effect to relieve the anguish and pain, but it does not get at the root of the problem or disease.

By increasing interest rates to please the concerns of foreign bankers about the stability of the dollar, we sacrifice the economic interest of millions of Americans. In order to maintain our position as banker of the Western World, we have adopted measures which severely injure our chances for maximum growth and national prosperity. We cannot be banker for the whole world; we are not that rich. What we ought to be doing is to involve other countries in international financing and quit pretending that we have inherited the mantle of the world's banker from the British. The British are smart enough to know that they cannot be the world's banker. We ought to quit kidding ourselves. What are needed are international financial institutions, in which there are large consortiums, pooling arrangements, and other facilities which can properly finance economic development.

There is no economic reason why we must rely exclusively on monetary policy, even for the solution of the pressing problems of our current deficit. This problem could be solved with a less adverse effect on our domestic economy by applying expansionary fiscal policies. The administration's current tax bill is an important first step in this direction.

I believe that tax reduction is vital, if one really believes that tax policy basically affects investment policy—and I believe it does. Therefore, one of the most urgent matters before Congress today is the tax proposal. The kind of proposal that will ultimately be adopted, I cannot predict. But if it is to do some good, it must provide a substantial tax reduction now. It must not be a long-term promise that can be reversed a year or two later by a succeeding Congress. It must be a tax reduction now. A tax reduction at this time, combined with a natural and gradual rise in interest rates, would serve to discourage capital outflows without dealing an unnecessarily harsh blow to national prosperity.

However, as the Salant report demonstrates so well, no shortrun solution of the deficit problem will insure us against future crises in the balance of payments. Such crises are built into the present payments structure and will likely require deficit countries to apply deflationary policies to meet the crises without putting equal pressure on surplus countries to follow expansionary policies. Our total reliance on the gold standard might well lead us to invoke contradictory economic policies. As long as we rely solely on the gold standard, there might be an immovable barrier blocking the path to full employment and maximum utilization of our resources.

Important as the deficit in the balance of payments is, I suggest that the deficit in our plant use is more difficult, more pressing. Thirteen percent of the plant capacity of this country is unused. Five million Americans, ready to go to work, are unemployed. If we had as much real concern in every place in public and private life over this situation as we do over the balance-of-payments problem, we might solve both. They are intertwined; they go together. We cannot solve one problem without solving the other. But we must place proper emphasis upon both.

Our present system of fixed exchange rates combined with an inadequate international monetary mechanism forces all countries to be much too sensitive to balance-of-payments pressures. Without exchange rate adjustments, correction of balance-of-payments deficits is likely to require a great deal of time, but the international liquidity needed to make a slow adjustment is not available.

This problem is dealt with extensively in the Salant report. Recommendations are made. Thus, even surplus countries become concerned when their balance of payments starts to deteriorate, and they immediately take restrictive measures which may momentarily help them out of their "fix," but proceed to make the situation more difficult for someone else. Everything today is interdependent and interrelated.

The only effective way in which deficit countries can improve their balance of payments is through a deterioration of the position of surplus countries, under the present system. Thus, if all countries formulate domestic policies to meet balance-of-payments needs, a downward bias will be forced upon the world economy and the purposes for which these policies were cast will not be achieved.

One of the few beneficiaries of this shameful state of affairs is the Soviet Union. Over the past 5 years the nations of the West have bought annually an average of more than $240 million

in gold from the U.S.S.R. Fixed exchange rates and the gold standard underwrite this substantial subsidy to the Russian gold mining industry every year.

In the light of these facts, a detailed study demonstrating the need for a freer and more rational system of financing international payments has been long overdue. That is what this is all about. I therefore commend the Brookings Institution and the authors of the Salant report for making this significant contribution to our understanding of this vital public issue. Their conclusions strongly suggest that it is time to put an end to the antiquated payments system under which international commerce today creaks and groans. As the authors indicate, it is time to explore the establishment of new international machinery to deal with an increasing volume of world trade. More trade can benefit us all. But we cannot have more trade, Mr. President, unless we have more money to finance it; and under the present system we cannot have more money to finance it if we continue the gold reserve basis we now have. It is crystal clear that this requirement starves the world for the capital that is needed in order to save the world from being taken over by the forces of totalitarianism. Our thinking is constantly upon the military. Consider Vietnam. It is another example of the failure, or at least the ambiguity, of policy. We felt that by sheer military policy we could do something there. Although this example does not relate to international economics, Mr. President, it proves that concentrated emphasis upon sheer, brute power is not at all the answer to these problems.

More trade can be of benefit, but more trade requires financing. I know that the Joint Economic Committee—and my good friend, the Senator from Wisconsin [Mr. PROXMIRE], is one of the most active members of that committee—will, with its usual care and objectivity, examine this delicate problem of international finance. But I also hope other Members of Congress will raise these basic questions for examination and consideration.

Surely the Members of Congress should debate these problems. Many, like myself, will make statements which possibly will not make too much sense; but Congress is the place to discuss these matters. Congress certainly has a responsibility ir this connection. These problems should not be dealt with only by the Federal Reserve System or the central banks of Europe. We are talking about the survival of an entire social order. We are talking about whether the United States of America and other free Nations are going to be able to survive economically and politically. We are asking ourselves whether the present system of economics and of international finance is adequate to meet the needs of the hundreds of millions of people who are knocking at the door and are asking for goods and services.

If we cannot answer those needs, finance them, and help work out an economic structure that will make possible their fulfillment, then someone else will do it, because—as the late William Jennings Bryan said—humanity is not going to perish on a cross of gold. I never thought we would have to be arguing about this question again. I thought it was put to rest about 60 years ago, and, for certain, about 30 years ago. But we are right back with it, because the problems we are solving at home are not being solved internationally.

Mr. President, if the U.S. domestic economy had to survive on the gold standard, many of our families today would be living in tepees, instead of in houses, and many of our farmers would not be independent operators, but would be tenants. In the thirties, we had to solve our financial structure problems, and we did; but we never got around to doing that internationally. Probably one of the reasons for the great depression of the thirties was the failure of the London Economic Conference and the failure to come to grips with the great economic problems of international fiscal liquidity, international financing, and the flow of international commerce and trade.

Mr. President, as in the case of so many of the problems which confront us these days, the answers are never self-evident or easy; but the problems exist, and the answers must be found.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD two articles on the Brookings Institution and the Salant report. One was published in the New York Times; the other was published in the Washington Post.

I also ask unanimous consent to have printed in the RECORD a very perceptive editorial dealing with this subject. It was published in the Washington Post.

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

[From the New York Times, July 28, 1963]

PAYMENTS DEFICIT IS FOUND TO LIMIT U.S. EMPLOYMENT—BROOKINGS STUDY URGES NEW INTERNATIONAL MACHINERY TO HANDLE THE PROBLEM

(By Eileen Shanahan)

WASHINGTON, July 27.—The balance-of-payments deficit has prevented the United States from attaining full employment and has impaired its foreign aid program, according to a Brookings Institution study.

The study was undertaken at the request of the President's Council of Economic Advisers. It concluded that establishment of new international financial machinery was the only means of assuring that these higher priority programs were not subordinated to balance-of-payments considerations.

It pointed out that international payments deficits, under existing world machinery for financing them, might force other nations to adopt undesirable policies that would restrict their own economic growth and hurt the United States as well.

The study was released today. The principal author was Walter S. Salant, an economist on the Brookings staff.

FOREIGN TRANSACTIONS

Balance-of-payments deficits occur when a nation's expenditures in all of its business, financial, and aid transactions with foreigners exceed its income from foreign sources.

The Brookings group, which had been asked to do a study of the U.S. balance-of-payments outlook for 1968, said the country would be running a surplus by that time. The authors declined to specify the year in which a surplus would be reached.

Traditionally, nations that run payments deficits over a long period of time are forced to restrain their own international economic expansion to lower their price structure and thus give their export products a competitive advantage in foreign markets.

This form of discipline, the study said, "induces restraint without regard as to whether internal conditions call for restraint or expansion."

Its benefits can be far less than the social costs it imposes when expansion is needed.

In the United States recently, the report said, balance-of-payments considerations have played an important role in failure to achieve the objective of maximum production and employment.

FEARS ARE CITED

It continued:

"The expansionary fiscal policy needed to restore high employment has been delayed and made more difficult to achieve by fears that expansion would make the balance of payments worse.

"The lowering of interest rates to levels which promote high domestic investment and growth has been inhibited by apprehension about capital outflow."

The study found that the United States has not, on the whole, compromised its basic foreign policy and defense objectives because of balance-of-payments considerations.

But it said that these considerations have led to some undesirable policies, such as tying economic aid to procurement in the United States and requiring military expenditures to be made in the United States rather than abroad.

"Moreover," the report said, "there is increasing pressure to compromise the objectives of foreign aid for balance-of-payments reasons."

The report proposed that the United States immediately begin to press for creation of new international financial mechanism that would see countries through relatively short-term balance-of-payments difficulties without requiring them to impose drastic restrictions on their domestic economies.

Establishment of the new international machinery would also be aimed at providing the world with additional cash resources with which to finance what the study estimated would be a 35-percent increase in world trade in the next 5 years.

PAYMENTS

The study group did not attempt to choose among the dozen or more specific proposals that have been made in recent years for changes in international financial institutions.

It conceded that obtaining agreement for the creation of new institutions or new financial resources and mechanisms within existing institutions—principally the International Monetary Fund—would be difficult.

If it proves impossible to establish new international financial machinery, the report said that an alternative—clearly second best, according to Mr. Salant—would be a modified system of flexible foreign exchange rates, which would permit the values of different currencies to fluctuate in relation to one another.

AID REJECTS PROPOSAL

This latter proposal was immediately denounced by Under Secretary of the Treasury Robert V. Roosa. The idea of flexible exchange rates, he said, has been the perpetual

plaything of people who think about money but do not have any responsibility for a national monetary policy.

Mr. Roosa characterized the Brookings study as useful, however, and said that he agreed that there was a need to study the possibility of creating new international financial machinery.

He indicated that he felt less urgency than the Brookings group did about the establishment of new international financial mechanisms.

"We do not believe there is a need for a change in the system at this moment," he said.

A high Government official revealed, meanwhile, that the Government of Japan had apparently accepted another step the United States took recently to combat its payments deficit. That was the proposed imposition of a tax, ranging up to 15 percent, on purchases of foreign securities by Americans.

UNITED STATES EXPLAINS VIEW

The Japanese have been informed, it was indicated, that the United States does not feel it can grant any further exemptions from the tax, other than that already given to Canada on newly issued securities.

But U.S. officials, in lengthy conversations with Japanese officials, have made it clear that the objective of the tax is not to keep Japanese securities out of this country altogether but only to reduce to some more reasonable level the total volume of all foreign securities floated in this country.

The official revealed that the administration would submit to Congress its draft legislation on the foreign securities tax on or around August 5. The draft bill will make clear certain technical points that have worried the securities industry in this country, such as the liability for the tax of bond and stock dealers who maintain a certain relatively fixed inventory of foreign securities but constantly move securities in and out of that inventory.

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[From the Washington Post, July 28, 1963]

STUDY BACKS REFORM OF MONETARY SYSTEM

(By Bernard D. Nossiter)

The world's monetary system is a straitjacket, inhibiting full employment and faster economic growth. It must be replaced soon by a new mechanism that expands the means of payment for transactions between countries.

This is the principal finding of a major study issued today by the Brookings Institution. The 290-page report was commissioned by President Kennedy's Council of Economic Advisers and is virtually certain to be a focus of future debate about the balance of payments.

The study was directed by Walter S. Salant, a Brookings staff economist. He was assisted by five other economists. Brookings is a noted nonprofit research organization with a reputation for generally conservative work.

The study's conclusion is distinguished less by its originality—many economists are in agreement—than by the weight of its underlying analysis.

EFFECT ON OTHERS

The Brookings report finds that there are forces at work that will probably wipe out the deficit in the U.S. balance of payments by 1968. However, the study emphasizes that this is no solution.

When the United States reaches a balance, other nations will be cramped by a lack of liquidity or means of paying for their imports and investments abroad. This is because the means of settling accounts between countries consist largely of gold and dollars.

If the U.S. accounts are in balance—if this country receives from foreigners as much as it spends abroad for goods, services, aid and investment—other nations won't be receiving additional dollars. Since the study estimates that supplies of gold can expand at only a limited pace, the world will then be short of the reserves it needs to finance increased trade.

U.S. DILEMMA

The Salant report notes that the United States and other nations have rejected the classical solution to this bind, rigorous deflation and unemployment. But under the existing monetary system, nations with balance-of-payments deficits do tend to hold back on domestic policies that would stimulate jobs and output.

In the words of the study:

"The United States faces a dilemma. On the one hand, U.S. balance-of-payments deficits make the rest of the world increasingly reluctant to go on accumulating liquid dollar claims, and they hamper pursuit by the United States of vital domestic and international objectives. On the other hand, large and sustained surpluses may not be attainable; even if attained, they would not be desirable since they might not free the United States from undesirable constraints and they would impose constraints on other free world countries."

INADEQUACY OF MECHANISM

"Thus, no position of the balance of payments—whether surplus, deficit, or balance—would simultaneously free the United States from undesirable constraints and provide for needed expansion of international monetary reserves. It is clear, therefore, that the present problem is not primarily a balance-of-payments problem. More fundamentally, the problem is the basic inadequacy of the international monetary mechanism in relation to requirements of the free world."

The study does not draw a blueprint of a new currency system. A variety of schemes have been suggested, most of them flowing from the ideas of the late John Maynard Keynes and Prof. Robert Triffin, of Yale. In oversimple forms, both economists proposed a world central bank that would create new means of payment as needed much as the Federal Reserve creates domestic money in the form of credit.

FOUR CHARACTERISTICS

The Brookings report, however, does describe four characteristics that a new world money mechanism should contain. It should:

1. Provide enough means of payments to finance deficits of advanced nations that are adapting to new technologies and new tastes.

2. Provide large amounts of this additional liquidity automatically.

3. Prevent rich countries from piling up international means of payments by requiring all industrial nations to hold some of their currency reserves in an international institution. This institution should give its borrowers and depositors debits and credits in a new international unit of currency.

4. Insure that leading nations consult frequently and coordinate interest, credit, tax, and other policies that have a big impact on international payments.

SHORT-RUN MEASURES

The Salant report comes at a time when the Kennedy administration is moving toward support of a new world monetary system. The measures taken in recent days to tax foreign securities and tighten money should not be confused with such a move. These steps are designed to deal with the short-run problems of reducing the U.S. payments deficit.

The President, however, is understood to be increasingly aware that the whole system of payments is hindering his other programs to enlarge jobs at home and keep troops abroad.

The Treasury Department has been regarded as the chief force resisting change in the Government. However, over the weekend, Robert Roosa, the Treasury Under Secretary, expressed the new spirit in the upper reaches of the Government.

TREASURY AGREES

He said that the Treasury agrees that there is a need to work for new, long-run monetary arrangements. "The development of a system centered solely on the dollar," he said, "is becoming lopsided. Very careful study is necessary to insure that in the future we will be able to multilateralize the burdens, opportunities, and responsibilities."

While the Brookings study urged the United States to press immediately for an agreement, Roosa would not go so far. Lengthy, careful, and confidential discussions will be needed before any international consensus is reached, Roosa said.

Roosa also demurred from endorsing the study's prediction that there would be a shortage of liquidity by 1968. However, he said, this is "enough of a possibility so that it calls for urgency. We should work at this now so if this is the case by 1968, we will have reached a consensus by 1968."

STUDY'S ARITHMETIC

To reach its conclusion of a liquidity shortage, the Salant study used this arithmetic: Monetary gold and foreign exchange reserves of central banks were $61.2 billion at the end of 1961. By 1968, world trade will increase on a conservative estimate by 35 percent. If the imbalances between nations remain in the same relation to world trade, then reserves must increase by 35 percent, or $21.4 billion.

However, gold supplies are not likely to increase by more than $4.7 billion and the United States is expected to supply only $3 billion more dollars to foreigners over this period. So the world will be short of reserves by $13.7 billion.

Much of the study, entitled "The U.S. Balance of Payments in 1968," is an attempt to forecast this country's accounts 5 years hence. The Salant team began with assumptions supplied by Mr. Kennedy's Council, including an assumption that the economy would grow 4.8 percent a year or much faster than its recent pace.

SURPLUS PREDICTED

The Brookings team concluded that the deficit would become a surplus for two principal reasons: Europe's prices are rising much more rapidly than those in the United States so this country will earn even more from its oversea trade. Second, growth here will outpace Europe's, making investment more attractive and luring investors' dollars back from abroad.

The Brookings study figured that military spending overseas would drop, but that this would be more than offset by increased economic aid.

If the world does not adopt a new expanding payments system, the report proposed what it called a second-best proposal. This scheme, unlikely to draw much attention outside of academic circles, would create two currency blocs.

FLEXIBLE EXCHANGE RATES

One would center on the United States and the United Kingdom and the other on the Common Market. Rates at which currencies exchanged in each bloc would be fixed, as they are now. But the rates of exchange between the blocs would be completely flexible, moving up and down in accordance with the supply and demand for currencies. Such an arrangement would automatically correct deficits between the blocs but create a host of divisive political and other problems.

Other economists who joined in the study were Emile Despres and Lorie Tarshis of

Stanford; Lawrence B. Krause and Alice M. Rivlin of Brookings; and William A. Salant, a brother of Walter.

[From the Washington Post, July 29, 1963]

THE ROAD TO YALE

When Robert Triffin, a Yale University economist, first broached his plan for a more effective international monetary mechanism, he found himself cast in the role of a latter-day Jeremiah sounding warnings toward which the central bankers and statesmen of the free world turned deaf ears. But 5 years of anxiety over the dollar glut have changed all that, and an important measure of Triffin's vindication is a Brookings Institution report on "The U.S. Balance of Payments in 1968," written by Walter S. Salant and his associates.

As the title suggests, the efforts of the Salant team were largely directed toward forecasting the components of the U.S. balance of payments for 1968, an effort which they frankly characterize as more speculative than most economic projections. They conclude that the basic balance in 1968, the net balance of transactions on account of trade and long-term capital movements—will show a surplus. This projection is based upon a number of explicit assumptions about economic growth here and abroad, the trends of export prices and the height of tariff barriers, assumptions that will doubtless cause some arching of eyebrows within the economics profession. But for the general public the significance of the book lies in the excellent last chapter where the authors make a most persuasive case for the creation of a new international monetary mechanism.

There has been a good deal of uninspired writing about placing our house in order, but the Brookings authors demonstrate that the difficulties which beset the free world will not be resolved by a U.S. payments surplus. The dilemma, as they see it, is this:

On the one hand, U.S. balance-of-payments deficits make the rest of the world increasingly reluctant to go on accumulating liquid dollar claims, and they hamper the pursuit by the United States of vital domestic and international objectives. On the other hand, large and sustained surpluses may not be attainable; even if attained, they would not be desirable since they may not free the United States from undesirable constraints and they would impose constraints on other free world countries.

The Brookings authors wisely refrain from any attempt to make a detailed blueprint. But the nature of the fixed exchange monetary mechanism which they urge the United States to press for immediately is clearly outlined. It must provide for the growth of international liquidity—the means of settling balances of indebtedness among countries. It must prevent sudden and unsettling shifts of reserves from weak to strong-currency countries. And it must provide automatic credit facilities which would permit countries sufficient time to eliminate their balance-of-payments deficits without recourse to self-defeating, deflationary policies.

With the imprimatur of the respected Brookings Institution, it can be expected that the cause of international monetary reform will acquire more new converts in high places. Treasury Secretary Dillon is beginning to see a glimmer of light. And it is clear from his weekend remarks that Under Secretary Roosa will in the future desist from the unsportsmanlike practice of shooting birds on the ground as he did with the Maudling plan at the last meeting of the International Monetary Fund. All the signposts point toward Yale, and the question now is the speed at which the repentent sinners can be moved.

Mr. HUMPHREY. Mr. President, I call the attention of the Senate to the Brookings report recommendations, as published in the Washington Post, as follows:

The Brookings report, however, does describe four characteristics that a new world money mechanism should contain. It should:

1. Provide enough means of payments to finance deficits of advanced nations that are adapting to new technologies and new tastes.
2. Provide large amounts of this additional liquidity automatically.
3. Prevent rich countries from piling up international means of payments, by requiring all industrial nations to hold some of their currency reserves in an international institution. This institution should give its borrowers and depositors debits and credits in a new international unit of currency.
4. Insure that leading nations consult frequently and coordinate interests, credit, tax and other policies that have a big impact on international payments.

Then the report makes some short-term recommendations.

Mr. President, I do not know whether those four characteristics are sound. I am not in a position to decide about that; but I do know they lay out some guidelines. Instead of arguing for days about the size of the debt limit or whether the Area Redevelopment Administration should have $350 million or $250 million, or what we should be doing in some minor area of our economic system, or whether we should add another $50 million or $100 million for the Farmers' Home Administration, or whether we should cut foreign aid by $500 million or $200 million, or not cut it at all, I believe the most important subject before Congress is international fiscal liquidity and international financing, because our entire foreign aid policy and our national security policy and those of the free world rest upon what is done in the field of foreign trade—what happens in Asia, Africa, and Latin America in the development of new customers, new markets, new industries, new demands, and new needs; how those markets can be financed, and under what terms; the interest rate and the length of term for the use of capital? How are we going to finance a $200 billion commerce in foreign trade with a gold reserve, in the nation's central banks, of $61 billion, much of which has to be committed to domestic needs? It seems to me that any Member of Congress who has deep concern for the welfare of his country will attempt to make some analysis of this problem.

I do not claim that my analysis has made any great contribution, but at least it will most likely irritate someone, and then I can be accused of several things—all of which can start a bit of turmoil, which, in turn, with enough discussion and turmoil, may result in a little more heat and eventually more light. So if I have contributed something to raising the temperature of the debate, I shall be pleased; and if it develops that the result is to throw more light on the subject, I shall be even more pleased.

Mr. PROXMIRE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I am glad to yield to the Senator from Wisconsin, to enable him to provide us with light.

Mr. PROXMIRE. The Senator from Minnesota has cast much light on this problem. He has discussed a report which richly deserves exposition, discussion, and application. The Brookings report on the international balance of payments is a fine one. It should be given the full treatment, and the Senator from Minnesota has done just this.

I should like to underline two points the Senator made: One of them, which he emphasized so very well, is that this report while primarily concerned with the international balance of payments, for once stressed the overwhelming importance of solving the problem while having full regard for our own economic salvation, our economic stability, and our economic expansion and growth, along with our international responsibilities. The Senator pointed out that if we merely consider the international situation, the damage which can be done to our own economy can be very serious, and not worth the cost. Have I correctly stated the Senator's point?

Mr. HUMPHREY. The Senator's precise analysis of that portion of the report is so clear that I hope every Senator will read it. The interdependence between the two is one of the central points in the Salant report.

Mr. PROXMIRE. The other point that the Senator has stressed so well is our international interdependence. The point that he brought out in the Brookings report which I think few people have yet grasped—but I think they will in the future, as the Senator has emphasized it—is that as our adverse balance of payments becomes favorable, what will happen? Our friends, our allies and our supporters—Western Europe, Japan, and, other free countries that are allied with us, their favorable balance becomes adverse. As our balance of payments improves—if it does improve—it may improve, as the Senator has pointed out, at the expense of our allies. As the Senator pointed out, we may have to adopt policies which will contract and retard their economy, and which will require them to raise their interest rates and taxes and cut their own progressive programs of growth. We must recognize that as we gain in this sense, we may gain at the expense of our friends.

Mr. HUMPHREY. Exactly.

Mr. PROXMIRE. As we lose, it may be that our friends in other countries are gaining something. The problem for us is not only to determine how we might convert our adverse balance of payments promptly into a favorable balance, but how to work cooperatively together, as the Senator has so well said, in a consortium so that not one country alone, whether that country be Great Britain or the United States of America will call the tune and the signals. But a group of free countries that wish to expand their economies all over the world, can work to do so together. They would act in a constructive way.

Mr. HUMPHREY. The Senator is absolutely correct. What we generally do, when we plan a project for international development, is as follows: For example, consider a project in Ghana or India. And, parenthetically, if we are looking for a good risk, Minnesota is a better risk than Ghana. We get together in a great

consortium for a necessary big project in a foreign country. When we get together, we get together at the time that we have to dish out the money. What we ought to be doing, it seems to me, is talking about basic policies that relate to the flow of capital before the money has to be dished out.

Exchange rates, interest rates, convertibility and similar questions ought to be the subject of an international consortium before we have to dip into the Treasuries of the respective countries. In our own instance, a very large dip is taken out to meet the capital requirements of other countries. After we have met the capital requirements of other countries, we are immediately faced with the fact that the outflow of capital from our country is so large that a difficult problem at home is posed. The very people who are delighted to see us help finance some of the long-term capital improvements overseas are the very ones who only a few months later will come back and say, "We have doubts as to the stability of the dollar because there seems to be an outflow of gold from your country."

We could stop that course by stopping the outflow. But in so doing we might very well jeopardize our entire foreign policy.

Mr. PROXMIRE. There is one other specific point I should like to raise. The Senator has pointed to our dilemma in monetary policy because of the balance-of-payments problem. The capital flowing out of our country for investment overseas is one of the reasons given for raising interest rates though it is not very well documented.

The argument runs that interest rates abroad are higher than our interest rates. It is said that we should increase our interest rates to terminate the flow of capital out of our country and persuade foreigners to invest here. There are several holes in that argument. As we increase our interest rates, other countries increase theirs. Every study by such economists as Bell, Gemmill, and others has shown that interest differentials have a minor effect on the flow of capital. Trade is far more important.

Mr. HUMPHREY. It is one factor in a dozen.

Mr. PROXMIRE. In fact, even a study made by those who propose to raise interest rates shows that interest rate differentials account for only about 15 percent of the total flow of capital.

The Senator may be interested in the proposal, which I think is a practical and good proposal, made by the administration to cope with the problem. An interest-equalization tax is proposed. It would not interfere with anyone's freedom to invest, but would tend to recognize, through equalization, the fact that interest rates in other countries may be higher than they are in this country. A tax would be imposed on American investors who invest in foreign securities. Such action seems to me to be logical and sensible. At the same time, it would permit us to have relatively low interest rates in this country which would stimulate growth, even though other governments had raised interest rates in their countries. It is an important proposal which has merit.

Mr. HUMPHREY. It is sort of like a production payment to keep down the cost of food.

Mr. PROXMIRE. The Senator is correct.

Mr. HUMPHREY. It is really a payment in the form of a tax to maintain a level of stability in interest rates and not permit it to get out of hand and leapfrog. If we raise interest rates to equalize with rates in Great Britain and France, the central banks of those countries raise their interest rates to attract capital. The first thing we would discover is that there would be an international race to raise interest rates.

Mr. PROXMIRE. The Senator is correct. Twenty-four hours after we raised our rediscount rate, Belgium raised theirs by exactly the same amount. That is bound to happen.

Mr. HUMPHREY. Our action had very little effect, as the Senator knows. It certainly had very little good effect.

I thank the Senator from Wisconsin. From time to time he has delivered some excellent speeches on this subject in the Senate as a result of careful study. I envy his being on the Joint Economic Committee, because I think it is one of the most important committees in the Congress. The Senator could possibly enlighten us. Is that committee at the present time making either a staff study or a committee study of the whole problem of balance of payments and international financing?

Mr. PROXMIRE. The question is under consideration. The Senator from New York [Mr. JAVITS] has been discussing it with the chairman of the committee, the Senator from Illinois [Mr. DOUGLAS]. It is my understanding that the committee chairman is very likely to hold hearings on the subject. At any rate, several subcommittees have been investigating the question of international balance of payments. One of the subcommittees is headed by the distinguished Representative from Milwaukee, Representative REUSS, who is an expert in the field.

Mr. HUMPHREY. He is very able.

Mr. PROXMIRE. He has done a marvelous job. A series of staff studies on this subject has been made. They are constructive. Whether the study will be magnified to a full committee effort in the future is a question. Incidentally, we had a series of hearings on the Brookings report. We heard not only members of the Brookings staff but others who came before our committee and did a fine job in explaining the report and supporting their recommendations.

Mr. HUMPHREY. I wish to encourage the Senator from Wisconsin as a member of that committee to press vigorously and continuously for a genuine and overall study by that committee. Something needs to be done about the subject. I for one do not believe that the only recommendations I ought to weigh are those emanating from the Department of the Treasury. They have one particular point of view. I have respect for that point of view.

Mr. PROXMIRE. I agree with the Senator. The Senator has made the point that the Joint Economic Committee is the correct committee to study the problem. The committee covers the whole economic spectrum, including not only the tax policy, but monetary questions and others.

Mr. HUMPHREY. Including the domestic policy and the domestic implications. Some proposals that are recommended would have disastrous effect upon our own economy and employment in this country. I feel that we have to take into consideration such questions as well as the so-called outflow of gold.

I hope the Senator from Wisconsin will express my point of view to his colleagues. I am sure that I speak for a number of Senators with whom I have talked privately, and who do not know the answers to the problems. I do not know the answers. I know some of the problems. If we can identify the problems, than possibly we can begin to find some of the answers. But the Joint Economic Committee is the proper committee of Congress to engage in the study because it has such a wide range of jurisdiction. As with most subjects which are intricate, this one requires many areas to be considered.

That is one of the real problems today in relation to national security. We do not have any one place to which we can go to discuss such problems. We must jump all around Congress and appear before different committees, all of which argue over their respective jurisdictions. In the present instance, the Joint Economic Committee has the jurisdiction. I hope that the Senator from Illinois [Mr. DOUGLAS], who is one of the Nation's foremost economists, will take on the problem and with the able assistance of the Senator from Wisconsin [Mr. PROXMIRE] and others, will dig into it as they can.

Mr. PROXMIRE. I thank the Senator.

(At this point Mr. HART took the chair as Presiding Officer.)

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## FEDERAL GRANTS-IN-AID

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD following my remarks a compilation made by the Congressional Quarterly in their issue for the week ending August 30, 1963, beginning on page 1507, on the subject of Federal grants-in-aid.

The statistics given in this article, drawn from the Treasury Department and other Government agencies, should be extremely helpful to all Senators desiring to examine the impact of the various grants-in-aid programs upon their constituencies.

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

### FEDERAL GRANTS-IN-AID TOP $10 BILLION MARK

Federal grants-in-aid to State and local governments and to individuals in fiscal 1962 exceeded $10 billion for the first time.

A 6-percent increase in total grants from fiscal 1961 pushed the total to $10,385,549,-

606. The 6-percent jump followed a 7-percent rise during fiscal 1961.

The increase continued a trend that has been broken only once since 1953. That was in fiscal 1960 when total grants dropped by 4 percent. (See table I, below, figures are based on Treasury Department data.)

Following are the highlights of the 1962 data:

Grants to State and local governments for all purposes rose by $793 million, or 11 percent, to $7,895 million from $7,102 million in fiscal 1961, continuing a trend unbroken since 1953. Major increases went for highways, $161,161,857, and for aid to dependent children, $135,652,209.

Grants to individuals decreased by $233 million, or 9 percent, to $2,491 million from $2,724 million in fiscal 1961. The decline followed a 26-percent rise between fiscal 1960 and 1961. Part of the 1962 drop resulted from a $177,219,291 decline in grants under the temporary extended unemployment compensation program of 1961. This program was largely responsible for the 26-percent increase in 1961. In addition, fiscal 1962 figures included a $103,517,949 decline in veterans readjustment benefits. A sizable increase occurred in Army National Guard grants, $78,714,006.

Total grants in fiscal 1962 were $10,386 million, a $560 million or 6 percent increase from the 1961 total of $9,826 million. The 1962 increase was slightly smaller than the 7-percent jump recorded in 1961. Federal tax collections decreased by $72 million in fiscal 1962 to $94,320 million. The ratio of grants to tax collections rose 1 percent to 11 percent. (See table I, below.)

Further details concerning grants appear in the accompanying tables, as follows:

Table I: This shows the amounts spent from fiscal 1953 through fiscal 1962 for total grants, grants to State and local governments, and grants to individuals, together with the percentage increase or decrease for each category since the previous year and since 1953. Amounts listed as "Federal Tax Collections" are actually "Internal Revenue Collections" and do not include customs receipts and some other items. They do include social security payroll taxes, however, while social security benefit payments are not included in grants to individuals. Thus the ratio of grants to taxes shown is only a rough indicator of relationship in any single year; it does serve to point up the overall trend, however.

Table II: This shows the relative benefit-to-burden standing of the 50 States, determined by dividing each State's share of total grants paid in 1962 by its share of total Federal tax payments. (Both of these figures also appear in table III.) Because actual tax collections in each State do not accurately reflect the true incidence of taxation (auto, liquor, and tobacco excise collections, for example, are credited to the home States of manufacturers although the taxes are in turn paid by every purchaser of these products), Congressional Quarterly used tax-burden figures prepared by Tax Foundation, Inc., based on a special allocation formula as applied to estimated 1962 revenues. States were then ranked in order of their benefit-to-burden ratio, ranging from Alaska, whose relative share of grants was 4.81 percent of its relative share of taxes, to Delaware, where the relative share of grants was only 0.38 percent of its relative share of taxes.

Table III: This shows, for each State, total grants, population, and per capita share of grants for fiscal 1962 and fiscal 1961, as well as percentage shares of total 1962 grants and the Federal tax burden, as described above. Grants averaged $56 per capita, based on the July 1962 census estimates of population, and ranged from $226 per capita in Alaska to $34 per capita in New Jersey. There is a rough correlation, it will be noted, between a State's per capita share of grants and its benefits-to-burden standing in table II. (Some reasons for the wide variation in these figures are discussed in "How Programs Work," below.)

Table IV: This table shows each State's allocations under the largest grant programs conducted by the Federal Government. However, table IV in this fact sheet has been rearranged, compared to similar tables in previous years, in an attempt to provide a more comprehensive picture of the impact of grant programs.

In previous years, table IV presented the 9 largest individual programs among the more than 100 separate programs listed in the annual report of the Secretary of the Treasury. However, many of the individual programs, while separate in themselves, are part of larger programs with a general or specific purpose. By combining related individual programs, it is possible to more accurately convey the scope of Federal grants-in-aid and to show almost the total amount going to each State. Such a combination has been made for table IV.

For example, there are 13 separate programs providing grants for aid to education in some form. None is among the nine largest programs listed by Congressional Quarterly in the past. However, taken together, education grants are the sixth largest category (col. 6). Another example is the public health category (col. 4). It is composed of many relatively small programs which, when combined, provide one of the largest-grants-in-aid totals.

Included in the 14 columns are all but 14 of the 110 individual programs listed for fiscal 1962. The amount of grants in the columns is $10,106,674,851, only $278,874,755 short of the total $10,385,549,606 in grants made in fiscal 1962.

Table V: The component parts of each of the 14 columns in table IV, showing only total national grants, are listed in the table.

PROGRAMS COMPARED

The nine largest grant programs for fiscal 1961, as reported by Congressional Quarterly in 1962, were, in declining order of size: highways, old-age assistance, aid to dependent children, temporary extended unemployment compensation, Army National Guard, unemployment compensation, agricultural conservation reserve program, readjustment benefits, and Air Force National Guard.

Under the presentation in table IV of this fact sheet, aid for highway construction and maintenance remains the largest grant program. Old-age assistance continues to be part of the second-largest program, although now it is included with other items in a larger category, public assistance (col. 2). Unemployment insurance programs (col. 3) also continue high on the list of major grant programs. It should be noted that the items composing unemployment insurance grants do not include the benefit payments paid to most jobless workers, which are not grants; such payments are paid for by special taxes on employers which are imposed by the States and are useable only in those States where they are levied.

Rather, the category includes compensation for Federal employees, grants to States for administration of their compensation programs and a temporary extended unemployment compensation program enacted in 1961 in response to the recession. The expiration of the temporary program on April 1, 1962, will considerably reduce the size of the unemployment insurance category in following years. The temporary program comprised nearly $304 million of the total in column 3.

One of the most striking additions to table IV under the revised listing is public health research and services. It indicates the increasing scope of Federal aid for public health matters. The category (column 4) is composed of 31 separate programs, only 1 larger than $76 million and less than one-third larger than $20 million. The largest item is grants for hospital construction under the Hill-Burton Act of 1946: $167,575,281.

The public health category is composed of grants for services, such as hospital construction and water pollution control, and for research, such as heart disease and allergies and infectious diseases. However, total fiscal 1962 grants for public health research were $464,315,087, only a little less than twice as large as total grants for public health services, $255,850,952.

Food distribution (column 5) is another important addition to the major grant programs. The programs included in the category, which are administered by the Agriculture Department, involve not only welfare and nutritional goals (e.g., food stamp redemption or school lunch programs) but also the desire to remove surplus agricultural commodities from the market.

TABLE I.—*Recent trends in grants-in-aid*

[By fiscal years, in millions of dollars]

| | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total grants | $4,054 | $4,284 | $4,595 | $5,152 | $6,468 | $7,421 | $9,590 | $9,175 | $9,826 | $10,386 |
| To State, local governments | 2,802 | 3,005 | 3,149 | 3,463 | 4,064 | 4,932 | 6,457 | 7,011 | 7,102 | 7,895 |
| To individuals | 1,252 | 1,279 | 1,446 | 1,689 | 2,404 | 2,488 | 3,134 | 2,163 | 2,724 | 2,491 |
| Percent increase or decrease since preceding year: | | | | | | | | | | |
| Total grants | ---------- | +6 | +7 | +12 | +25 | +15 | +29 | −4 | +7 | +6 |
| To State, local governments | ---------- | +7 | +5 | +10 | +17 | +21 | +31 | +9 | +1 | +11 |
| To individuals | ---------- | +2 | +13 | +17 | +42 | +3 | +26 | −31 | +26 | −9 |
| Percent increase or decrease from 1953: | | | | | | | | | | |
| Total grants | ---------- | +6 | +13 | +27 | +59 | +83 | +136 | +126 | +142 | +156 |
| To State, local governments | ---------- | +7 | +12 | +24 | +45 | +76 | +130 | +150 | +153 | +182 |
| To individuals | ---------- | +2 | +15 | +35 | +92 | +99 | +150 | +73 | +118 | +99 |
| Federal tax collections | $69,687 | $69,920 | $66,289 | $75,113 | $80,172 | $79,978 | $79,798 | $91,775 | $94,401 | $94,329 |
| Percent of Federal taxes returned to States as grants | 6 | 6 | 7 | 7 | 8 | 9 | 12 | 10 | 10 | 11 |

TABLE II.—*How States rank*

**The redistributive effect of Federal grants is shown by dividing each State's share of total grants (col. 1) by its share of the 1962 Federal tax burden (col. 2), yielding a "benefit-to-burden" ratio or index (col. 3) according to which 35 States (and the District of Columbia) received relatively more in grants than they paid in taxes, while 15 States received relatively less. States are ranked according to this index.**

| Rank | State | 1 | 2 | 3 | Rank | State | 1 | 2 | 3 | Rank | State | 1 | 2 | 3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *Percent* | *Percent* | *Percent* | | | *Percent* | *Percent* | *Percent* | | | *Percent* | *Percent* | *Percent* |
| 1 | Alaska | 0.53 | 0.11 | 4.81 | 18 | Georgia | 2.37 | 1.33 | 1.78 | 35 | Texas | 4.81 | 4.26 | 1.12 |
| 2 | South Dakota | .86 | .22 | 3.90 | 19 | South Carolina | 1.10 | .65 | 1.69 | 36 | Virginia | 1.77 | 1.70 | 1.04 |
| 3 | North Dakota | .78 | .21 | 3.71 | 20 | West Virginia | 1.09 | .68 | 1.60 | 37 | Rhode Island | .45 | .52 | .86 |
| 4 | Wyoming | .58 | .18 | 3.22 | 21 | Oregon | 1.48 | .95 | 1.55 | 38 | California | 8.91 | 11.16 | .79 |
| 5 | Mississippi | 1.42 | .46 | 3.08 | 22 | Arizona | .93 | .62 | 1.50 | 39 | Indiana | 1.83 | 2.29 | .79 |
| 6 | Arkansas | 1.31 | .45 | 2.91 | 23 | Nevada | .31 | .21 | 1.47 | 40 | Massachusetts | 2.79 | 3.53 | .79 |
| 7 | Vermont | .47 | .17 | 2.76 | 24 | Colorado | 1.41 | .97 | 1.45 | 41 | Wisconsin | 1.64 | 2.07 | .79 |
| 8 | Idaho | .66 | .26 | 2.53 | 25 | District of Columbia | 1.00 | .69 | 1.44 | 42 | Maryland | 1.48 | 1.94 | .76 |
| 9 | Montana | .74 | .30 | 2.46 | 26 | North Carolina | 2.03 | 1.45 | 1.40 | 43 | Ohio | 4.37 | 5.74 | .76 |
| 10 | New Mexico | .88 | .37 | 2.37 | 27 | Kansas | 1.31 | .96 | 1.36 | 44 | Florida | 1.88 | 2.52 | .74 |
| 11 | Alabama | 2.20 | .97 | 2.26 | 28 | Nebraska | .88 | .65 | 1.35 | 45 | Michigan | 3.33 | 4.47 | .74 |
| 12 | Oklahoma | 2.13 | .94 | 2.26 | 29 | Minnesota | 2.00 | 1.64 | 1.21 | 46 | Illinois | 4.41 | 6.93 | .63 |
| 13 | Louisiana | 2.62 | 1.23 | 2.13 | 30 | Iowa | 1.39 | 1.15 | 1.20 | 47 | Pennsylvania | 4.39 | 6.92 | .63 |
| 14 | Utah | .73 | .37 | 1.97 | 31 | Missouri | 2.66 | 2.28 | 1.16 | 48 | New York | 7.10 | 13.54 | .52 |
| 15 | Tennessee | 2.16 | 1.19 | 1.81 | 32 | New Hampshire | .38 | .33 | 1.15 | 49 | Connecticut | 1.12 | 2.22 | .50 |
| 16 | Kentucky | 1.86 | 1.03 | 1.80 | 33 | Maine | .50 | .44 | 1.13 | 50 | New Jersey | 2.03 | 4.29 | .47 |
| 17 | Hawaii | .61 | .34 | 1.79 | 34 | Washington | 1.80 | 1.58 | 1.13 | 51 | Delaware | .20 | .52 | .38 |

TABLE III.—*State allocations of U.S. grants-in-aid*

[Columns may not add to totals shown because of rounding]

| | 1962 total grants (1) | 1962 estimated population (2) | 1962 per capita grants (3) | 1961 total grants (4) | 1961 estimated population (5) | 1961 per capita grants (6) | 1962 share of grants (7) | 1962 share of Federal tax burden[1] (8) |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | *Percent* | *Percent* |
| Alabama | $229,038,000 | 3,358,000 | $68 | $221,154,000 | 3,302,000 | $67 | 2.20 | 0.97 |
| Alaska | 55,503,000 | 246,000 | 226 | 48,441,000 | 234,000 | 207 | .53 | .11 |
| Arizona | 96,992,000 | 1,509,000 | 64 | 91,701,000 | 1,391,000 | 66 | .93 | .62 |
| Arkansas | 136,614,000 | 1,823,000 | 75 | 129,735,000 | 1,797,000 | 72 | 1.31 | .45 |
| California | 925,522,000 | 16,970,000 | 55 | 829,170,000 | 16,397,000 | 51 | 8.91 | 11.16 |
| Colorado | 146,782,000 | 1,907,000 | 77 | 138,834,000 | 1,781,000 | 78 | 1.41 | .97 |
| Connecticut | 116,636,000 | 2,597,000 | 45 | 114,730,000 | 2,614,000 | 44 | 1.12 | 2.22 |
| Delaware | 21,041,000 | 469,000 | 45 | 21,948,000 | 458,000 | 48 | .20 | .52 |
| District of Columbia | 103,870,000 | 784,000 | 132 | 93,416,000 | 761,000 | 123 | 1.00 | .69 |
| Florida | 196,246,000 | 5,459,000 | 36 | 217,351,000 | 5,222,000 | 42 | 1.88 | 2.52 |
| Georgia | 246,184,000 | 4,100,000 | 60 | 243,724,000 | 3,987,000 | 61 | 2.37 | 1.33 |
| Hawaii | 64,373,000 | 693,000 | 93 | 51,144,000 | 657,000 | 73 | .61 | .34 |
| Idaho | 68,612,000 | 698,000 | 98 | 60,785,000 | 684,000 | 89 | .66 | .26 |
| Illinois | 459,018,000 | 10,146,000 | 45 | 457,511,000 | 10,258,000 | 45 | 4.41 | 6.93 |
| Indiana | 190,855,000 | 4,715,000 | 40 | 188,759,000 | 4,711,000 | 40 | 1.83 | 2.29 |
| Iowa | 145,346,000 | 2,777,000 | 52 | 139,719,000 | 2,779,000 | 50 | 1.39 | 1.15 |
| Kansas | 136,503,000 | 2,219,000 | 62 | 137,494,000 | 2,194,000 | 63 | 1.31 | .96 |
| Kentucky | 194,096,000 | 3,082,000 | 63 | 172,841,000 | 3,076,000 | 56 | 1.86 | 1.03 |
| Louisiana | 272,377,000 | 3,330,000 | 82 | 245,904,000 | 3,321,000 | 74 | 2.62 | 1.23 |
| Maine | 52,482,000 | 999,000 | 53 | 53,893,000 | 992,000 | 54 | .50 | .44 |
| Maryland | 154,031,000 | 3,191,000 | 48 | 130,189,000 | 3,188,000 | 41 | 1.48 | 1.94 |
| Massachusetts | 289,845,000 | 5,161,000 | 56 | 262,630,000 | 5,234,000 | 50 | 2.79 | 3.53 |
| Michigan | 346,543,000 | 7,991,000 | 43 | 356,158,000 | 7,954,000 | 45 | 3.33 | 4.47 |
| Minnesota | 208,469,000 | 3,475,000 | 60 | 211,785,000 | 3,470,000 | 61 | 2.00 | 1.64 |
| Mississippi | 147,778,000 | 2,248,000 | 66 | 154,098,000 | 2,215,000 | 70 | 1.42 | .46 |
| Missouri | 276,935,000 | 4,346,000 | 64 | 258,409,000 | 4,378,000 | 59 | 2.66 | 2.28 |
| Montana | 77,009,000 | 709,000 | 109 | 73,538,000 | 682,000 | 108 | .74 | .30 |
| Nebraska | 91,451,000 | 1,484,000 | 62 | 100,937,000 | 1,431,000 | 71 | .88 | .65 |
| Nevada | 32,238,000 | 335,000 | 96 | 28,015,000 | 299,000 | 94 | .31 | .21 |
| New Hampshire | 39,531,000 | 632,000 | 63 | 38,043,000 | 621,000 | 61 | .38 | .33 |
| New Jersey | 211,557,000 | 6,245,000 | 34 | 193,745,000 | 6,244,000 | 31 | 2.03 | 4.29 |
| New Mexico | 92,054,000 | 1,020,000 | 90 | 96,301,000 | 983,000 | 98 | .88 | .37 |
| New York | 737,852,000 | 17,402,000 | 42 | 660,045,000 | 17,033,000 | 39 | 7.10 | 13.54 |
| North Carolina | 211,414,000 | 4,731,000 | 45 | 194,843,000 | 4,614,000 | 42 | 2.03 | 1.45 |
| North Dakota | 81,138,000 | 642,000 | 126 | 85,230,000 | 640,000 | 133 | .78 | .21 |
| Ohio | 454,412,000 | 10,097,000 | 45 | 429,586,000 | 9,876,000 | 43 | 4.37 | 5.74 |
| Oklahoma | 222,016,000 | 2,448,000 | 91 | 215,277,000 | 2,360,000 | 91 | 2.13 | .94 |
| Oregon | 154,710,000 | 1,864,000 | 83 | 136,430,000 | 1,799,000 | 76 | 1.48 | .95 |
| Pennsylvania | 456,403,000 | 11,376,000 | 40 | 450,156,000 | 11,468,000 | 39 | 4.39 | 6.92 |
| Rhode Island | 47,062,000 | 865,000 | 54 | 47,139,000 | 867,000 | 54 | .45 | .52 |
| South Carolina | 114,767,000 | 2,436,000 | 47 | 121,705,000 | 2,407,000 | 51 | 1.10 | .65 |
| South Dakota | 89,798,000 | 721,000 | 125 | 82,559,000 | 690,000 | 120 | .86 | .22 |
| Tennessee | 224,393,000 | 3,634,000 | 62 | 223,916,000 | 3,615,000 | 62 | 2.16 | 1.19 |
| Texas | 500,295,000 | 10,116,000 | 49 | 485,855,000 | 9,788,000 | 50 | 4.81 | 4.26 |
| Utah | 76,060,000 | 967,000 | 79 | 74,181,000 | 916,000 | 81 | .73 | .37 |
| Vermont | 49,795,000 | 390,000 | 128 | 36,338,000 | 395,000 | 92 | .47 | .17 |
| Virginia | 184,179,000 | 4,177,000 | 44 | 163,301,000 | 4,059,000 | 40 | 1.77 | 1.70 |
| Washington | 187,303,000 | 3,006,000 | 62 | 170,827,000 | 2,902,000 | 59 | 1.80 | 1.58 |
| West Virginia | 113,364,000 | 1,773,000 | 64 | 112,416,000 | 1,850,000 | 61 | 1.09 | .68 |
| Wisconsin | 171,272,000 | 4,092,000 | 42 | 163,183,000 | 4,022,000 | 41 | 1.64 | 2.07 |
| Wyoming | 60,505,000 | 365,000 | 166 | 57,403,000 | 338,000 | 170 | .58 | .18 |
| Territories | 163,599,000 | | | 137,349,000 | | | | |
| Undistributed | 259,686,000 | | | 216,439,000 | | | | |
| Total | 10,385,550,000 | 185,822,000 | 56 | 9,826,279,000 | 182,953,000 | 54 | 100.00 | 100.00 |

[1] Computed by Tax Foundation, Inc.

Source: Treasury Department, Census Bureau.

TABLE IV.—*Fiscal 1962 Federal grants-in-aid—State breakdown of 14 largest programs* [1]

| | Highways (1) | Public assistance (2) | Unemployment insurance (3) | Public health research and services (4) | Food distribution (5) | Education (6) | Agricultural conservation (7) |
|---|---|---|---|---|---|---|---|
| Alabama | $64, 757, 712 | $70, 767, 230 | $9, 710, 340 | $8, 164, 450 | $17, 166, 602 | $10, 680, 774 | $11, 371, 627 |
| Alaska | 16, 174, 101 | 1, 880, 804 | 3, 972, 965 | 4, 066, 049 | 311, 932 | 9, 434, 372 | 67, 583 |
| Arizona | 39, 024, 879 | 17, 609, 991 | 7, 066, 958 | 3, 499, 649 | 5, 102, 501 | 8, 751, 691 | 1, 799, 911 |
| Arkansas | 33, 828, 076 | 36, 392, 792 | 7, 335, 077 | 6, 970, 606 | 14, 375, 351 | 6, 822, 399 | 12, 667, 477 |
| California | 275, 233, 574 | 262, 802, 735 | 121, 409, 226 | 58, 671, 121 | 28, 153, 274 | 70, 324, 603 | 8, 102, 355 |
| Colorado | 32, 856, 998 | 41, 541, 879 | 7, 232, 533 | 8, 199, 397 | 5, 547, 069 | 13, 633, 317 | 13, 691, 590 |
| Connecticut | 34, 161, 298 | 21, 393, 202 | 14, 613, 455 | 10, 403, 576 | 4, 524, 357 | 8, 091, 781 | 536, 053 |
| Delaware | 4, 701, 439 | 2, 962, 397 | 1, 908, 827 | 1, 441, 636 | 1, 644, 749 | 1, 827, 931 | 672, 718 |
| District of Columbia | 19, 168, 701 | 10, 436, 698 | 6, 488, 544 | 9, 762, 736 | 2, 846, 399 | 9, 204, 355 | ---------- |
| Florida | 42, 723, 565 | 63, 068, 499 | 16, 147, 806 | 15, 002, 231 | 13, 392, 557 | 13, 648, 045 | 5, 328, 638 |
| Georgia | 61, 141, 748 | 69, 226, 902 | 13, 807, 813 | 13, 461, 846 | 14, 417, 376 | 12, 762, 152 | 19, 646, 310 |
| Hawaii | 6, 902, 319 | 4, 957, 263 | 4, 963, 977 | 3, 079, 038 | 1, 953, 919 | 11, 268, 792 | 135, 971 |
| Idaho | 26, 978, 168 | 8, 791, 295 | 4, 616, 776 | 2, 031, 402 | 1, 736, 369 | 3, 072, 306 | 7, 185, 187 |
| Illinois | 141, 833, 283 | 121, 809, 066 | 49, 737, 063 | 34, 296, 170 | 22, 273, 435 | 19, 998, 079 | 17, 195, 597 |
| Indiana | 67, 528, 736 | 26, 929, 148 | 24, 694, 977 | 11, 420, 907 | 13, 460, 224 | 11, 664, 624 | 15, 156, 076 |
| Iowa | 38, 463, 749 | 32, 922, 331 | 5, 878, 495 | 9, 044, 684 | 10, 482, 046 | 6, 691, 312 | 23, 332, 181 |
| Kansas | 36, 828, 187 | 27, 552, 981 | 6, 927, 069 | 7, 362, 689 | 5, 861, 666 | 10, 956, 976 | 24, 385, 798 |
| Kentucky | 58, 793, 626 | 52, 414, 128 | 12, 898, 178 | 9, 742, 517 | 22, 085, 547 | 5, 069, 337 | 14, 075, 697 |
| Louisiana | 63, 283, 941 | 119, 290, 834 | 13, 950, 662 | 12, 264, 355 | 18, 111, 885 | 6, 430, 876 | 7, 474, 709 |
| Maine | 13, 605, 463 | 14, 217, 593 | 4, 079, 737 | 2, 606, 267 | 3, 793, 765 | 3, 783, 098 | 2, 516, 387 |
| Maryland | 44, 354, 374 | 22, 596, 709 | 14, 971, 377 | 21, 337, 392 | 7, 482, 326 | 14, 489, 673 | 2, 796, 734 |
| Massachusetts | 61, 348, 995 | 79, 086, 059 | 30, 706, 705 | 50, 580, 589 | 10, 667, 424 | 24, 956, 087 | 613, 225 |
| Michigan | 98, 913, 908 | 75, 292, 875 | 35, 636, 316 | 22, 033, 946 | 35, 690, 378 | 16, 060, 861 | 14, 739, 168 |
| Minnesota | 58, 689, 455 | 42, 289, 892 | 13, 275, 367 | 16, 199, 528 | 11, 402, 350 | 7, 332, 260 | 28, 844, 706 |
| Mississippi | 35, 612, 372 | 38, 271, 464 | 7, 336, 885 | 8, 361, 498 | 19, 035, 327 | 5, 290, 579 | 11, 529, 375 |
| Missouri | 79, 366, 607 | 90, 345, 510 | 15, 081, 207 | 16, 581, 384 | 16, 006, 697 | 9, 576, 648 | 21, 084, 984 |
| Montana | 33, 901, 962 | 6, 392, 088 | 4, 289, 545 | 2, 143, 262 | 2, 187, 116 | 4, 244, 092 | 10, 438, 369 |
| Nebraska | 29, 237, 594 | 15, 032, 192 | 3, 881, 943 | 4, 145, 739 | 2, 819, 482 | 5, 626, 653 | 18, 270, 850 |
| Nevada | 16, 277, 380 | 2, 863, 882 | 2, 701, 590 | 1, 405, 608 | 419, 146 | 2, 805, 970 | 412, 708 |
| New Hampshire | 17, 442, 822 | 4, 894, 512 | 2, 852, 922 | 2, 959, 877 | 1, 684, 713 | 3, 246, 091 | 711, 076 |
| New Jersey | 69, 906, 897 | 34, 594, 122 | 33, 234, 731 | 10, 155, 966 | 8, 674, 661 | 13, 982, 457 | 1, 586, 556 |
| New Mexico | 22, 041, 363 | 17, 100, 995 | 4, 704, 153 | 3, 159, 356 | 6, 628, 332 | 9, 523, 301 | 9, 542, 362 |
| New York | 141, 663, 543 | 211, 539, 249 | 112, 819, 954 | 86, 824, 069 | 47, 025, 231 | 35, 698, 972 | 11, 515, 602 |
| North Carolina | 42, 930, 433 | 60, 760, 400 | 16, 022, 653 | 21, 694, 979 | 18, 155, 009 | 13, 016, 078 | 11, 837, 825 |
| North Dakota | 16, 480, 744 | 8, 745, 564 | 2, 884, 454 | 3, 077, 825 | 2, 255, 491 | 3, 646, 702 | 34, 706, 243 |
| Ohio | 175, 431, 827 | 95, 331, 386 | 50, 628, 402 | 26, 355, 924 | 28, 474, 233 | 19, 303, 229 | 15, 345, 820 |
| Oklahoma | 35, 267, 726 | 88, 683, 458 | 9, 649, 245 | 7, 952, 692 | 17, 138, 908 | 13, 299, 107 | 24, 912, 946 |
| Oregon | 50, 163, 326 | 22, 004, 094 | 11, 428, 435 | 11, 971, 579 | 6, 202, 653 | 7, 427, 539 | 5, 952, 135 |
| Pennsylvania | 98, 801, 465 | 108, 467, 523 | 53, 774, 421 | 41, 370, 039 | 46, 500, 292 | 21, 560, 383 | 10, 890, 862 |
| Rhode Island | 8, 491, 934 | 12, 179, 766 | 6, 460, 597 | 4, 079, 757 | 1, 644, 819 | 5, 094, 151 | 81, 347 |
| South Carolina | 34, 071, 133 | 22, 533, 181 | 7, 001, 871 | 7, 411, 400 | 7, 647, 086 | 7, 425, 401 | 11, 845, 639 |
| South Dakota | 36, 574, 494 | 9, 324, 652 | 1, 895, 646 | 2, 194, 149 | 2, 764, 207 | 4, 925, 287 | 24, 116, 649 |
| Tennessee | 67, 880, 923 | 44, 971, 345 | 14, 924, 832 | 14, 016, 450 | 19, 377, 806 | 9, 262, 431 | 13, 135, 067 |
| Texas | 128, 734, 600 | 139, 252, 153 | 31, 120, 182 | 26, 150, 663 | 28, 834, 778 | 25, 306, 418 | 62, 832, 854 |
| Utah | 27, 403, 222 | 10, 705, 047 | 5, 854, 613 | 5, 368, 735 | 3, 244, 353 | 5, 735, 128 | 4, 397, 849 |
| Vermont | 29, 734, 916 | 5, 011, 049 | 2, 442, 792 | 2, 805, 205 | 1, 420, 797 | 1, 140, 830 | 1, 541, 715 |
| Virginia | 76, 081, 512 | 22, 442, 362 | 6, 971, 327 | 13, 704, 883 | 11, 862, 478 | 20, 961, 836 | 7, 048, 703 |
| Washington | 56, 446, 808 | 44, 869, 782 | 14, 195, 097 | 12, 291, 117 | 11, 190, 140 | 15, 798, 087 | 6, 840, 331 |
| West Virginia | 22, 047, 675 | 44, 703, 088 | 5, 894, 684 | 3, 585, 985 | 17, 625, 790 | 2, 906, 904 | 2, 584, 588 |
| Wisconsin | 55, 160, 386 | 33, 561, 508 | 9, 552, 284 | 16, 481, 550 | 11, 581, 719 | 9, 087, 697 | 16, 271, 668 |
| Wyoming | 27, 751, 237 | 2, 928, 690 | 2, 344, 189 | 899, 393 | 1, 166, 246 | 2, 153, 790 | 3, 509, 298 |
| Puerto Rico | 3, 707, 781 | 8, 962, 962 | 7, 695, 628 | 2, 959, 169 | 21, 534, 789 | 3, 990, 605 | 993, 957 |
| Virgin Islands | ---------- | 303, 994 | 143, 459 | 69, 354 | 201, 797 | 347, 071 | ---------- |
| Other territories | ---------- | 124, 548 | 28, 221 | 18, 345, 621 | 406, 810 | 1, 764, 482 | ---------- |
| Undistributed | 5, 930, 330 | ---------- | 7, 219, 361 | ---------- | 18, 823, 664 | 11, 014, 716 | ---------- |
| Total | 2, 782, 839, 810 | 2, 433, 133, 869 | 887, 065, 569 | 720, 166, 039 | 653, 018, 071 | 601, 848, 336 | 576, 773, 076 |

| | National Guard (8) | Public and rural housing and urban renewal (9) | Conservation practices (10) | Veterans benefits (11) | Agricultural experimental stations and cooperative agricultural extension work (12) | Vocational rehabilitation (13) | Child care (14) |
|---|---|---|---|---|---|---|---|
| Alabama | $8, 664, 336 | $9, 255, 007 | $2, 911, 298 | $5, 372, 251 | $3, 045, 220 | $2, 694, 893 | $1, 933, 259 |
| Alaska | 3, 373, 752 | 733, 309 | 5, 336, 574 | 59, 042 | 373, 110 | 156, 704 | 392, 469 |
| Arizona | 3, 985, 883 | 414, 219 | 2, 465, 771 | 1, 580, 199 | 817, 965 | 665, 225 | 417, 296 |
| Arkansas | 5, 927, 956 | 1, 140, 327 | 2, 677, 174 | 1, 763, 331 | 2, 456, 351 | 1, 970, 889 | 1, 073, 996 |
| California | 20, 792, 987 | 20, 295, 435 | 10, 062, 566 | 19, 658, 730 | 2, 511, 786 | 5, 092, 695 | 3, 988, 387 |
| Colorado | 4, 666, 062 | 1, 407, 854 | 4, 564, 510 | 2, 254, 039 | 1, 122, 230 | 1, 031, 211 | 935, 978 |
| Connecticut | 6, 386, 754 | 10, 400, 368 | 540, 436 | 2, 253, 023 | 694, 660 | 457, 871 | 1, 021, 068 |
| Delaware | 3, 006, 721 | 1, 179, 938 | 277, 336 | 227, 951 | 441, 152 | 212, 024 | 335, 350 |
| District of Columbia | 2, 385, 828 | 9, 013, 360 | ---------- | 2, 293, 357 | ---------- | 1, 174, 619 | 695, 641 |
| Florida | 5, 105, 196 | 3, 107, 440 | 1, 476, 000 | 6, 643, 995 | 1, 215, 834 | 2, 684, 004 | 1, 812, 134 |
| Georgia | 10, 244, 898 | 12, 894, 456 | 2, 785, 481 | 5, 698, 979 | 3, 169, 128 | 3, 613, 412 | 2, 133, 004 |
| Hawaii | 8, 312, 676 | 5, 530, 750 | 232, 901 | 317, 905 | 597, 333 | 470, 453 | 477, 678 |
| Idaho | 3, 504, 631 | 21, 976 | 1, 992, 190 | 541, 206 | 850, 590 | 230, 010 | 448, 792 |
| Illinois | 10, 327, 973 | 23, 423, 616 | 645, 048 | 5, 621, 407 | 2, 703, 275 | 3, 340, 127 | 2, 142, 779 |
| Indiana | 6, 330, 155 | 3, 071, 495 | 1, 228, 957 | 3, 027, 712 | 2, 348, 710 | 728, 166 | 1, 447, 174 |
| Iowa | 7, 387, 059 | 1, 452, 370 | 1, 442, 482 | 2, 025, 201 | 2, 516, 387 | 1, 253, 149 | 1, 121, 663 |
| Kansas | 5, 664, 568 | 3, 353, 852 | 1, 409, 746 | 1, 743, 772 | 1, 794, 333 | 998, 113 | 851, 279 |
| Kentucky | 3, 804, 244 | 4, 110, 504 | 2, 152, 995 | 2, 230, 032 | 3, 032, 074 | 857, 098 | 1, 505, 842 |
| Louisiana | 5, 381, 411 | 4, 368, 109 | 2, 094, 262 | 3, 684, 602 | 2, 026, 284 | 2, 257, 810 | 1, 496, 179 |
| Maine | 3, 736, 829 | 309, 192 | 600, 752 | 555, 341 | 805, 326 | 413, 173 | 482, 578 |
| Maryland | 7, 053, 223 | 11, 602, 377 | 572, 150 | 2, 128, 955 | 1, 049, 973 | 818, 073 | 1, 521, 613 |
| Massachusetts | 9, 966, 173 | 7, 798, 639 | 472, 606 | 5, 108, 162 | 916, 631 | 2, 351, 763 | 1, 462, 760 |
| Michigan | 11, 848, 016 | 15, 195, 063 | 1, 805, 281 | 5, 453, 991 | 2, 543, 329 | 2, 455, 120 | 2, 686, 325 |
| Minnesota | 8, 681, 861 | 5, 087, 666 | 1, 751, 486 | 3, 119, 600 | 2, 340, 451 | 2, 093, 187 | 1, 678, 478 |
| Mississippi | 7, 523, 421 | 1, 734, 474 | 3, 749, 489 | 1, 696, 153 | 3, 119, 395 | 1 187, 000 | 1, 552, 677 |
| Missouri | 6, 908, 671 | 9, 347, 388 | 1, 391, 951 | 3, 337 277 | 2, 711, 736 | 1, 658, 681 | 1, 376, 834 |
| Montana | 3, 663, 662 | 225, 725 | 3, 489, 226 | 689, 079 | 952, 738 | 372, 512 | 454, 571 |
| Nebraska | 3, 449, 205 | 371, 656 | 874, 575 | 1, 005, 503 | 1, 523, 348 | 556, 629 | 446, 082 |
| Nevada | 2, 030, 023 | 327, 050 | 1, 115, 406 | 137, 600 | 462, 015 | 85, 818 | 277, 207 |
| New Hampshire | 2, 513, 601 | 982, 800 | 532, 104 | 373, 605 | 532, 309 | 142, 930 | 332, 989 |
| New Jersey | 10, 259, 997 | 17, 438, 842 | 463, 640 | 3, 354, 191 | 909, 478 | 1, 442, 421 | 1, 049, 525 |
| New Mexico | 3, 919, 882 | 171, 434 | 10, 385, 069 | 1, 043, 432 | 832, 179 | 282, 229 | 633, 096 |
| New York | 20, 228, 570 | 36, 605, 871 | 2, 180, 896 | 9, 680, 213 | 2, 620, 834 | 9, 288, 681 | 3, 466, 780 |
| North Carolina | 5, 355, 953 | 5, 530, 570 | 1, 704, 980 | 2, 695, 966 | 4, 129, 468 | 2, 686, 311 | 2, 614, 442 |
| North Dakota | 3, 223, 254 | 266, 372 | 1, 360, 829 | 553, 583 | 1, 110, 013 | 402, 960 | 415, 357 |

See footnotes at end of table.

TABLE IV.—*Fiscal 1962 Federal grants-in-aid—State breakdown of 14 largest programs* [1]—Continued

| | National Guard (8) | Public and rural housing and urban renewal (9) | Conservation practices (10) | Veterans benefits (11) | Agricultural experimental stations and cooperative agricultural extension work (12) | Vocational rehabilitation (13) | Child care (14) |
|---|---|---|---|---|---|---|---|
| Ohio | $10,525,849 | $14,041,920 | $789,143 | $5,611,061 | $3,077,320 | $2,246,545 | $2,858,559 |
| Oklahoma | 6,202,275 | 155,954 | 7,952,613 | 3,133,663 | 2,106,927 | 1,698,073 | 1,031,684 |
| Oregon | 4,925,596 | 1,379,282 | 27,111,476 | 1,619,240 | 1,208,886 | 809,779 | 657,579 |
| Pennsylvania | 15,333,325 | 30,075,608 | 1,688,290 | 8,794,987 | 3,202,922 | 6,393,174 | 3,548,952 |
| Rhode Island | 3,628,364 | 2,504,710 | 127,155 | 688,600 | 415,254 | 551,859 | 518,958 |
| South Carolina | 5,412,741 | 1,435,866 | 1,547,612 | 2,448,858 | 2,262,952 | 1,384,300 | 1,510,508 |
| South Dakota | 3,796,471 | | 633,271 | 573,493 | 1,104,552 | 336,982 | 334,361 |
| Tennessee | 9,374,286 | 13,494,944 | 6,330,982 | 3,129,772 | 3,055,982 | 2,004,090 | 1,907,800 |
| Texas | 13,350,583 | 11,103,383 | 10,819,255 | 7,891,448 | 4,722,656 | 2,497,996 | 3,734,447 |
| Utah | 4,343,148 | 33,900 | 3,829,587 | 1,600,043 | 767,546 | 453,189 | 459,960 |
| Vermont | 3,738,866 | 33,507 | 254,508 | 317,519 | 576,017 | 296,506 | 343,589 |
| Virginia | 5,987,598 | 8,686,758 | 1,245,040 | 1,748,114 | 2,554,931 | 1,810,657 | 1,920,454 |
| Washington | 7,019,811 | 1,907,653 | 5,845,703 | 3,291,413 | 1,450,746 | 1,076,675 | 1,013,914 |
| West Virginia | 4,123,923 | 582,982 | 1,321,275 | 1,495,728 | 1,705,164 | 1,668,833 | 1,114,344 |
| Wisconsin | 6,825,916 | 1,626,869 | 1,562,294 | 2,735,397 | 2,379,322 | 1,460,847 | 1,358,462 |
| Wyoming | 2,115,501 | 5,670 | 14,322,251 | 204,755 | 652,140 | 115,066 | 337,116 |
| Puerto Rico | 4,531,779 | 8,241,505 | 27,760 | 2,054,644 | 2,309,385 | 1,129,490 | 273,650 |
| Virgin Islands | | 275,676 | 40,434 | | | 27,498 | |
| Other territories [2] | | 259 | 30,370 | 3,824,638 | | 67,074 | 1,754,532 |
| Undistributed | 207,620,327 | | 7,323 | | 8,926,184 | | |
| Total | 554,471,790 | 323,760,947 | 162,232,510 | 159,092,758 | 100,757,531 | 82,154,594 | 69,359,951 |

[1] The figures presented in each column are the total of numerous separate grant programs. The component parts of each column are listed on table V, with national totals.

[2] Includes American Samoa, Canal Zone, Guam, Trust Territory of the Pacific Islands, and certain foreign countries.

Source: Treasury Department.

HOW PROGRAMS WORK

Many factors help to account for the uneven distribution of grants-in-aid, both within programs and as between programs. Allocation formulas vary from one program to the next; some, like the public assistance programs administered by the Department of Health, Education, and Welfare, are "intended to provide the highest percentages of Federal participation to the low-income States, which generally have relatively large proportions of needy people and make relatively low assistance payments," according to HEW. Such programs redistribute income, in effect, from high-income to low-income States.

Other programs, like readjustment benefits paid to veterans, result in allocations that vary largely according to population. Another type of program tends to benefit some States much more than others because of the less-than-national character of the need to be met. This is true of payments to farmers under agricultural conservation programs, of primary benefit in the South and Midwest; and of urban renewal and public housing payments, concentrated in the more urban States.

Following are the formulas governing allocation of funds under certain typical grant programs.

Highways: Two formulas apply. Funds for primary, secondary, and urban roads (the so-called ABC system), are distributed as follows: one-third in the ratio of a State's area to total U.S. area; one-third in the ratio of a State's rural population to total U.S. rural population in 1940; and one-third in the ratio of a State's rural delivery and star route mileage to total such mileage in the United States. Funds for the Interstate System were distributed for fiscal 1957–59 as follows: one-half according to population and one-half according to the foregoing formula for ABC roads. This was then revised to conform with new estimates of the cost to complete the system. States must match Federal grants for ABC roads dollar for dollar, but 90 percent of the cost of the Interstate System is met with Federal funds.

Old-age assistance: Federal funds equal four-fifths of the first $31 of a maximum average monthly payment of $66 per recipient plus a percentage of the next $35 of such average payment, which varies according to the average per capita income in the State for the most recent 3 years; except that the Federal share of payments in any State shall not be less than 50 percent nor more than 65 percent. Unlike the highway programs, in which total Federal grants are limited by congressional authorization, old-age assistance is an open-end program in which total Federal grants are limited only by the "load" of persons qualifying for assistance under the various State programs.

Hospital construction: Under the Hill-Burton Act of 1946, Federal grants for construction of hospitals and medical facilities are allotted to the States in the ratio which the population of each State, weighted by the square of its allotment percentage, bears to the sum of the corresponding products of weighted populations for all of the States. The allotment percentage is tied to a State's per capita income. Total Federal grants are limited by appropriations; matching requirements vary according to a State's fiscal ability, ranging from one-third to two-thirds of project costs.

Pollution control: Grants for the construction of waste treatment facilities, limited to a maximum of 30 percent of cost or $600,000 for any single project, are allotted to the States as follows: one-half according to population and one-half according to per capita income. Total grants under the program are limited to the amount of the authorization—$80 million for fiscal 1962, $90 million for fiscal 1963, and $100 million for each of fiscal years 1964–67.

School aid: Grants to build and operate schools have been paid since 1950 to school districts overburdened by Federal activities in their areas. Neither of the two laws governing the program requires allocation of funds by State or local matching; total grants are limited only by the extent of demand. Payments are related to per-pupil costs in the areas affected and vary with the category of children involved, being higher for those whose parents both work and live on Federal property than for those whose parents either work or live on Federal property.

Airport construction: Federal grants to pay one-half the cost of building airports were authorized in 1946; a 3-year extension enacted in 1961 authorized total grants of $75 million per year, of which $50 million is allocated to the States according to their area and population, and $17 million at the discretion of the Federal Aviation Agency, and the rest used for special purposes.

TABLE V.—*Breakdown of 110 Federal grant-in-aid programs with fiscal 1962 spending totals, as arranged by CQ categories*

| | |
|---|---|
| Highways: | |
| Federal-aid highways trust fund | $2,751,950,343 |
| Other (forest roads; public lands highways) | 30,889,467 |
| Total | 2,782,839,810 |
| Public assistance: | |
| Old-age assistance | 1,233,078,598 |
| Aid to dependent children | 836,954,495 |
| Aid to permanently disabled | 196,947,709 |
| Aid to the blind | 46,304,414 |
| Medical assistance for the aged | 118,855,403 |
| Assistance to U.S. nationals (repatriated) | 452,652 |
| Cooperative research (Social Security Administration) | 540,598 |
| Total | 2,433,133,869 |
| Unemployment insurance: | |
| Unemployment Compensation and Employment Service Administration (trust fund) | 448,724,728 |
| Unemployment compensation for Federal employees and exservicemen | 134,408,572 |
| Temporary extended unemployment compensation (trust fund) | 303,932,269 |
| Total | 887,065,569 |
| Public Health (research): | |
| Health research facilities | 1,033,902 |
| Arthritis and metabolic disease activities | 53,529,330 |
| Neurology and blindness activities | 41,728,218 |
| National Cancer Institute | 51,152,945 |
| National Institute of Dental Research | 7,904,459 |
| Allergy and infectious disease activities | 33,243,270 |
| National Heart Institute | 67,319,742 |
| Mental health activities | 66,846,801 |
| General research and services | 75,605,244 |

TABLE V.—*Breakdown of 110 Federal grant-in-aid programs with fiscal 1962 spending totals, as arranged by CQ categories*—Con.

| | |
|---|---|
| Public Health (research)—Continued | |
| Nursing services and resources | $6,466,211 |
| Chronic disease and health of the aged | 310,153 |
| Community health practices and research | 4,129,093 |
| Accident prevention | 937,435 |
| Air pollution | 1,634,162 |
| Milk, food, interstate and community sanitation | 2,212,838 |
| Occupational health | 1,211,850 |
| Radiological health | 1,335,815 |
| Water supply and water pollution control | 1,809,408 |
| Hospital and medical facility research | 925,805 |
| General research support grants | 15,000,055 |
| Construction of health research facilities | 29,978,351 |
| Total | 464,315,087 |
| Public Health (services): | |
| Control of venereal disease | 2,568,834 |
| Control of tuberculosis | 4,001,003 |
| Community health practices and research | 15,785,357 |
| Mental health activities | 6,650,161 |
| National Cancer Institute | 3,436,142 |
| National Heart Institute | 4,566,458 |
| Water supply and water pollution control | 4,355,961 |
| Chronic disease and health of the aged | 4,808,440 |
| Hospital activities (construction) | 167,575,281 |
| Waste treatment works (construction) | 42,103,315 |
| Total | 255,850,952 |
| Public health services and research total | 720,166,039 |
| Food distribution: | |
| School lunch program | 167,501,083 |
| Food stamp program | 13,152,695 |
| Value of commodities distributed | 181,832,875 |
| Value of commodities donated | 199,904,523 |
| Special milk program | 90,626,895 |
| Total | 653,018,071 |
| Education: | |
| Colleges of agriculture and mining | 14,519,000 |
| Cooperative vocational education | 40,178,617 |
| Assistance for school construction (impacted areas) | 42,084,492 |
| Maintenance and operation of schools (impacted areas) | 226,307,926 |
| Library services | 8,196,654 |
| Defense education activities | 65,833,507 |
| Expansion of teaching in education of the mentally retarded (to States) | 554,382 |
| Expansion of teaching in education of the mentally retarded (to individuals) | 361,422 |
| Defense education activities | 40,530,653 |
| Cooperative research | 3,724,461 |
| Fellowships and assistance to schools (Atomic Energy Commission) | 8,850,506 |
| Research grants awards (National Science Foundation) | 140,501,848 |

TABLE V.—*Breakdown of 110 Federal grant-in-aid programs with fiscal 1962 spending totals, as arranged by CQ categories*—Con.

| | |
|---|---|
| Education—Continued | |
| Fellowship awards (National Science Foundation) | $10,204,868 |
| Total | 601,848,336 |
| Agricultural conservation: | |
| Agricultural conservation program | 237,850,237 |
| Conservation reserve program | 332,683,936 |
| Great Plains conservation program | 6,238,903 |
| Total | 576,773,076 |
| National Guard: | |
| Air Force | 217,724,712 |
| Army | 336,747,078 |
| Total | 554,471,790 |
| Public and rural housing and urban renewal: | |
| Urban renewal program | 162,532,113 |
| Urban planning assistance | 6,903,110 |
| Public Housing Administration (annual contributions) | 154,262,784 |
| Rural housing grants | 62,940 |
| Total | 323,760,947 |
| Conservation practices: | |
| National forest fund (shared revenues) | 25,279,109 |
| National grasslands (shared revenues) | 416,545 |
| State and private forestry cooperation | 14,026,413 |
| Watershed protection and flood prevention | 38,783,821 |
| Lease of flood control lands (shared revenues) | 1,611,813 |
| Federal aid in wildlife restoration, fish restoration, and management | 19,792,421 |
| Migratory Bird Conservation Act, etc | 497,655 |
| Mineral Leasing Act | 39,065,885 |
| Special funds (shared revenues) | 16,018,695 |
| Tennessee Valley Authority (shared revenues) | 6,740,153 |
| Total | 162,232,510 |
| Veterans benefits: | |
| State homes for soldiers and sailors | 7,365,937 |
| Approval and supervision of training establishments | 1,086,303 |
| Automobiles, etc., for disabled veterans | 668,838 |
| Readjustment benefits and vocational rehabilitation | 149,971,680 |
| Total | 159,092,758 |
| Agricultural extension work, research: | |
| Agricultural experimental stations | 34,460,282 |
| Cooperative agricultural extension work | 66,297,249 |
| Total | 100,757,531 |
| Vocational rehabilitation: | |
| Office of vocational rehabilitation | 65,077,625 |
| Grants for special projects | 7,612,908 |
| Training and traineeships | 9,464,061 |
| Total | 82,154,594 |

TABLE V.—*Breakdown of 110 Federal grant-in-aid programs with fiscal 1962 spending totals, as arranged by CQ categories*—Con.

| | |
|---|---|
| Child care: | |
| Maternal and child health services (to State) | $23,851,671 |
| Services for crippled children (to State) | 24,091,677 |
| Child welfare services (to State) | 18,645,853 |
| Maternal and child health services (to individuals) | 985,966 |
| Services for crippled children (to individuals) | 544,115 |
| Maternal and child welfare services (to individuals) | 131,304 |
| Juvenile delinquency and youth offenses | 1,109,365 |
| Total | 69,359,951 |
| Other programs: Following are the 14 programs not included in the broader categories listed above: | |
| Cooperative projects in marketing (Department of Agriculture) | 3,388,010 |
| State marine schools | 541,478 |
| Civil defense | 16,789,813 |
| Disaster relief | 14,381,924 |
| American Printing House for the Blind | 670,000 |
| White House Conference on Aging | 31,245 |
| Bureau of Indian Affairs | 7,571,190 |
| Federal airport program | 57,857,651 |
| Payments to States under Federal Power Act (shared revenues) | 54,261 |
| Grants for research and management counseling (SBA) | 444,848 |
| Miscellaneous grants [1] | 95,249,287 |
| Sugar Act program | 77,927,715 |
| State marine schools (subsistence for cadets) | 675,662 |
| Area Redevelopment Act | 3,354,161 |
| Total | 278,874,755 |

[1] Primarily Federal payments to the District of Columbia tax collections for Puerto Rico and the Virgin Islands and payments to certain U.S. territories.

## CIVIL RIGHTS MARCH

Mr. PROXMIRE. Mr. President, I suppose nearly every newspaper in America had a comment on the freedom march in Washington last week. One of the most thoughtful and in my judgment one of the finest editorials printed anywhere was written by the Milwaukee Journal. I shall read the first and last paragraphs of that fine editorial:

A quarter-million Negroes have just taught other Americans their finest lesson in the whole meaning of the first amendment "right of the people peaceably to assemble and to petition the Government for a redress of grievances."

The last paragraph reads:

The most dangerous error now would be to settle back with a sigh of relief and say, "Well, that's over." It isn't over; it has just begun. How far inside the door does crisis have to come before democracy will act to cure itself?

Mr. President, I ask unanimous consent that this fine editorial may be printed in the RECORD at this point.

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

THE AMERICAN WAY

A quarter-million Negroes have just taught other Americans their finest lesson in the whole meaning of the first amendment "right of the people peaceably to assemble and to petition the Government for a redress of grievances."

Wednesday's huge Washington demonstration added immeasurably to the dignity and impact of the onrushing struggle for Negro equality now. This was done by the superb self discipline of the marchers with no slightest loss of spontaneity and fervor and grim purpose.

The complacent white man who takes his freedom for granted, if he was thinking as he watched and listened Wednesday, must have envied these people their thrilling consciousness of freedom's worth. Those who still have to seek it do indeed know best what it is.

The great event was not least a triumph over the extremist and rabble rousing fringe of Negro leadership. Randolph and Wilkins and King are leading their race not against democracy but within it and for it, relying on its own processes. Their followers who thronged the capital are good Americans now, wanting only to be whole Americans.

One remark of Wilkins' perfectly expressed how their struggle seeks to serve democracy. Addressing himself sympathetically to southerners in and out of Congress who are merely afraid to speak and vote for Negro equality, he said with a little smile but not at all in jest: "We will emancipate you." The Negroes' cause is freedom for their white fellow citizens—freedom from fears and discriminations that deny it to others.

Heartening was the prominent role of religious leaders of all faiths. For the pendency of civil rights legislation in Congress was only the pretext of the march. Primarily it was a call to national conscience, a "massive thrust," in Randolph's phrase, to stir the whole American people into awareness of a righteous and imperative cause. It achieved that effect dramatically.

Through TV's "equal time" coverage the country could hardly have failed to note how pathetic, and foreboding, were the comments of the Southern and even some Northern Senate leaders, instinctively mouthing the same tired old nonsense about how Congress won't be intimidated and how comparatively well off American Negroes are.

The most dangerous error now would be to settle back with a sigh of relief and say, "Well, that's over." It isn't over; it has just begun. How far inside the door does crisis have to come before democracy will act to cure itself?

Mr. PROXMIRE. Mr. President, I also ask unanimous consent that a thoughtful, sensitive, penetrating analysis of the civil rights march, written by Ira Kapenstein, an outstanding reporter for the Milwaukee Journal, may be printed in the RECORD.

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

CIVIL RIGHTS MARCH WON'T BE FORGOTTEN—DEMONSTRATION WAS ORDERLY, INSPIRING, DEEPLY SADDENING, WRITER SAYS

(By Ira Kapenstein)

WASHINGTON, D.C.—The civil rights revolution engulfed the Nation's Capital Wednesday.

It was peaceful. It was orderly. It was so poignant, so dramatic that it will never be forgotten.

"We Shall Overcome," sang the marchers, some 200,000 strong. They sang with emotion, with conviction. The melody lingers on. It will reverberate for generations to come.

In a city where history is made every day, a whole new chapter was written. The greatest civil rights demonstration ever held left an indelible imprint.

It was tremendously inspiring, yet deeply saddening.

Inspiring because a people was rising up in a peaceful way to demand what they believe is due them.

DEMOCRACY AT WORK

Saddening because 100 years after the abolition of slavery hundreds of thousands of Negroes had to come to the Lincoln Memorial to demand equal rights.

It was democracy at work. The splendid success of the march on Washington was in its peacefulness. The demonstrators, black, and white, did themselves proud.

There were no riots, no ugly incidents. The marchers left Washington as they had found it—in peace.

Only the weeks and months ahead will tell whether the march accomplished its primary goal of persuading Congress to adopt strong civil rights legislation in this session. But the civil rights leaders certainly could not have hurt their cause.

The 150 Members of Congress who went to the rally—and the 385 who did not attend—could not help but be shaken by the great tidal wave that swept across Washington Wednesday.

The message was clear: It was "freedom now" and it was "pass the bill" and it was "the world is watching."

UNFORGETTABLE SCENE

The scene at the Lincoln Memorial was unforgettable. As far as the eye could see, from the top of the memorial steps, the multitude was packed together. They filled the memorial grounds so tightly that hundreds fainted and had to be carried off over the heads of other demonstrations.

They converged on either side of the Reflecting Pool, almost all the way back to the Washington Monument. They overflowed toward Constitution Avenue on one side and Independence Avenue on the other.

The demonstrators were under great physical strain. Many of them had ridden buses or trains all night. They stood for several hours on the Monument Grounds before the march began. They walked the eight-tenths of a mile to the memorial in a hushed pilgrimage. Then they stood for another 4 hours or more.

After it was all over, they went back to their buses or trains or cars for the long rides home. A few more affluent ones flew.

MAHALIA JACKSON STOPS SHOW

But it was hard to find anyone who complained. They knew that what they had set out to do had been done so well. The many weeks of tremendous preparation had paid off.

In the montage of the day's climactic events, there is one picture that stands out with clarity. It is of Mahalia Jackson.

The Negro gospel singer stopped the show. She captured the hearts of the people. She sent their spirits soaring. When she was done, the tempo of the rally had quickened so much that it was breathtaking.

Miss Jackson sang one song with such great emotion that the crowd would not let her go. She was brought back for an encore. She was given the mightiest ovation of the day.

The words of Miss Jackson's songs were hard to distinguish over the loud speaker system, but it mattered little. The rhythm, the spirit, the love came through so clearly that it brought tears to the eyes of many.

It was left to the Reverend Martin Luther King, Jr., to bring the rally to a thundering climax. He accomplished his mission.

"I HAVE A DREAM"

When Mr. King said "I have a dream" that one day all men will be equal, the crowd dreamed with him.

They roared their consent when he told them that their job was to make come true the words from the old Negro spiritual—"Free at last. Free at last. Thank God, I'm free at last."

The march on Washington is over. Its leaders hope that the past will be the prolog of a great era for the peaceful revolutionaries.

A. Philip Randolph, the aged and scholarly Negro leader, said the demonstration had achieved its basic objective before the march even started.

It has "awakened and aroused the conscience of the Nation on the question of freedom and equality for the Negro," Randolph said.

Mr. PROXMIRE. Mr. President, the Sheboygan Press also had a superlative editorial pointing out how admirably handled and organized was the civil rights march, and what a fine reflection it was on the people involved. I ask unanimous consent to have that editorial printed in the RECORD.

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

MARCH WAS ADMIRABLY HANDLED

The much heralded march on Washington in behalf of the cause of equal civil rights for Negroes has come and gone and has left various reactions—mostly favorable.

From the standpoint of dramatizing the claim that many civil rights have been denied the Negro since as far back as the end of the Civil War, the gathering and parade in the Nation's Capital proved a decided success. The event brought home to the Nation that the Negro is tired of waiting any longer—he wants equal rights now. The fact that approximately 200,000 persons, including many white people of various religious faiths, were present for the occasion could not help but be impressive concerning the justice of their cause.

The manner in which the participants conducted themselves was admirable. It was a peaceful gathering with no violence and no evidence of mob spirit. It could be variously described—in its progressive stages—as resembling a church picnic, a religious revival and a political rally.

When one considers the huge mass of people attending and the fact that they were there to espouse a cause, this was indeed remarkable. This orderliness did not just happen by itself. It showed careful preparation of all participants beforehand and excellent cooperation between leaders of the march and Washington and Government officials.

In each city where groups originated to join the march, they were carefully briefed that this was to be a peaceful gathering with no violence or show of mob spirit. On the trains and buses that took them to Washington, they were given a refresher course in the same vein. That they had learned their lesson well was proved by their flawless conduct in Washington.

Prior to the day of the march, many people viewed with alarm the possibilities of such an occasion, and with reason. They realized that there is potential danger in any large gathering brought to one city from all over the United States. They feared that a minority group, not necessarily connected with the cause of the marchers, might incite mob spirit and a riot. No one could anticipate how well schooled the parade participants had been in the importance of their proper behavior while in Washington.

True, there were troublemakers present who would have liked nothing better than to incite a riot which would harm the Negro's cause. George Lincoln Rockwell, leader of the American Nazi Party, was there

with a group, but Washington police took care of him in short order. They allowed him to conduct his own sideshow to which nobody paid any attention. When he was prevented from getting near the marchers, he finally gave up and with his small group of followers, dejectedly headed back to his Arlington, Va., headquarters. Likewise, Communists who passed out literature, received no attention from the marchers.

The effect of the demonstration on the Negro cause? What influence it may have on Congress is problematical. However, A. Philip Randolph, 74, Negro director of the march and president of the AFL-CIO Brotherhood of Sleeping Car Porters, had this comment: "The march has already achieved its objective. It has awakened the conscience of the Nation."

It may well be that he has a strong point there. Remember, these demonstrators were not in Washington as enemies of the people or the Government or to overthrow any part of the existing Government. They were merely there to demand, in peaceful public assemblage, rights that they have been denied for 100 years.

If nothing else, the march on Washington proved that the Negro—not only the highly intelligent and intellectual, but the Negro in all walks of life—can accept responsibility. They proved that by their exemplary conduct in Washington, of which they can be justly proud.

## TELEVISION'S SPLENDID CONTRIBUTION TO CIVIL RIGHTS UNDERSTANDING

Mr. PROXMIRE. Mr. President, this morning in the Chicago Sun-Times, an article appeared reporting on the fact that NBC not only had a fine 3-hour documentary on civil rights last night, but also carried it at an enormous cost to NBC, because it was necessary to forgo all advertising. This is a great contribution by private enterprise to better understanding in America. Many of us have criticized the television industry for various things, but when the industry does something such as this—considering how well the documentary was done; being balanced, thoughtful, and penetrating—the industry deserves commendation.

I ask unanimous consent that the article, written by Richard Elden, entitled "TV Nets Pick Up Some Big Costs," published in the Chicago Sun-Times, may be printed in the RECORD.

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

TV NETS PICK UP SOME BIG COSTS

(By Richard Elden)

Sponsors decline to pick up the tab for TV's special coverage of the civil rights story. Almost all of these public affairs programs have been without sponsors.

Monday evening, for example, NBC presented its unprecedented 3-hour documentary, "The American Revolution of 1963."

Only 1 commercial minute on the prime-time program was sold—to Abbott Laboratories. Since it would have been impractical to have an isolated 1-minute commercial on a 3-hour show, Abbott was asked to withdraw.

Gulf Oil, which backs many NBC "instant specials," and Bell & Howell, a consistent news and public affairs sponsor, declined to become associated with the Labor Day special.

For its public service decision to give the Nation's No. 1 problem a big play NBC lost an estimated $500,000.

Last Wednesday the network's all-out coverage of the march on Washington also went begging for a sponsor.

CBS devoted 5½ hours to the dramatic demonstration in the Capital while NBC gave it 5 hours and ABC 4 hours.

Except for the initial portion, broadcast during Calendar (CBS) and the Today Show (NBC) none of the TV coverage of the march had national sponsorship.

Another civil rights program that has been unable to find a sponsor is the current five part ABC series, "Crucial Summer." The fourth installment will be presented next Sunday from 9:30 to 10 p.m.

This virtual abandonment is not surprising, according to network officials. Documentaries are hard to sell under any circumstances.

Said one network spokesman: "Documentaries don't deliver a mass audience. Therefore it's a little bit harder to get advertisers."

However, there are signs that some of the forthcoming programs are managing to obtain sponsors.

The 1-hour ABC special on October 21, "Crisis: Behind the Presidential Commitment," will be sponsored by Xerox. And CBS Reports, a sponsored series, will devote a program to civil rights shortly after returning to the air this fall.

But nevertheless a reluctance on the part of sponsors to get involved in the civil rights controversy still exists. One trade publication comments:

"The fear of the advertiser is that the dramatic footage of the actual strife gets people riled up, in the core of their stomach, and such an experience might alienate customers and outlets of national advertisers, especially in the South."

## TRIBUTE TO JOHN MICHAEL DOAR

Mr. PROXMIRE. Mr. President, I am very proud of the fact that a man from Wisconsin, who is a prominent lawyer—and I concede a Republican; at least, his associations in Wisconsin have been Republican—has been a leader in the civil rights fight. He has been the representative of the Department of Justice "on the spot" more than any other member of the administration. I refer to John Michael Doar, from New Richmond, Wis. He has done an excellent job under fire again and again, at great personal risk to himself. He has probably prevented violence "on the spot" more than anyone else. He has won the support and admiration of both whites and Negroes alike under these tense circumstances.

He is so outstanding that although he is a Wisconsin native, not a New Yorker, the New York Times has featured him this morning in a biography. I ask unanimous consent that it may be printed in the RECORD.

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

UBIQUITOUS RIGHTS AID: JOHN MICHAEL DOAR

The white man was surrounded by Negroes bent on avenging the murder of Medgar W. Evers. Sidestepping bottles and rocks, he moved along Farish Street, in Jackson, Miss., urging the mob to lay down its weapons.

At the street's end, a double line of police stood ready to move in with clubs and guns. "My name is John Doar, D-o-a-r," he shouted above the curses and jeers. "I'm from the Justice Department, and anybody around here knows I stand for what is right."

The scene, the man, the dialog, could have come from the imagination of a scriptwriter. But friends of John Michael Doar insist there's nothing theatrical about the performance of the Assistant Attorney General in the Civil Rights Division of the Justice Department.

Observers sometimes liken his manner to that of Gary Cooper, or his voice to that of James Stewart. They then add immediately that his total lack of self-consciousness and his aversion to publicity make comparisons with any actor misleading.

Yet his daily routine often sounds like a tour by a summer stock company.

"John Doar's in Birmingham," one reporter told others at dinner recently.

"No, he's in New Orleans," another said.

"No, I saw him here in Jackson," a third spoke up.

"You're all right," said a fourth. "He was in Birmingham this morning, argued a case in New Orleans this afternoon and arrived in Jackson tonight.

ACTIVE IN MEREDITH CASE

Yesterday he was in Tuskegee, Ala., where Gov. George C. Wallace delayed the opening of the public schools.

Last fall he was at the side of James H. Meredith when the Negro was turned away at the University of Mississippi by Gov. Ross R. Barnett. When Mr. Meredith finally entered Ole Miss on September 30, 1962, Mr. Doar again was there, sharing his dormitory room while a riot raged all night.

Top Negro leaders praise Mr. Doar for his honesty and his conviction. "He hears the dialog, and he understands it," one Negro leader, who has been critical of other Government officials, said.

However, Mr. Doar has detractors. Impatient young Negroes in Jackson, for example, thought his intervention with the mob was unwarranted. "What did he really accomplish?" one asked. "He got the police off the hook, that's all."

Segregationists in northern Mississippi took some pleasure in the early difficulties Mr. Doar had as he argued the Government's case in voter registration suits.

Reprimanded by one judge for failing to produce sufficient evidence, Mr. Doar has since showed up in court with stacks of affidavits and exhaustive records. "He goes in with evidence by the bale now," a court reporter said. "I'll bet that judge is sorry he opened his mouth."

Mr. Doar was born on December 3, 1921, in Minneapolis. He grew up in New Richmond, Wis., was graduated from Princeton University, and served as second lieutenant in the Army Air Corps in World War II.

After discharge from the service, he went West, graduating from the University of California's Law School at Berkeley in 1950.

Explaining his choice of school, he says, "California was the best place to make a fortune."

RETURN TO WISCONSIN

When his father, also an attorney, became ill, Mr. Doar returned to New Richmond to assist him in his practice. He stayed 10 years.

In the spring of 1960, Harold Tyler, chief civil rights attorney in the Eisenhower administration, called a friend of Mr. Doar's and offered him the divsion's No. 2 spot.

Since the administration was in its final months, the other man declined but suggested Mr. Doar.

"I liked trial work, and I knew this would be tough trial work," Mr. Doar said later. "Also, I had some clear ideas about civil rights in this country. It just appealed to me."

When Robert F. Kennedy became Attorney General, he appointed Burke Marshall to replace Mr. Tyler. Mr. Doar calls Mr. Marshall "the greatest 40-year-old lawyer in the country." Although he is a Republican, Mr.

Doar stayed on his job when the Democrats came to Washington.

In the last 3 years, he handled dozens of tasks: Negro voting suits, freedom riders, and the case of the Mississippi Negro leader who had his home burned to the ground and then was charged with arson.

Mr. Doar's wife, Anne, and their four children wait for his return at their Chevy Chase home in Washington. The children are Gael, 11 years old; Michael, 7; Robert, 2; and a 3½-month-old son, John Burke.

When Mr. Doar quelled the bottle-throwing in Jackson, the baby, a month old, had no name. "We haven't had much chance to pick one," Mr. Doar explained then.

But he remembered when the child had been born.

"It was May 12," he said, "at the time of the Birmingham riot."

## ADMINISTRATION'S INTEREST EQUALIZATION TAX HAS MERIT

Mr. PROXMIRE. Mr. President, in connection with a brief colloquy I had with the distinguished Senators from New York [Mr. JAVITS] and Minnesota [Mr. HUMPHREY] with respect to the interest equalization tax, I ask unanimous consent that a thoughtful editorial published in this morning's Washington Post and Times Herald entitled "Securities Tax," which supports the administration proposal, may be printed in the RECORD.

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

SECURITIES TAX

It is a curious fact that whenever a tax is proposed, whether to raise revenue or, for example, to reduce purchases of foreign securities, witnesses invariably rise up before Congress to testify that the tax will have exactly the opposite effect. For complicated reasons, it will always reduce revenue, or it will hurt instead of help the balance of payments. Rarely, according to these witnesses, will the tax do the simple straightforward thing for which it was designed.

In the case of the proposed tax on foreign securities, there was indeed some reason to fear that the mere recommendation of such a levy would bring on a panicky outflow of funds. The conspicuous fact so far is that this has not happened. As for the long-term loss to the balance of payments from future investment income foregone, that is looking a good many years into the future. A tax on direct foreign investment, on which the return would be higher, would begin to backfire at a much earlier date, but such a tax is not proposed at this time.

The chances are that the securities tax, if enacted, will do the job it is meant to do. Few will deny that it is an unpalatable tax, at odds with liberal policies of trade and finance and ill becoming a country that is banker to the world. But the bankers who today protest it must ask themselves whether they did not bring it on themselves. There might have been a possibility of restraining the flood of new foreign issues by some informal means. Something like voluntary self-policing, or moral suasion, or a capital issues committee to schedule access to the market, might have done the job.

But any hint of such methods has always been met with the cry of "exchange control." This cry, widely repeated, would have been the signal for a large outflow of money. Some of the bankers testifying before the Ways and Means Committee now suggest that these less formal methods might have been preferable. But it was in good part their own negative attitude that blocked informal methods and brought on the tax proposal.

## WISCONSIN PRESIDENTIAL PRIMARY—GREAT CHANCE FOR PEOPLE TO HAVE VOICE

Mr. PROXMIRE. Mr. President, the Wisconsin Sentinel has recognized the importance of the Wisconsin primary in a significant editorial. Many powerful partisans in our State feel that the primary should not involve contenders for the Presidency. But I have felt that this was the only purpose of the presidential primary election, and that the people of America have too little voice in determining who will be the nominees of their parties. The Milwaukee Sentinel seems to share these sentiments. It carries a thoughtful editorial on the coming presidential primary in Wisconsin. We hope this primary will involve top contenders. I ask unanimous consent that the editorial, entitled "Useful Primary," may be printed in the RECORD.

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

USEFUL PRIMARY

The idea of a presidential primary sprung from the conviction that all voters, not just the few who are delegates to a national convention, should participate in the nomination of candidates. That idea should not be subverted by devices calculated to deprive the voters of that choice and to return the choice to the proverbial "smoke-filled room."

The presidential primary has its imperfections. There is the possibility that, in Wisconsin, a voter may cross over into the other party's primary in order to help nominate a man he considers the weaker candidate and thus to defeat the opposition's best candidate. But the risks of a large-scale crossover, with its resulting distortion of party sentiment, is far less an evil than keeping the voters out of the nomination process altogether.

The popular choice in the primaries has not always been the choice of the conventions, as in the case of the late Estes Kefauver in 1952. But, on the other hand, there is serious doubt that John F. Kennedy would be President today if he had not won the Wisconsin primary and six others in 1960. Robert A. Taft, and not Dwight D. Eisenhower, might well have been the Republican nominee in 1952 if he had swept the primaries that year. Whatever the respective merits of the popular choices, the voters of some States play a vital role in the nomination—and hence the election—of presidential candidates. To that degree, democracy was well served.

There is afoot in Wisconsin a bipartisan effort to bypass the primary through the familiar favorite son device.

On the Democratic side, there are rumored plans to have Governor Reynolds run as a stand-in candidate for President Kennedy. The President, the strategists claim, would have nothing to gain by running in a field that might be heavily populated by Republican candidates.

On the GOP side, there is a substantial movement to have Representative JOHN W. BYRNES run as a favorite son so a contest between Senator BARRY GOLDWATER and Gov. Nelson A. Rockefeller, the front runners, can be avoided. The maneuver is admittedly designed to elect a slate of delegates uncommitted to any of the major candidates and to allow that slate, free from citizen influence, to dispose of its votes at the national convention as expediency demands.

It should not have to be pointed out that Reynolds, whatever his political following, is not a prospect for the presidency. Nor can it be seriously argued that BYRNES, however competent and respected, is a potential nominee. The favorite son maneuver, by either party, can only serve to deprive the voters of Wisconsin of their choice of the presidential nominees in 1964.

There are two ways to overcome this cynical disregard of the spirit, if not the letter, of the Wisconsin primary law. One is to have the real candidates, avowed or not, enter the primaries by consenting to have a slate of delegates pledged to them entered in the primary.

The second way to have a meaningful primary is to have citizens, running singly or in teams, for delegate to the national convention, uninstructed as to any candidate but with their preferences well known to the voters. Such a movement on behalf of Michigan's Gov. George Romney is now reportedly underway in Wisconsin. It is a healthy example of democracy, and one which supporters of other candidates should follow.

Wisconsin is justly proud of its presidential primary system and the opportunity it gives its voters to choose their President. We hope that the April 7 primary will offer such an opportunity.

## LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished acting majority leader [Mr. HUMPHREY] about the program for tomorrow, and, insofar as he knows, for the remainder of the week.

Mr. HUMPHREY. Mr. President, tomorrow it is the plan of the leadership to have the Senate consider Calendar No. 434, S. 1716, a bill to amend the Manpower Development and Training Act of 1962. The Senator from Pennsylvania [Mr. CLARK] will be present tomorrow. I am hopeful that tomorrow the Senate will finish consideration of that particular bill. If it can, the Senate will then consider the Proxmire dairy bill, Calendar No. 425, S. 1915, which is a bill to amend the Agricultural Act, as reenacted and amended, by the Agricultural Marketing Agreement Act of 1937, and to encourage the reduction of excess marketings of milk, and for other purposes.

On Thursday, if the Senate can complete consideration of that bill, the leadership will call up Calendar No. 449, S. 1540, a bill to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes—possibly.

I add that there is a possibility that the medical education bill may be on the calendar, judging from my discussions with the majority leader. I would want to discuss that with the minority leader, but if that were on the calendar, we might wish to have that considered. Apparently it has considerable support and will not be very controversial.

Mr. DIRKSEN. Would that take long?

Mr. HUMPHREY. I do not think so. I think we could finish by the weekend.

Mr. DIRKSEN. Then there is a possibility of going over on Thursday?

Mr. HUMPHREY. If the Senate can complete work on these measures by Thursday, the Senate could go over until Monday.

Next week, as the Senator knows, the Senate will have before it the treaty.

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

Mr. HUMPHREY. I yield.

Mr. PROXMIRE. Did I correctly understand that the dairy bill would be considered on Thursday?

Mr. HUMPHREY. That is the plan.

Mr. DIRKSEN. I thank the majority leader.

## ADJOURNMENT

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 26 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, September 4, 1963, at 12 o'clock meridian.

## NOMINATIONS

Executive nominations received by the Senate September 3, 1963:

COMMODITY CREDIT CORPORATION

George L. Mehren, of California, to be a member of the Board of Directors of the Commodity Credit Corporation, vice John P. Duncan, Jr.

U.S. DISTRICT JUDGE

John Morgan Davis, of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania, vice Thomas C. Egan, deceased.

## WITHDRAWAL

Executive nomination withdrawn from the Senate September 3, 1963:

The nomination sent to the Senate on May 2, 1963, of Frederick R. Meier to be postmaster at Cross Plains in the State of Indiana.

# EXTENSIONS OF REMARKS

## No. 2—Louisiana: The Gamblers' Paradise

EXTENSION OF REMARKS

OF

### HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 3, 1963*

Mr. FINO. Mr. Speaker, last week, I brought to the attention of this House the vast amounts that are gambled every year in the State of Maryland. I pointed out how most of these moneys support every filthy ramification of underworld activity. Today, I would like to discuss the extent of gambling in the State of Louisiana and the tremendous revenue that is made available to the crime syndicates in that State.

In 1962, the State of Louisiana had a parimutuel turnover of over $45½ million from which the State received about $2½ million. However, according to the McClellan committee, this is far from being the whole story of gambling in that State. Indeed, the mathematics of the situation would be intriguing were it not so shocking.

From the testimony taken by the McClellan committee, Mr. Speaker, it appears that 16 times as much money is wagered off the tracks as is bet on the tracks. Simple multiplication leads to the conclusion that over three-fourths of a billion dollars is wagered every year illegally on the horses alone. This figure represents less than half of the total illicit gambling in that State. Therefore, it can be well estimated that gambling in the State of Louisiana reaches the $2 billion a year mark. I wonder whether the members of the Louisiana congressional delegation are aware of this tremendous gambling activity in their State?

The director of the New Orleans Crime Commission somewhat contradicts my estimates of the amount of money gambled annually in Louisiana. His testimony before the McClellan committee indicated that only $1 billion is involved in gambling. Whether it is $1 or $2 billion, we do know that this money goes into the hands of the crime syndicates and a good portion is used to corrupt the governmental process in that State.

Mr. Speaker, all of the 77 foreign countries that operate government lotteries have found that control and regulation has not only helped solve their gambling problems but has produced much needed revenue for their treasuries. A national lottery in the United States would not only be the most effective method of undercutting illegal gambling in this country but would pump into our own Treasury $10 billion a year in additional needed revenue. Just what are we waiting for, anyway?

## Washington Report

EXTENSION OF REMARKS

OF

### HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 3, 1963*

Mr. ALGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following Newsletter of August 31, 1963:

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas, August 31, 1963)

REPRESENTING THE PEOPLE—DO FEDERAL LAWS AFFECT YOU?

Each year thousands of legislative bills are introduced, many controversial. Some are passed, some not. Do these, can these affect you? Let's see.

A FEW OF THE ISSUES

(NOTE.—Each law (1) requires yielding some freedom, (2) costs. (Remember, figure $1 billion equals $5.30 per capita or $21.20 per family of 4).)

1. Foreign aid: $100 billion given away since World War II, including aid to Communists dedicated to enslaving you and your children. (Cost, $2,120 per family of 4.) (Yours?)

2. A Communist Cuba, with missiles that can hit Dallas. (Cost to you?)

3. Military protection: $55 billion, approximately. (Your cost?)

4. Government business operations: 700 Government corporations spending $40 billion yearly—power development, housing, construction, insurance, banking, real estate, transportation—competing with Dallas business. (Your cost?)

5. Government loans, favoritism for selected people. (What does this cost you?)

6. Trade agreements hurt Dallas competitively—other nations won't match our tariff cuts. Also, Communist labor undercuts us—costs Dallas jobs. (Cost to you?)

7. Government wage setting increases costs of doing business without regard to production increase. (Your cost?)

8. Farm subsidies increase costs of both groceries and taxes at the same time. (Cost to you?)

9. Tax changes affecting every taxpayer, concerning deductions, exemptions, rates—individuals work 2 months or more per year to pay taxes. (Your bill?)

There are many other issues.

Should your Congressman study and judiciously resolve each issue with each Dallas resident in mind, or abandon independence of judgment, "go along to get along" in hopes of not alienating congressional administration leaders, thereby attempting to bring home a larger share of "Federal bacon"?

Legislative issues are all important as Congressmen themselves see it, by the careful assignment of Members to committees and the expectation they will give committee work first priority. Pressure groups—AFL-CIO, Teamsters, farm groups, veterans, Federal workers, educational societies, professional societies, and all the others, each consider their legislative bills most important and rate a Congressman on how he votes on their particular measures. Patriotic and good government groups display the importance of issues by publishing the voting records of Congressmen and urging their reelection or defeat on the basis of those records.

Who pays the cost? The wealth? Not on your life. You do. Eighty-four percent of individual income tax comes from the brackets below $10,000 tax liability. If we took all the money from the very wealthy, we could run the Government for less than a month, so it is the great bulk of the low and middle income people who support the Government. It is up to you, then, to decide if my work on the Ways and Means Committee, the tax committee, and my struggle to hold down spending is important to you.

Most Dallas people believe the issues are the important part of a Congressman's job. Some even realize they are footing the bill, not someone else. It seems the only persons who think otherwise are those (1) who have a special interest in a particular program or project; (2) who are under political pressure because of some real or fancied indebtedness to the party in power or a key individual in government; (3) who have decided since they pay taxes, they'll try to get back all they can; (4) who never have thought about it.

WHERE DO YOU STAND?

Today's questions must be answered. They will be, with or without you. Make your