

Also, memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States relative to urging the Senate of the United States to ratify the Nuclear Test Ban Treaty; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. DEL CLAWSON:

H.R. 8644. A bill for the relief of Marco Ujkic; to the Committee on the Judiciary.

By Mr. CRAMER (by request):

H.R. 8645. A bill for the relief of Lt. Col. Thomas L. Ferguson; to the Committee on the Judiciary.

By Mr. DULSKI (by request):

H.R. 8646. A bill for the relief of Dr. Marmo J. Azurin; to the Committee on the Judiciary.

By Mr. MATSUNAGA:

H.R. 8647. A bill for the relief of Dr. Toshi Tsurumaki; to the Committee on the Judiciary.

By Mr. MURPHY of New York:

H.R. 8648. A bill for the relief of Edward Lattanzio; to the Committee on the Judiciary.

By Mr. STAGGERS:

H.R. 8649. A bill for the relief of Primo Meconi; to the Committee on the Judiciary.

SENATE

THURSDAY, SEPTEMBER 26, 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:

Our Father, God, we come seeking wide horizons around our noisy days. Through our cluttered lives we would clear a highway for Thy holy purposes. Join us, we pray, with the farsighted souls who, across the toiling years, have labored in darkened valleys, yet have heralded the coming day and lifted men's eyes to the eternal hills.

Midst all the busy shuttles of legislation, as here is woven the fabric of law and order, shielding the life of our democracy, save us from being so enmeshed in the immediate mechanics of our tasks as to lose sight of the total pattern shown in the Mount of Vision.

Putting off the works of darkness, and putting on the armor of light, may our loins be girded and our lamps burning, and ourselves as men who watch for the coming of the kingdom of love and understanding for which we daily pray.

In the Redeemer's name we ask it. Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 25, 1963, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its

reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 6118) to amend the act providing for the admission of the State of Alaska into the Union with respect to the selection of public lands for the development and expansion of communities.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7179) making appropriations for the Department of Defense for the fiscal year ending June 30, 1964, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAHON, Mr. SHEPPARD, Mr. CANNON, Mr. FORD, and Mr. OSTERTAG were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 8100) to amend the Railroad Retirement Act of 1937, the Railroad Retirement Tax Act, the Railroad Unemployment Insurance Act, and the Temporary Extended Railroad Unemployment Insurance Benefits Act of 1961 to increase the creditable and taxable compensation, and for other purposes, and it was signed by the President pro tempore.

LIMITATION OF STATEMENTS DURING MORNING HOUR

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

COMMITTEE MEETING DURING SENATE SESSION

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

EXECUTIVE SESSION

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

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

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service:

One hundred and seventy-eight postmaster nominations.

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

DEPARTMENT OF STATE

The Chief Clerk read the nomination of Dwight J. Porter, of Nebraska, a Foreign Service officer of class 1, to be an Assistant Secretary of State.

The PRESIDENT pro tempore. With out objection, the nomination is confirmed.

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

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

LEGISLATIVE SESSION

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

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

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

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

The Chief Clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I wonder if the reading clerk could not call the roll a little more rapidly.

The Chief Clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

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

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

PROPOSED AMENDMENT TO THE BUDGET, 1964, FOR THE DISTRICT OF COLUMBIA (S. Doc. No. 37)

A communication from the President of the United States transmitting an amendment to the budget for the fiscal year 1964, in the amount of \$804,000, for the District of Columbia (with an accompanying paper); to the Committee on Appropriations, and ordered to be printed.

REPORT OF FEDERAL HOME LOAN BANK BOARD
A letter from the Chairman, Federal Home Loan Bank Board, Washington, D.C., transmitting, pursuant to law, a report of that Board, for the calendar year 1962 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON INADEQUATE ADMINISTRATION OF MILITARY BUDGET SUPPORT FUNDS PROVIDED TO PAKISTAN UNDER FOREIGN ASSISTANCE PROGRAM
A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the inadequate administration of military budget support funds provided to Pakistan under the foreign assistance program (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF DETERMINATIONS OF RAILWAY POST OFFICE REQUIREMENTS, CONTRACTING PRACTICES, AND OTHER ACTIVITIES
A letter from the Comptroller General of the United States, transmitting, pursuant to

law, a report on the review of determinations of railway post office requirements, contracting practices, and other activities relating to transportation of mail by railroad companies, Post Office Department, dated September 1963 (with an accompanying report); to the Committee on Government Operations.

REPORTS ON VISA PETITIONS ACCORDING BENEFICIARIES FIRST PREFERENCE

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports concerning visa petitions according the beneficiaries of such petitions first preference (with accompanying papers); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Commerce:

"RESOLUTION URGING THE CONGRESS OF THE UNITED STATES TO TAKE APPROPRIATE ACTION TO EXTEND THE PRESENT TERRITORIAL LIMITS

"Whereas the presence of some 200 Russian fishing boats operating as close as 4 miles from our shores poses a serious threat to the commercial fishing industry of Massachusetts and this country; and

"Whereas the historic fishing grounds of our fishing fleets are being depleted at an alarming rate by the great invasion of foreign fishing fleets, total food fish landings having dropped 13 million pounds in New England so far this year; and

"Whereas the economic welfare of the coastal communities of our Commonwealth and their citizens depends upon the sea to produce sufficient quantities of fish and the loss of our domestic fishing industry would have a crippling effect on the economy of our State; and

"Whereas this situation with all its attendant problems is of vital and primary concern not only to Massachusetts, but to the New England states and to the United States: Therefore, be it

"Resolved, That the Massachusetts House of Representatives respectfully urges the Congress of the United States to take appropriate action to extend the territorial limits in regard to fishing rights from the present 3-mile limit to one of 200 miles; 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, to the presiding officer of each branch of Congress and to each Member thereof from this Commonwealth.

"House of Representatives, adopted, September 17, 1963.

"WILLIAM C. MAIERS,
"Clerk.

"Attest:

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

A resolution of the House of Representatives of the Commonwealth of Massachusetts; ordered to lie on the table:

"RESOLUTION URGING THE SENATE OF THE UNITED STATES TO RATIFY THE NUCLEAR TEST BAN TREATY

"Whereas Undersecretary of State W. Averell Harriman, the U.S. representative at the recent test ban talks in Moscow, successfully negotiated with the representatives of Great Britain and the Soviet Union a nuclear test ban treaty; and

"Whereas this treaty was formalized and concluded under the supervision of the Secretary of State, Dean Rusk; and

"Whereas this nuclear test ban treaty is of vital importance and significance to the future peace and well-being of the entire world; and

"Whereas the Senate of the United States is currently debating the ratification of said treaty; and

"Whereas it is most urgent that the Senate unequivocally ratify said treaty without crippling amendments so as to present to the world at large a unified front: Therefore be it

"Resolved, That the Massachusetts House of Representatives respectfully urges the Senate of the United States to ratify the nuclear test ban treaty as aforesaid; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the secretary of the Commonwealth to the Presiding Officer of the Senate and to each member thereof from this Commonwealth.

"House of Representatives, adopted, September 12, 1963.

"WILLIAM C. MAIERS,
"Clerk.

"Attest:

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

A resolution adopted by the Council of the City of New York, expressing the council's sense of outrage at the race bitterness and hatred in the city of Birmingham, Ala.; to the Committee on the Judiciary.

BILLS INTRODUCED

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

By Mr. DIRKSEN (by request):

S. 2182. A bill relating to rates of postage on certain materials for blind persons; to the Committee on Post Office and Civil Service.

By Mr. BARTLETT:

S. 2183. A bill to terminate a restriction on use with respect to certain land previously conveyed to the city of Fairbanks, Alaska, and to convey to such city the mineral rights in such land; to the Committee on Interior and Insular Affairs.

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

By Mr. YARBOROUGH:

S. 2184. A bill to increase annuities payable to certain annuitants from the civil service retirement and disability fund; to the Committee on Post Office and Civil Service.

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

By Mr. RANDOLPH (for himself, Mr.

BYRD of West Virginia, Mr. COOPER,

Mr. HARTKE, and Mr. MORTON):

S. 2185. A bill to impose quota limitations on imports of foreign residual fuel oil; to the Committee on Finance.

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

TERMINATION OF RESTRICTION ON USE OF, AND CONVEYANCE OF CERTAIN LAND TO, CITY OF FAIRBANKS, ALASKA

Mr. BARTLETT. Mr. President, I introduce today, for appropriate reference, a bill to terminate a restriction on use with respect to certain land previously conveyed to the city of Fairbanks, Alaska, and to convey to such city the mineral rights in such lands. The city of Fairbanks, Alaska, is currently engaged in an urban renewal project, which requires the acquisition of land relin-

quished to the city by the United States, in 1948, "for school purposes." The land in question, lot 1, block 115, is now being used as a school playground. According to the urban renewal plan, its use will be changed to that of residential housing. Another area, closer to the school to be served, will be acquired for a playground.

Mr. President, I do not foresee any objection to the passage of this bill and I am hopeful that it will be given early consideration by the committee to which it is referred. Its passage is essential to the successful completion of the acquisition stage of the Fairbanks urban renewal program.

I ask unanimous consent that the bill be printed in the RECORD at this point.

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

The bill (S. 2183) to terminate a restriction on use with respect to certain land previously conveyed to the city of Fairbanks, Alaska, and to convey to such city the mineral rights in such land, introduced by Mr. BARTLETT, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the restriction on use for other than school purposes and the reservation of mineral rights with respect to lot one, block one hundred and fifteen, in the city of Fairbanks, Alaska, under the provisions of the Act entitled "An Act to transfer lot 1 in block 115, city of Fairbanks, Alaska, to the city of Fairbanks, Alaska", approved June 1, 1948 (62 Stat. 283), are hereby respectively terminated and conveyed to such city.

A BILL TO ADJUST ANNUITIES FOR RETIRED CIVIL SERVANTS

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill to alleviate a very grave situation.

As of June 30, 1962, there were 426,031 annuitants on the civil service retirement rolls. The greater proportion of these people are former employees of the Federal Government—a small percentage of these annuitants are survivors of former Federal employees.

I am shocked by the fact that approximately 299,000 of the 426,000 annuitants receive annuities of less than \$200 a month. I am sure that other Senators are disturbed as I am by the letters from their constituents detailing the difficulties of trying to live on the many annuities paying less than \$100 a month to retired civil service employees of the Federal Government.

One of the causes of the grave situation that exists relative to unemployment in this country is the lack of purchasing power on the part of the aged. We are not being responsive to this need if we continue to allow so many of our retired Federal Government employees to receive such small annuities—as I pointed out, many of them receive less than \$100 a month.

Last year we provided a 5-percent increase for these annuitants. I was of the opinion that increase was regrettably but necessarily small at the time the

legislation was passed. We also provided in the legislation for a cost-of-living increase when the Consumer Price Index went up 3 percent. This adjustment will require about 3 years from the time the cost of index increases until it is implemented.

I do not believe what we did last year was sufficient, so today I am introducing a bill that will provide increases in annuities ranging from 3 to 9 percent, the greater percentage increases to go to those with the smaller annuities.

I think it is good legislation, and I hope that the Congress will consider it favorably before adjournment this year.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

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

The bill (S. 2184) to increase annuities payable to certain annuitants from the civil service retirement and disability fund, introduced by Mr. YARBOROUGH, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) each annuity payable from the civil service retirement and disability fund having a commencing date on or before the effective date of this Act shall be increased effective on the first day of the second month following enactment of this Act, in accordance with the following schedule:

The annuity shall be increased by:	
\$1800 or less	9 per centum.
\$1,801 to \$2,200	8 per centum.
\$2,201 to \$2,600	7 per centum.
\$2,601 to \$3,000	6 per centum.
\$3,001 to \$3,400	5 per centum.
\$3,401 to \$3,800	4 per centum.
\$3,801 and above	3 per centum.

(b) The annuity of a survivor of any retired employee or Member of Congress who received an increase under this Act shall be increased from its commencing date by a percentage equal to the percentage by which the annuity of such retired employee or Member was so increased.

(c) The increases authorized by this Act shall be in addition to any other increases provided by existing law.

(d) No increase provided by this Act shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(e) The monthly installment of annuity after adjustment under this Act shall be fixed at the nearest dollar.

(f) The provisions under the heading "Civil Service Retirement and Disability Fund" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

FORMULA FOR QUOTA LIMITATIONS ON IMPORTS OF RESIDUAL FUEL OIL

Mr. RANDOLPH. Mr. President, on behalf of myself, my colleague, the junior Senator from West Virginia [Mr. BYRD], the Senators from Kentucky [Mr. COOPER and Mr. MORTON] and the Senator from Indiana [Mr. HARTKE], I introduce, for appropriate reference, a

measure to establish a formula for quota limitations on imports of foreign residual fuel oil. I ask unanimous consent that the bill remain at the desk for 1 week so that other Senators may have the opportunity to join in sponsorship.

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

Mr. RANDOLPH. Mr. President, although residual oil imports have been limited by Executive action since March of 1959, the damage to domestic fuels industries and to the economy caused by excessive imports has not been alleviated sufficiently.

Despite the control program, residual imports have been increased from an original rate of 343,000 barrels per day to the present quotas which are at a rate of 575,000 barrels per day. Even more important, there has not yet been created a permanent formula to restrict the future encroachment of foreign oil on domestic fuels markets which would permit and, indeed, encourage the proper and necessary growth of productive capacity of domestic fuels—especially coal and residual oil produced from U.S. crude oil.

It appears that the sorely needed fuel market stability—namely, the opportunity to plan ahead and compete on an equitable basis with foreign fuel—sought for a long time by the coal producers, miners, and transporting railroads must be achieved through a legislatively established formula.

This does not imply any failure of intent on the part of the executive branch. A control program of this nature, lacking guidelines of law, is subject to practically irresistible pressure from interested parties on both sides of the question. The result has been an import control system which has not been adequate. The history of the program to date bears this out. There have been eight increases in quotas since the program was first established in 1959. These increases have been approximately 84 million barrels per year.

Total imports this year will be the equivalent, in energy value, to 50 million tons of coal, or about 11 percent of total U.S. production last year. However, the true impact is even more severe than this would indicate, because all the coal displaced by imported residual oil along the east coast originates in the hard-hit unemployment regions of the Appalachians, principally in Pennsylvania, West Virginia, east Kentucky and Maryland. Fifty million tons of coal is equal to 23 percent of the entire production of coal in these Appalachian fields in 1962.

The present method of setting residual import quotas creates an almost intolerable situation for the President and the Secretary of the Interior. When the time for establishing a new quota nears, the executive branch is subjected to representations and pressures from all sides. The coal industry strives at least to hold the line. Spokesmen for the oil importers and consumers of residual oil along the east coast insist that the control program be abolished or that it be further liberalized to permit increased imports. In addition to all of the pressures from domestic sources, the President must also contend, at each of these

quota-establishing periods, with the claims of the Venezuelan Government that its economy would be jeopardized without increased quotas.

Passage by the Congress of legislation establishing a reasonable and equitable formula for determining permissible import quotas would relieve the President of these odious pressures. To have any chance of acceptance, the formula outlined in such legislation must be realistic and fair. It is recognized as a political reality that quotas cannot be rolled back now.

The bill being introduced today contains provisions that residual oil imports into Petroleum Administration Districts I through IV—all of the U.S. mainland east of the Rocky Mountains—in any calendar quarter shall not exceed 50 percent of the total consumption of residual oil for fuel in those districts during the corresponding calendar quarter of the previous year.

Residual oil imports into districts I through IV in the 1963 calendar year under present quotas will amount to an estimated 48 percent of total residual oil consumption.

Actually, therefore, the 50-percent provision is the basis of a generous formula. In fact, if this formula had been in effect this year it would have resulted in a 3-percent increase in total imports. In future years under such a 50-percent provision imports could be expected to stabilize at or near the present level. But there is another provision in the proposed measure which would authorize the President to grant special allocations on a spot basis to prevent any real hardship shortage. Such emergency allocations of imported residual oil would not, however, be added to the quarterly total as a part of the base for quota allocations the following year.

From the standpoint of the coal industry, the formula has the virtue of providing stability in the market for competitive fuels. The industry would know what it could expect in the matter of residual oil import competition and could plan accordingly. This is essential:

First. If investment capital is to be made available to develop and open new mines to meet future and growing demands for energy and to replace the mines which are being depleted each year.

Second. If skilled manpower is to be encouraged to remain in the labor force to aid in restoring the economy of the depressed areas of the coal mining regions. Modern coal mining is impossible without skilled personnel.

Third. If railroads, which transport 75 percent of all domestic coal and derive a substantial portion of their revenues therefrom, are to be able to maintain and replace equipment and rolling stock to meet growing fuel hauling demands.

The proposed legislation would make for a more realistic condition under which the marketers and consumers of imported residual oil would have clear-cut guidelines as to quantities which would be available. This would mitigate against the building up of artificial "new demands" for residual oil—the encouragement of consumers to invest in new

equipment and plants to accommodate residual oil only on the assumption that future quotas of imports would be raised steadily to take care of "new demands." In spite of the Government's present import control program even the Government itself has continued to build new installations equipped to burn residual oil only. This is paradoxical.

The proposed legislation does not attempt to impose unrealistic limits on imports which would penalize any section of the country or any friendly foreign nation.

An essential need is to remove present uncertainties inherent in the residual oil import control program under which quotas must be set periodically on the basis of human judgment of anticipated "demand," and with such judgments subject to being swayed by pressures from several sides.

The purpose of the proposed legislation is to establish a formula by which the level of imports might be held at a fair rate while also mitigating against the consequences of pressures which are inevitable under the present control system.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2185) to impose quota limitations on imports of foreign residual fuel oil, introduced by Mr. RANDOLPH (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

PRINTING OF TAX BILL WITH TABLE OF CONTENTS

Mr. TALMADGE. Mr. President, I ask unanimous consent that when the bill, H.R. 8363, the tax reduction bill, is referred to the Committee on Finance, it be printed with the table of contents following the text of the bill and the signature of the Clerk of the House.

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

AID TO SOUTH VIETNAM—ADDITIONAL COSPONSORS OF RESOLUTION

Mr. CHURCH. Mr. President, on September 12 I submitted a resolution, Senate Resolution 196, to cut off aid to South Vietnam unless the Diem government made needed reforms. Since the introduction of the resolution, the junior Senator from Connecticut [Mr. RIBICOFF] and the senior Senator from Kentucky [Mr. COOPER] have asked that their names be added to the list of cosponsors of this resolution. The addition of these two Senators brings to 32 the number of Senators cosponsoring the resolution. I ask unanimous consent that both names be added to the list of cosponsors of Senate Resolution 196 at the next printing of the resolution.

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

SOUTH VIETNAM—THE EDGE OF CHAOS

Mr. CHURCH. Mr. President, the American press does the best job of for-

ign news reporting in the world. The job that American newsmen have been doing in South Vietnam has been excellent, especially considering the restrictions imposed on them by the Diem regime. I wish to call special attention to an article by Stanley Karnow which appears in the September 28, 1963, issue of the Saturday Evening Post headed: "The Edge of Chaos: Vietnam's 'Royal Family,' Long Aided by U.S. Troops and Money, Has Persecuted Religious Leaders, Embittered the People and Bungled a Critical Struggle Against Communism." Mr. Karnow's article is a study in depth of the problems which face us in Vietnam.

Mr. Karnow's concluding paragraph is especially chilling:

South Vietnam lies on the edge of chaos. And in retrospect, the strongest Communist allies in the country have been the Diem family. They have sown suspicion and hatred, and their show of apparent power has been a sham to conceal their weakness. Back in 1933, when he was a young civil servant, Ngo Dinh Diem made a prophecy that may yet come true. "The Communists will not take our country by virtue of their strength," he said, "but by virtue of our weakness. They'll win by default."

Mr. President, I ask unanimous consent to have this informative article printed at this point in the RECORD.

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

THE EDGE OF CHAOS: VIETNAM'S ROYAL FAMILY, LONG AIDED BY U.S. TROOPS AND MONEY, HAS PERSECUTED RELIGIOUS LEADERS, EMBITTERED THE PEOPLE AND BUNGLED A CRITICAL STRUGGLE AGAINST COMMUNISM

(By Stanley Karnow)

It was just after midnight when the battle of the temple began. Truckloads of helmeted South Vietnamese police, armed with shotguns, submachineguns, carbines, and tear gas grenades, rumbled through the streets to attack Xa Loi, the main Buddhist temple in Saigon. Inside, the monks shouted and banged pots, pans, drums, and gongs as the cops smashed down the temple's iron gate. Some 400 monks and nuns cowered before the onslaught. There were screams, shots, and explosions as the police attacked. Some monks were thrown off balconies onto the concrete courtyard, which was hung with banners reading: "Thou Shall Not Kill." Within less than 2 hours all but two of the Buddhists—who escaped over a wall into an adjacent U.S. Government building—had been hauled off to jail. Among those arrested was 80-year-old Thich Tinh Khiem, the country's venerable Buddhist patriarch.

Four hundred miles to the north, in the provincial capital of Hué, the Government raid was even more fierce. There, while Buddhists fortified themselves inside the Dieu De temple and fought off paratroopers for 8 hours, some 1,500 people rioted through the streets. They ripped down barbed-wire barricades with their bare hands while soldiers beat them down with rifle butts. They picked up tear gas bombs thrown by the troops and tossed them back.

By midmorning, when the battle was over, a Western correspondent counted 10 truckloads of students being driven off to prison. They waved their bloody hands at him as they passed.

Many Americans may feel there is something remote about this strange conflict between South Vietnam's Catholic President Ngo Dinh Diem and the leaders of Vietnam's dominant religion. But the United States is inextricably involved. President Kennedy, convinced that a Communist takeover of

South Vietnam might mean the fall of southeast Asia, has repeatedly promised to defeat the guerrillas that dominate much of the country. He has backed up his words with a 16,000-man U.S. force in Vietnam—more than 100 have lost their lives—and with \$1.5 million a day spent on the war. But the spectacle of American-trained troops using American weapons to raid Buddhist temples made clear one fact that U.S. officials have long tried to evade: No matter how much the United States supports the unpopular regime of Ngo Dinh Diem, this regime's chances of victory over the Communists are just about nil.

U.S. officials publicly "deplored" Diem's "repressive actions" against the Buddhists, and there were private predictions that "Diem must go." But the prophets have been less certain on the questions of who could oust Diem and who could replace him. As for listening to any advice, Diem cut short one top general recently by declaring, "Only God commands me." If he lacks support from the people, Diem always has his "royal family," one of the oddest political conglomerations in the world—brother Ngo Dinh Nhu, chief of the secret police; sister-in-law Madame Nhu, the beautiful and arrogant first lady of Vietnam; brother Ngo Dinh Thuc, the archbishop of Hué; brother Ngo Dinh Can, the warlord of central Vietnam. Other relatives have served as envoys to Washington, London, and the United Nations.

The Ngo Dinhhs resemble a cross between the Borgias and the Bourbons. Narrow, devious, obstinate, and imperious, they have functioned in an atmosphere of neurotic and sanctimonious egotism. They have plotted against their rivals, and played their own subordinates off against one another. They have preached puritanism but tolerated corruption, extolled democracy yet rigged elections, and jailed at least 30,000 political prisoners in "reeducation" camps.

Devoutly Catholic by religion and archaically Confucian by philosophy, President Diem is a combination of monk and mandarin, a kind of ascetic authoritarian who might have flourished in the Middle Ages. A small, rotund man who talks incessantly, he is persuaded that he possesses the "mandate of Heaven," and the people must obey. "His Republic of Vietnam is not government for the people by the people," says a Western-educated Vietnamese, "but government for the people by Ngo Dinh Diem."

Certain that he knows best, Diem is almost immune to outside information. When a prominent Vietnamese officer returned to Saigon from a tour of the countryside, Diem asked him for a frank assessment of rural morale. The officer had hardly begun to enumerate complaints against the Government when Diem interrupted him angrily, shouting, "Nothing but lies—you're a victim of Communist propaganda."

While Diem is the President, last month's clashes made it obvious that many of his powers were being exercised by his brother Ngo Dinh Nhu, a volatile, shifty-eyed man in his early fifty's. Nhu proclaims himself an intellectual revolutionary and spins out his abstruse theories with the intensity of a precocious college sophomore. Not long ago, as I sat with him in his soundproof office adorned with books and stuffed animal heads, Nhu chain-smoked and shrilly denied the many charges of corruption and venality against him and his wife. "But even if people wrongly think you're corrupt," I asked, "isn't that still an important political reality?" He shrugged. "Maybe, but I don't care what people think."

Nhu never opposed the influx of U.S. money, but he has often questioned the value of American advisers. "I don't think they can advise us on subversive warfare," he said. "Americans are very advanced on matters like space, but for small problems of

the earth I'm afraid they don't know as much as we do."

Alongside Nhu stands his extraordinary wife, who has long wielded a peculiar power over President Diem. Madame Nhu won great status as one of the few members of the family to have children. (There are two daughters, Le Thuy, 17, and Le Quyen, 4, and two sons, Trac, 15, and Quyhn, 10.) At the same time, she frightens Diem. Beyond a passing glance at a girl in his youth, he has led a life of celibacy, not only fearing women in general but particularly fearing female tantrums, at which Madame Nhu is expert. And so, without being married, President Diem has been naggingly henpecked by a first lady not his own. In addition, Madame Nhu has convinced Diem that without his family he stands alone. "His followers were all killed by the Communists, and our followers saved him," she explained. "The women follow me, my husband has his youth movement, the Catholics take orders from Archbishop Thuc * * *. If there is nepotism, it is the President who profits."

Twice in the past 3 years non-Communist military rebels made abortive attempts to overthrow Diem's government. A few months ago, however, a new and different kind of passive protest emerged in South Vietnam. Though it became political, its origins were religious. In 1954, when French colonial rule ended and Vietnam was divided, nearly a million refugees fled from the Communist-controlled north to settle in the southern sector. Most of them were Catholics, and President Diem assumed they would favor his government. Diem could not openly discriminate against the Buddhist majority, but Catholics won many key jobs as province chiefs and military officers. "Catholics are more trustworthy anti-Communists," a Vietnamese official told me, "and they're likely to be more loyal to the regime."

Feeling especially privileged, Catholic functionaries out in the countryside often took it upon themselves to harass Buddhists. Under a statute passed in French colonial times, Buddhism was a private association which required authorization for its activities. Despite Diem's promise to change it, this rule stood. Under cover of the law, Catholic officials often broke up illicit Buddhist religious meetings.

No single individual in Vietnam did more to aggravate this religious friction than Diem's shrewd older brother, Ngo Dinh Thuc, 66, archbishop of the Ngo Dinh family hometown of Hué. "He has the idea that catholicism is the state religion," says a Catholic Vietnamese, "and that he can wield his authority over all Catholics in the Government."

As the family's oldest living brother, Thuc is hugely respected by Diem, who regards him as a great human benefactor, another Dr. Schweitzer. Many Vietnamese, Catholics among them consider Thuc more of a businessman than a clergyman. Thuc has plunged into all sorts of operations, buying apartment houses, stores, rubber estates, and timber concessions; and when he eyes a prospective purchase, other bidders somehow drop out. Thuc enjoys an exclusive license to import schoolbooks—which also makes him official educational censor—and he has requisitioned army trucks and labor to construct his church buildings. As a Presidential relative, says a Saigon merchant, his requests for donations read like tax notices.

Madame Nhu, who adores him, thinks he should be a cardinal, and Diem lobbied strenuously to have Thuc made archbishop of Saigon. But the Vatican, aware that Thuc's activities have hurt the Catholic image, refused. The Ngo Dinh family's reaction was characteristic. When a new archbishop was appointed, invitations to his investiture were strangely misplaced at the post office, and only a handful of guests showed up.

Buddhist resentment against the Ngo Dinh family's narrow catholicism simmered until last spring. Then, on a hot humid May morning in the charming old city of Hué, thousands of Buddhists assembled to celebrate the 2527th anniversary of the birth of their Lord Gautama Buddha. It was to be an occasion of prayers, sermons, and processions.

But Archbishop Thuc, planning to commemorate his silver jubilee as a bishop, did not fancy the sight of Buddhist banners adorning his see. Through his influence, the Government forbade the flying of religious flags, and local troops tried to prevent the Buddhists from unfurling their multi-colored banners. Armored cars bristling with machineguns wheeled into the streets to disperse the crowd. When this failed, an obscure officer ordered his men to shoot. Nine women and children were killed.

In the days that followed, Buddhist protest demonstrations gradually spread. Led by monks and nuns, absurdly frail-looking in their saffron robes and shaved heads, they gathered silently in front of public buildings and staged hunger strikes in their temples. Diem set his police and soldiers against them. Finally realizing that continued collisions would lead nowhere, Diem finally formed a committee to study the situation, and a temporary truce was declared.

By now, however, the demonstrations had changed from a religious protest into an increasingly organized expression of accumulated political grievances. At Saigon's ornate Xa Loi temple, young Buddhist monks installed telephones and mimeograph machines to duplicate press releases, and their spokesman stated firmly that "we must continue the fight against those who try to destroy Buddhism." Nor did Diem really mean to come to terms. "As the situation relaxed," one of his aides confided to me, "he began to feel he had the upper hand and he was thinking of some new drastic action."

The tenuous truce was shattered by the fiery Madame Nhu. In private she berated Diem for compromising with "illiterate, crypto-Communist" Buddhists; at one point, according to family intimates, she pounded the dinner table so fiercely that she upset a bowl of chicken soup. For public consumption she ordered the English-language Times of Vietnam—a Saigon daily run by an American protege—to publish a proclamation by her rubber-stamp Women's Solidarity Committee. Among other things the statement charged the Buddhists with everything from sedition and neutralism to insulting the flag and being foreign agitators "undermining the nation." And the angry, confused battle against the Buddhists was on again.

It came to a climax a few days later, on the morning of June 11. Diem had gone to the Saigon Cathedral to celebrate a mass in memory of Pope John XXIII. Not far away, at a street intersection, an aged Buddhist monk called Thich Quang Duc seated himself cross-legged on the warm asphalt. He fingered a rosary of holy beads and softly chanted a prayer as another monk splashed his robes with gasoline. Without the slightest tremor crossing his serene face, he touched a match to himself, instantly bursting into a horror of flame and billowing smoke.

The impact of that—and the other suicides to follow—shook the world. Buddhists in Ceylon, Japan, Thailand, and elsewhere raised a chorus of complaint, and American clergymen of all denominations petitioned President Kennedy to intercede. With typical understatement, Pope Paul urged South Vietnam to find "the secret of unity."

In one of the stiffest gestures it has ever taken toward him, Washington privately warned Diem to meet the Buddhist griev-

ances. Or else, American Chargé d'Affaires William Truehart told Diem, the United States would "disassociate" itself from his policies and publicly condemn him. Praised and coddled for years by the United States—Vice President LYNDON JOHNSON called him the "Winston Churchill of Asia"—Diem was taken aback by the criticisms. He agreed that Buddhists could fly their flag, he promised to abrogate the old French law discriminating against Buddhists, and he ordered the release of most of the Buddhists arrested in antigovernment demonstrations.

Mild as they were, these concessions were too much for the Nhüs. In part, they confirmed the Nhüs' deep-seated hostility toward interference by the United States, a power they have variously referred to as "capitalist imperialist," "neocolonialist" and "Communist-infiltrated." American efforts to make Diem meet the Buddhist terms, cried Madame Nhu, were "blackmail."

More astutely, her husband sensed that the Buddhist dispute was only the superficial symptom of a far deeper resentment against the regime. He realized that his family-run police state could not suddenly compromise without falling apart. Instead, he mobilized his blue-uniformed Republican Youth Movement—of which he is "supreme leader"—and urged them to oppose Diem's half-hearted attempts at conciliation. On Nhu's instructions, wounded war veterans were rounded up to stage demonstrations against Buddhist temples.

Nhu made no secret of his feeling that Diem was too soft. On one occasion he called a group of army generals into his office and provocatively told them to count him in if they were planning to overthrow the government. Another time, he implied to a reporter that he might lead a coup d'état that would be "anti-Buddhist, anti-American and against the weaknesses of the government." Echoing a similar sentiment, his wife said, "The president worries too easily. He's not the type to take the initiative in a crisis. His government is weak, and because of that weakness, I'm here. I'm for the underdog. In this country, the upperdogs are the Communists and the Americans."

In her own inimitable fashion, Madame Nhu advocated beating the Buddhists "10 times more." She even told a TV interviewer, "All the Buddhists have done for this country is to barbecue a monk." Diem himself, in a rare moment of candor, told an aide, "What can I do? I can't control her."

The relations between President Diem and his first lady are unique. She thinks nothing of pushing him around, even in front of strangers. In the presidential palace, which she and her family share with Diem, Madame Nhu was preparing to be interviewed on TV one day last month but decided the setting was inappropriate. Without hesitation she burst into a chamber where Diem was seeing visitors and asked them to leave. At the prospect of moving all their equipment, the TV crew dissuaded her from changing places. "Oh, all right," she agreed, and turning to an aide, she said, "Go tell the President never mind."

Presented with the case of Madame Nhu, an amateur psychiatrist would be tempted to look into her childhood, and she frankly confesses that her youth was miserable. Her father was a wealthy lawyer and landowner, her mother, a member of Vietnamese royalty, and young Le Xuan, or "Beautiful Spring," had her own liveried coolie to pull her to school in a rickshaw. But she was a middle child, between an older sister she had to respect, and a younger brother who received more attention. "It's too bad my parents never loved me," she still moans.

At the age of 20, she escaped from home into marriage with Ngo Dinh Nhu, then the chief librarian in Hanoi and 13 years his bride's senior. She also converted from Buddhism to Catholicism.

When she married Nhu, Madame Nhu really married the Ngo Dinh family. They were a distinguished family of Catholic mandarins who had resisted French colonial domination but also refused to ally themselves with the Communist-led Viet Minh nationalists. The eldest of the Ngo Dinh brothers and his son were shot by the Communists; Madame Nhu, her daughter, and mother-in-law were imprisoned by them for 4 months, then released.

During the years the French fought to keep Indochina, Diem played virtually no political role. He traveled around the world with his brother, Archbishop Thuc, and settled for some time in a New Jersey seminary. After the French defeat in 1954, the United States, searching for a prominent nationalist free of French or Communist ties, decided on Diem to run the southern half of the partitioned country. He was an unknown without political support.

The problems he faced were staggering. Refugees were pouring out of the north; and in the south Diem was confronted by dissident sects, pirates and a mutinous army. He decided to fight rather than compromise, and the United States helped him significantly. His most rebellious general agreed to retire to France after the American Ambassador let it be known that the Vietnamese Army could expect no U.S. aid unless it gave Diem "complete and implicit obedience." The pirates were tracked down and seized. Against all odds and despite the most dire predictions of his downfall, he held on.

But those months of fighting and intrigue left him distrustful of all but his immediate family. He concentrated all authority unto himself and, afraid of disloyalty, depended for his power on two of his brothers. Nhu installed himself in the Saigon palace; Ngo Dinh Can, a stout, sharp-eyed man who drinks heavily, took over central Vietnam and ruled from Hué, where he also cared for the brothers' aging mother. (Past 80, she is bedridden and silently lies in state, like a wax mummy, occasionally visited by dutiful officials.)

To give the young government an ideology, the intellectual brother Nhu invented "personalism," which he evolved out of Catholic existentialism and Confucianism. Beyond a small circle of fellow highbrows, nobody has yet fathomed its meaning. Nhu also created the Can-Lao Nhan-Vi Cach-Mang Dang, or Revolutionary Labor Personalism Party, a clandestine organization of some 70,000 agents who spy on citizens and transmit Nhu's orders to branches of the army and administration. More recently he formed his paramilitary Republican Youth.

THE RISE OF MADAME NHU

As the family clan grew tighter and more powerful, Madame Nhu's role loomed more prominent. She became a member of the National Assembly, and she introduced to Vietnam's public affairs a feminine penchant for generalizing from the particular. For example, when her sister's wealthy husband tried to get a divorce, Madame Nhu bulldozed through a law banning divorce except by presidential decree. This family law, as it is called, also prohibits "too-free relations" between the sexes. While she was at it, Madame Nhu went on to abolish beauty contests, boxing, fighting fish, sorcerers prostitution, birth control, smoking and drinking by minors, and all dancing. In addition, she outlawed over 200 sad and sentimental songs which allegedly "lowered national morale." Despite some publicized banning of U.S. Embassy square dances, this effort to legalize morality has been less than a success. Saigon is still full of roisterous bars and flocks of streetwalkers.

In more serious fields, President Diem has also been less than a success. He has made some timid attempts at land reform and economic development. But serious economic

projects were hampered by his claim to inner revelation on almost every subject and his inability or unwillingness to delegate authority to experts. He would instruct foresters on how to plant trees and tell contractors where to build roads.

His inefficiency in military matters has been even more crippling. Ever fearful of betrayal, he distrusts his top officers, and of his 20 generals, only 4 or 5 actually command troops. He also delights in shunting his armies around whimsically, changing priorities and ignoring advice.

Last year, over the howling protests of U.S. advisers, every M-113 armored personnel carrier in the critical Mekong River delta was withdrawn to Saigon—for the Republic Day parade. On the basis of some inspiration a few months ago, Diem ordered Operation Waves of Love, dispatching marine and naval forces into the marshes of the Camau Peninsula, at the southern end of the country. The men bogged around for a month and, achieving nothing, withdrew.

More significantly, Diem has never really grasped the concept of counterinsurgency. To fight guerrillas, an army must be broken into small, fast, mobile units that can pursue offensive operations quickly and flexibly. But Diem thinks in terms of artillery "because you can strike the enemy from a distance," and his commanders love to rely on aerial attacks, which usually kill more innocent peasants than Communists. "They just have it all wrong," explains a seasoned American officer. "This is not an artillery war or an air war but a rifleman's war."

Military conditions have improved in central Vietnam. But Diem's reluctance to launch a major offensive during the recent dry season, from autumn through spring, has seriously impaired his position in the important southern delta. It spared the Communists, who have emerged again in the rainy months when the Government's tanks, artillery and aircraft cannot easily operate.

Though U.S. brass and Saigon statisticians claim progress, the Communists have increased their hard-core regulars from 18,000 to more than 25,000 in the past year. The ratio of weapons captured and lost is said to be improving, but these figures are illusory. The Government loses Browning automatics and recoilless rifles, and captures homemade lead-pipe pistols from the Communists. Casualty tabulations are similarly deceptive. All dead bodies are listed as Communists.

At the same time, the massive "strategic hamlet" program, designed to put the population into fortified settlements, is not working well in the rich, rice-growing region south of Saigon, where over half the country's people live. Again, Diem's concept of the plan is at odds with what U.S. military advisers have in mind. "We must control territory and defend everything under the sun," he told me. "We must suffocate the Communists. This job can't be done drop by drop."

Brother Nhu has set a lively rhythm for building hamlets. He not only has ordered them erected deep in Communist areas, where they are highly vulnerable, but he has posted strict achievement targets. In too many places local officials have thrown up bamboo fences and barbed wire, forced people to move in, and announced that their hamlets are ready. Of the 4,000 settlements officially claimed to exist in the strategic Mekong Delta, only about 1,000 are regarded as "viable" by U.S. experts. "There's a basic difference between ourselves and Vietnamese officialdom," says an American who works in the field. "We see security in terms of people; they see it in terms of territory. I don't think they've yet grasped the political aspects of this war."

For all too long, Washington also failed to grasp the political aspect of this war. On the assumption that there was no alternative leadership in Vietnam, the United States treated Diem as indispensable. In 1961

President Kennedy's new military adviser, Gen. Maxwell Taylor, flew out to Saigon and recommended massive American military aid. He also suggested that Diem reform his government by, among other things, appointing a genuine cabinet, releasing thousands of political prisoners, inviting his political opponents to join the regime, and streamlining his cumbersome chain of command.

Ambassador Frederick Nolting, Jr., was left to negotiate these reforms. For 3 weeks, while the controlled Saigon press virulently attacked "U.S. interference," Nolting tried to persuade Diem to change. The evening the talks finished, Ngo Dinh Nhu appeared at a party. "Mr. Nolting is the most intelligent American Ambassador we've ever had in Saigon," he announced. Everyone present knew immediately that the United States had backed down. As a Washington official explained it, "We just couldn't make Diem budge, so we decided to fight the war first and worry about reforms later."

Thus the U.S. Establishment, still scarred by the disaster at the Bay of Pigs, declared a moratorium on public criticism of Diem and his family. The American Embassy in Saigon began to sound like a branch of Diem's own Public Information Department, and probing reporters were treated like disloyal citizens. When a correspondent asked a sharp question at a briefing some months ago, visiting Adm. Harry D. Felt snapped back, "OK, boy, get on the team."

But the U.S. policy of "sink or swim with Ngo Dinh Diem," as the New York Times Correspondent Homer Bigart coined it, was basically doomed. For one thing, Diem in his infinite egotism did not cooperate. Not long ago Ambassador Nolting pointed out to Diem all the moral credit that the United States had built up in Vietnam and asked him to revoke a minor decision. Diem reportedly replied, "You have no credit with me." For another, the U.S. idea of postponing political reforms ignored the fact that Vietnam was immersed in political warfare. Diem's brother Nhu was perfectly aware of the fact. And in the Buddhist crisis he and wife seized the opportunity to become overt powers in South Vietnam.

During the long crisis, Nhu began to abandon his pose as an intellectual recluse. He made public speeches and talked to newsmen, and the Government printed up thousands of posters with his photograph in the uniform of the Republican Youth. He also quietly strengthened his loyal military elements around Saigon. Four companies of armored troop carriers, each equipped with .50-caliber machineguns, were brought in from central Vietnam. The U.S. Advisory Command was told that these vehicles were en route to the Mekong Delta, but they remained in the capital. At the same time, Nhu reinforced the Vietnamese special forces battalions in Saigon, bringing their strength up to about 1,200 men. Commanded by the faithful Col. Le Quang Tung, a former counterespionage chief, these units included two groups dressed in civilian clothes and armed with knives, pistols, and grenades for street fighting.

All together, more than 7,000 troops were stationed in or near the capital. On the surface it looked as though Diem was being protected against a potential attack from the countryside, possibly by his own mutinous men. In reality, these troops in Saigon were themselves preparing for an assault. Last month, on Nhu's orders and with Diem's apparent blessing, they struck against the Buddhists. As soon as the raids were finished, Diem moved one of his most faithful generals into Saigon as military governor, and then took to the radio to declare martial law throughout the country. He called the Buddhist leaders "political speculators who have taken advantage of religion . . . to carry out repeated illegal actions." Ngo Dinh Nhu was more specific. He claimed that the Buddhists had hidden

weapons in their temples and were plotting "to sabotage national security" * * * and organize a coup d'état." To observers it looked as though Nhu's supposedly preventive action might really be Nhu's own creeping coup d'état.

Nhu had obviously staged his move to precede the arrival of the new U.S. Ambassador, blunt, outspoken Henry Cabot Lodge. But he and Diem had gone even further than that in their deviousness.

The very night that their troops and police sacked the Buddhist temples, the Ngo Dinh brothers ordered a group of Vietnamese generals to their palace. With the palace surrounded by loyal units, Diem and Nhu commanded the generals to sign a pre-dated document. This false document was framed as a request by the generals asking the Government to declare martial law and crack down on the Buddhists. The fake request was aimed at Ambassador Lodge—designed to give him the impression that the sweeping repressions reflected demands from a powerful group in the military high command. Virtually prisoners in the presidential palace, the generals had no choice but to sign. And Washington, which at first attributed the raids to the Vietnamese Army, soon found it had been duped. It issued a statement blaming Nhu, exonerating the army and implying that a drastic overhauling of the Saigon regime would not be unwelcome.

DIEM'S MINISTER QUILTS

Overnight, the Diem regime's tottering reputation all but collapsed. South Vietnam's Buddhist Foreign Minister Vu Van Mau resigned, shaved his head, and announced that he intended to make a religious pilgrimage to India. (He was later arrested.) Diem's Ambassador to Washington, Madame Nhu's father, Tran Van Chuong, also resigned from "a government" * * * of which I disapprove." Under the Diem regime, he said, "there's not one chance in a hundred for victory." His wife, observer to the U.N., also quit.

Washington's distress over the crisis had no immediate effect in Saigon. After smashing the Buddhists, the Ngo Dinh's went on to crack down on teachers and students, a previously placid and apolitical group. Professors and university leaders came out with banners denouncing Diem and Nhu, and the police went into action. As the students arrived at Saigon's university, troops, and cops neatly knocked them off their bicycles and hauled them off to jail by the truckload. (They also detained three American correspondents, including the Post's Burt Glinn.) Elsewhere in Saigon, where students were planning noisier demonstrations, the Government was harsher. Hundreds were beaten, and one girl, allegedly trying to "escape," was shot.

The rise to power of the feared and detested Ngo Dinh Nhu helped to crystallize the many military elements that have long plotted against the Government. Until now they have hesitated to act, because they lacked cohesion, because they were uncertain of getting U.S. benediction and because they feared the Communists would profit from a coup. There are several generals among these potential insurgents, and they even include men close to Diem's family. "But you've known Diem and the Nhus for years," I asked one of them. "How could you kill them in cold blood?" My friend shrugged sadly. "We must choose between a few people and a nation."

Most officers hoped, however, to avoid bloodshed. Under the martial law, army elements moved into administrative control. These military units could conceivably usurp the power of the Diem regime. But if they stay faithful to Diem, they may be opposed by other, less loyal elements, which could touch off a confused, trian-

gular civil war—South Vietnam's Army fighting within itself, with the Communists idly watching and winning.

South Vietnam lies on the edge of chaos. And in retrospect, the strongest Communist allies in the country have been the Diem family. They have sown suspicion and hatred, and their show of apparent power has been a sham to conceal their weakness. Back in 1953, when he was a young civil servant, Ngo Dinh Diem made a prophecy that may yet come true. "The Communists will not take our country by virtue of their strength," he said, "but by virtue of our weakness. They'll win by default."

Mr. CHURCH. Mr. President, on Friday, September 20, the distinguished majority leader [Mr. MANSFIELD] made a short but important speech outlining some of our problems in the Vietnamese crisis. All Members of the Senate would do well to review his latest statement on this problem. On Sunday, September 22, the New York Times published an editorial calling attention to the majority leader's remarks on Vietnam. I ask unanimous consent to have this editorial printed in the RECORD at this point.

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

[From the New York Times, Sept. 20, 1963]
CONFUSION ON VIETNAM

Senator MANSFIELD, a penetrating student of Far Eastern affairs, has called the Nation's attention to a major bedevilment in our efforts to help South Vietnam win the war against Communist guerrillas. This complicating element is the deep split inside the administration on just what policy to pursue—a split aggravated by the bitter hostilities and contradictory courses among the various American agencies in Saigon. The result is all-around confusion so intense it could mean disaster.

The situation the United States faces in Vietnam is difficult and delicate enough without such complications. The repressive policies of President Ngo Dinh Diem and his brother Nhu are alienating the country's people; the military campaign is impaired by divided command; the impending debate on Vietnam in the United Nations General Assembly will add new embarrassments.

As President Kennedy has stated, the stakes in southeast Asia are too high for us to see the war lost. But the war will not be won by what he himself characterized as "ambivalence" in our effort. The obvious remedy would seem to be the one Senator MANSFIELD suggests; namely, to put all activities under the overall direction of Ambassador Lodge and to institute such changes in personnel as may be needed to insure some consistency in our Vietnamese policy. Any policy is better than no policy at all or a dozen policies operating at cross-purposes.

Ending the present mixup over who is in charge should be a major goal of Secretary McNamara and General Taylor on their trip to Vietnam.

Mr. CHURCH. Mr. President, Max Freedman is one of the most distinguished analysts of American politics. Mr. Freedman was formerly the Washington correspondent for the *Guardian*, a leading English newspaper. While serving in this capacity, Mr. Freedman was judged the best reporter for the foreign press who was then reporting from this country in a study of the subject printed in *Time* magazine. All Amer-

icans who had occasion to be in England at the time Freedman was writing for the *Guardian* were grateful for the penetrating and fair-minded quality of Freedman's writing on American affairs. Freedman has continued to display these qualities in the syndicated column that he now writes for several American newspapers, including the *Washington Evening Star*. Mr. President, I ask unanimous consent that a recent column by Mr. Freedman on South Vietnam which appeared in the September 23 issue of the *Star* be printed in the RECORD at this point.

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

[From the *Evening Star*, Washington, Sept. 23, 1963]

CIA'S BLUNDERS IN VIETNAM: DEVELOPMENTS SHOW FOLLY OF LETTING INTELLIGENCE AGENCY ESTABLISH POLICIES

(By Max Freedman)

As the war in Vietnam has continued, the struggle in Washington between rival groups inside the administration has grown in bitterness and intensity. There have been angry mutterings of resignation—not carried out in practice—and high words about drift and danger. Part of the tension has been caused by clashes in temperament but the central problem arises from differences over public policy.

By the middle of April, or even a few days earlier, it seemed clear to a few discerning officials in the State Department that the military struggle had begun to turn slowly yet decisively against the Communist forces.

This basic military fact has been obscured by the later political storms but the available evidence confirms this trend. Only about 10 percent of the Communist forces, which number somewhat less than 25,000 men, comes from outside Vietnam.

This background deserves considerable emphasis for it shows that the Defense Department and the Central Intelligence Agency are entitled to praise for this limited achievement. As the weeks dragged on, however, it became painfully evident that both of them were guilty of shambling inaccuracies in reading the political situation in Vietnam.

When the debate behind the scenes is made public years from now, no one will be able to deny that the State Department, on the basis of papers and recommendations written at the time and not with the wisdom of hindsight, had a far greater insight into the true situation in Vietnam than any other agency in the American Government. Yet the State Department has faced a desperate and wearying struggle to get its view embodied in American policy.

If the final result in Vietnam should be a defeat for the cause supported by American arms and American money, there will be a rush in this country to place the blame on the most vulnerable scapegoats. What is an easier target than the State Department?

It will be said that the State Department lost South Vietnam just as it once lost China. That charge is wrong about China, and it certainly never can be true about Vietnam.

The record will show that the State Department from the very beginning saw the tragic significance of the Diem government's attack on the students. It understood the moral decay and political cruelty that prompted the campaign against the Buddhists. It regretted the timid, blundering, and inconsistent appeal made to the army in Vietnam to assert its independence.

It argues now that if it is hard to find an alternative to the Diem group, the blame

rests in no small part on the unfortunate alliance between the Central Intelligence Agency and the Defense Department, with its disastrous impact in recent weeks on American policy.

In this distribution of blame, the heaviest burden falls on the CIA. The officials making these criticisms are not vindictive nor do they have any desire to stir up a row inside the administration.

With the evidence in their hands of the incredible and garish blunders committed in a sickening sequence by the CIA, these men in the State Department would be false to their trust if they remained silent while omens of disaster steadily accumulated.

The wretched muddle in Vietnam shows the folly and the danger of allowing the CIA to be a primary force in the development of American policy. The CIA should be an instrument for carrying out an agreed policy; it should never be the architect of policy.

Two further points should be made:

First, Ambassador Lodge, by consent of those best able to judge, is doing a first-rate job in very hard conditions.

Secondly, the action of Senator CHURCH and some 30 other Senators in threatening to cut off aid is designed to strengthen President Kennedy in his dealings with the Diem government. It arms President Kennedy with a lever against that government if it resists necessary reforms in Vietnam or if it flirts with a danger of neutrality.

THE USES OF DIVERSITY—ADDRESS BY HARLAN CLEVELAND, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL ORGANIZATION AFFAIRS

Mr. CHURCH. Mr. President, on September 9, approximately 1 week before the opening of the 18th session of the United Nations General Assembly, the Assistant Secretary of State for International Organization Affairs, Harlan Cleveland, delivered an address to the 18th assembly of the World Federation of United Nations Associations. Accenting the fact that the U.N., like the United States, thrives on diversity, Mr. Cleveland told the delegates:

You are meeting today in the very citadel of diversity, the seat of an organization with the misleading name United Nations. United we certainly are not. We are gloriously, irretrievably diverse—diverse in social organization, in economic theories, in political ideas, diverse in attitudes and alliances, in wealth and power; diverse, too, in the stages of development.

He continued:

Because we are diverse, our United Nations is an intensely practical organization. For what makes diversity work, as we have found here at home, is not men's ability to agree on philosophy or broad principles, but the fact that they can agree on what to do next, while continuing to disagree about why they are doing it.

In my judgment, Mr. Cleveland's speech before the World Federation of United Nations Associations deserves the widest attention, and I recommend its careful reading to all. Therefore, I ask unanimous consent that the Assistant Secretary's excellent and meaningful remarks be printed at this point in the RECORD.

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

THE USES OF DIVERSITY

(Address by the Honorable Harlan Cleveland, Assistant Secretary of State for International Organization Affairs at the First Plenary Session of the World Federation of United Nations Association, September 9, 1963)

I

The Secretary General, who honors us by his presence here this morning, will welcome you to the United Nations. My pleasure is to welcome you to the State of New York, and to the United States of America.

You are meeting, as well you know, in the world's most antique democracy. I think you will find it also one of the world's liveliest.

Ever since our forefathers got carried away with some heady ideas about human dignity and personal freedom and equal rights for all men we have been having a lively time trying to make good on their promises. Right now we are busy trying to correct the worst and the oldest gap between promise and performance. You will have to pardon us if we sometimes seem to be too busy arguing among ourselves to argue with our visitors.

Perhaps, Mr. Secretary General, you will recall some words spoken several years ago about the nature of this democracy of ours. You might recall them because they were spoken in this city by a former Prime Minister of Burma, U Nu, with whom you were associated before you left your national launching pad, as Dag Hammarskjold used to say, and went into orbit as servant to the international community.

U Nu had spent several days in a hospital on the East River, and he spoke at a luncheon in his honor of the amazing sights and the overpowering size of this metropolis. Then he said:

"One night I sat up on the terrace roof well past my bedtime and gazed out on the city. I was away from the noise and distraction. Here I seemed to sense the great pulse that beats under the surface of your city. And I thought that the power of New York lies not in any of these massive physical characteristics. It seemed to me that the greatest thing of all was the living lesson that New York offers the world: that peoples from many lands, many races, many cultures, many religions can live together and work together; not only can they coexist, but all of them seem to draw at least some little something from each other that makes them more complete and that adds vigor and endurance to their lives.

"Perhaps out of this kind of ferment, out of this kind of contact between peoples of such varied backgrounds, out of this kind of diversity can come the new ideas and the new way of looking at things that are so badly needed in our world."

Those words were well received here, because we glory in the description of our society as the great melting-pot. It is, of course, nothing of the sort.

The racial and ethnic and national groups that came here, and read a sign in the harbor saying "Send these, the homeless, tempest-tost, to me * * *," didn't fly apart after they became Americans. They clung to each other, they huddled together for protection against the other groups that had already come, and against those further waves of strangers that kept rolling in past the Statue of Liberty and populating a continent with a nation of foreigners.

No, the relevant cliché is not the melting-pot, but U Nu's word: diversity. The newer Americans and the older Americans learned in time to tolerate each other. They rubbed

up against each other, and they discovered not that all men are brothers—that is an early, easier lesson—but that all brothers are different, which is a later, harder lesson because it means learning about the value of difference.

You who visit us for a few weeks may find us in consequence a little confusing. Some of you come from societies which can describe their goals and define their "system" with well-honed words from ancient texts or modern manifestoes. Don't ask us for our manifesto—all you will get will be a blank stare.

For we don't have a "system." We have, if anything, a protected plurality of systems. The Englishman, Edmund Burke, in his famous speech about how to get along with those wild men across the Atlantic, said in despair that our religion is the dissidence of dissent. Americans, he thought, were a people who are still, as it were, but in the gristle, and not yet hardened into the bone of manhood. What makes it so hard for our own historians to capture and record the American way of life is precisely that our way of life is a living denial of the dogma that any one man's view of society, or any one group's view of society, is the correct, approved version.

II

You are meeting today in the very citadel of diversity, the seat of an organization with the misleading name United Nations. United we certainly are not. We are gloriously, irretrievably diverse—diverse in social organization, in economic theories in political ideas; diverse in attitudes and alliances, in wealth and power; diverse, too, in the stages of development.

Because we are diverse, our United Nations is an intensely practical organization. For what makes diversity work, as we have found here at home, is not men's ability to agree on philosophy or broad principles, but the fact that they can agree on what to do next, while continuing to disagree about why they are doing it.

Some may agree to take the next step because they see their interests served thereby; others may see a mandate for the same next step in some religious text or economics textbook; still others may go along because they don't want to offend those who are proposing the step be taken. The reasons for common action can be mutually inconsistent—in any large organization I think they often are, and in the United Nations almost always so.

If we had to wait around until two-thirds of the delegates who meet in this place could agree as to why they were agreeing, no resolution would ever be passed and the United Nations would not today be spending more than half a billion dollars a year for peace-keeping and nation building.

What unites this diversity, then, is not so much a paper agreement on philosophy as a practical consensus on procedure, a pragmatic agreement on how decisions will be made and who will carry them into action. It is no accident that the Charter of the United Nations contains 4 pages of philosophy followed by 40 pages of procedure.

A marvelous practical system it is; if we sat down in this place to write the charter again, it is highly improbable that we would do as well.

As the U.N. has grown in maturity, in strength, and in relevance to the major issues of the day, it has collected enemies in every nation as well as friends. Your United Nations associations in every land bear the brunt of defending the organization against political attack, so there is no need to remind you of the gloomy forecasts that have regularly been made about it.

The onset of the cold war, the crisis in Korea, the chronic warring in the Middle East, the chaotic ordeal in the Congo, the

growing gap between the rich countries and the poor countries—each test of international cooperation has produced its crop of doomsayers.

The detractors of the forties were certain the organization would die of anemia; the latter-day detractors are more inclined to predict the organization's demise from over-indulgence. But they share a common characteristic: they are wrong.

The U.N.'s capacity to act—which is its most precious asset—has grown from year to year. It has outlived a succession of threats to its existence—each time, like Ulysses, emerging stronger from the trial. As Adlai Stevenson has said, the United Nations was built for trouble and thrives on it.

III

No organization can double in membership in less than two decades without putting an enormous strain on the original machinery. The machinery devised to serve the 51-member organization of 1945 is plainly inadequate for the 111-member organization of today.

For example:

The General Assembly is cumbersome—it is, for example, the only parliamentary body in the world which still tries to do most of its work through committees of the whole.

Some of the councils and commissions are too small to include voices from all parts of the newly independent world.

The Office of the Secretary General is still handling an extraordinary range of peace-making tasks by putting an impossible burden on a handful of overworked men.

The United Nations has now undertaken 10 peacekeeping operations but the Secretariat needs more of the military planning skills that the next emergency, and the one after that, will require.

There is no doubt that technical aid and preinvestment work—the development of projects that make sense and the training of people who can make them work—is now the main bottleneck in the whole development process. The U.N., which teaches public administration all over the world, still has administrative improvements to make in unifying the contribution to this process of all the U.N. agencies.

IV

But the biggest question about the United Nations today is not whether it will be more or less efficient. The biggest question is whether its members will stay on the course they have laid out for themselves in the charter.

In every country today, voices are raised to ask: Do we really want an international organization with a significant capacity to keep the peace?

In all of the big countries, this question is asked to justify a growing resistance to paying for international peacekeeping. A new slogan, "our way or no pay," is today the official policy of several member governments, including two of the permanent members of the Security Council.

But the rest of us can hardly claim an unsullied virtue in the matter. Our debates on U.N. financing reveal strong minority opinions to the same effect: If we are paying part of the piper, shouldn't we be calling all of the tune?

The doubts about international peacekeeping also show up among those who advocate change at any price, and those who think keeping the peace means keeping things just as they are.

In Africa today the U.N. and most of its members are in the middle—determined to bring self-determination to all peoples, but anxious—and obligated under the charter—to pursue this goal by peaceful means. In every society we have citizens who in their pursuit of laudable goals are quite prepared to take the law into their own hands, convinced in their own minds that a little bloodshed will lubricate the machinery for

change. The U.N. would be endangered if any of its members came to think that way.

The magnificent record of decolonization gives hope that we can yet devise in the U.N. the methods of peaceful change which will enable all the people of the southern part of Africa to exercise the rights to which the charter and their own natural dignity entitle them. But if the United Nations is going to play a central part in this process, as most of us believe it should, all parties are going to have to be willing to talk and do something about change—while maintaining the peace.

Let me say it again: A world of diversity will only work if there are some agreed rules; and rules have to be taken most seriously at moments of maximum annoyance and frustration. If a car in front of you at the stoplight fails to move when the light turns green, it is permissible to blow your horn or even to call in the proper authorities to help induce the other driver to move. It is not permissible to express your sense of outrage by ramming his car from the rear, nor can that be done without getting hurt yourself.

A related threat to the Organization has developed from this same frustration about the persistence of colonial rule and racial discrimination in the southern third of Africa. In several conferences this summer, one group of U.N. members has tried to eject other members from the meetings. On several occasions the resulting clamor has brought important work to a standstill—and has brought disrepute to the United Nations.

There is no doubt that if a large caucus of member states is unified and determined, and is willing to ignore legal rulings and the chairman's gavel, they can succeed in making a shambles of any parliamentary body. There are plenty of instances, in the tortured history of democratic institutions, of frustrated minorities becoming so incensed that they took their frustration out on the rules of the game of democracy itself.

The claim in these instances has always been same—that the end justified the means—that if democratic procedures frustrate purposes of obvious nobility, then democratic procedures must be cast aside. The boomerang effect of such an attitude is perhaps the clearest and most obvious lesson in all the history of freedom. All of us who owe our freedom, and our national independence, to the presence in the world of democratic procedures should think long and carefully before we cast them aside as an obstacle to the early achievement of our own immediate aims.

The specific remedy for all the viruses that currently afflict the United Nations—financial delinquency, the tension between peace and change, and the temptation to set aside the democratic rules of the charter—is simple. It is for all of us to remember, and repeat with our prayers, that what keeps a world of diversity from blowing itself into eternity is a consensus on how decisions will be made—lawyers would prefer to call it law—and a willingness to talk at tedious length with people whose principles you hate.

V

The creation of the U.N. did not end the competition for power among nations. It did broaden that competition, bringing in peoples and leaders from all around the globe. It did provide a place to contain the struggle—an arena for diversity. And it may in time civilize the settlement of disputes among nations.

If we are going to have an arena, we are going to have to have rules of the game, the deadly serious game, we play there. Without them, or when they are violated at will, the civilizing game disintegrates into a free-for-all. A free-for-all is bad enough in a sports arena. In the United Nations it is a formula for nuclear-powered jungle war.

The future of these nations united in diversity does not hang on their ability to meld their differences into the dull and unstable amalgam of resolutions on general principles. It hangs on the "next steps" we can take together in this place, to make this a world as safe as it is exciting to live in.

The action we take together had better contain the peril we share—for we all have to be brothers whether we like it or not.

INDIANA DUNES AND BURNS DITCH HARBOR

MR. DOUGLAS. Mr. President, an editorial in this morning's Washington Post correctly assesses the recommendations made by the Bureau of the Budget this week as to the fate of the beautiful Indian Dunes.

The editorial states that "not three, not two, but one cheer is in order for the administration's compromise decision." I am sure that all those who want to preserve our Nation's natural treasures for the generations to come will share this view, although I might be willing to give a cheer and a half. It is disheartening to believe that the Bureau of the Budget and the administration are willing to write off the most beautiful and scientifically most valuable section of the dunes. But it should be understood that the conditions which the Bureau has attached to the proposed Burns Ditch Harbor, a project which will encourage the industrialization of the dunes, will very likely mean that no Federal harbor will ever be built. Indeed, if the conditions are enforced, I think one can safely predict that a Federal harbor is out of the question.

We can take encouragement, however, from the administration's promise of strong support for an 11,700-acre Indiana Dunes National Lakeshore Park, even though the beautiful central area will not be a part of the administration's recommendation. I expect that we shall be able to introduce a new dunes park bill early next week, and I hope it will be widely supported and rapidly passed. Since I first introduced a bill to rescue the dunes in 1958, the bulldozers and land speculators have been hard at work, and many beautiful places have been physically destroyed. It is essential that this new bill receive immediate consideration and that every effort be exerted to save the remaining unspoiled areas in this beautiful area.

I ask unanimous consent that the Post editorial be printed in the RECORD.

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

WRITTEN IN SAND

Not three, not two but one cheer is in order for the administration's compromise decision to give qualified approval to a Lake Michigan Harbor that imperils the Indiana Dunes. This geologically unusual stretch of sand should be set aside as a national recreational area in the congested vicinity of Chicago. But the dunes fall within Indiana, and the politicians of that State, with a few honorable exceptions, favor industrial development rather than conservation of a threatened treasure.

Out of this unpromising circumstance, the Bureau of the Budget has salvaged what it could. With the support of the White House, the Bureau first recommends that 11,000

acres (including 2,200 acres now in a State park) be sought as a national recreational area. Some dunes, therefore could be saved forever from the bulldozers and the steel mills. Surely legislation will be promptly introduced to put into effect this recommendation.

Equally important, the Bureau proposes stringent conditions before granting approval to a Federal appropriation of up to \$25 million for a harbor at Burns Ditch. Before the Corps of Engineers could begin dredging, the steel companies concerned would have to construct an integrated steel mill that would consume a minimum shipment of coal each year. Moreover, the companies would have to provide water and air pollution controls. These and other conditions mean a delay of at least a year before the Corps of Engineers can request funds for digging a harbor that would inescapably harm the recreational value of the dunes.

Senator DOUGLAS and other champions of the dunes are quite right in continuing to fight all encroachments on the strip of sand. But the compromise means that something can be salvaged, and that exacting tests will be used to judge the feasibility of gouging a harbor in the heart of the Indiana Dunes.

PROPOSAL FOR PRESIDENTIAL COMMITTEE TO STUDY TRADE WITH COMMUNIST BLOC

Mr. HART. Mr. President, last week our colleague, the senior Senator from Minnesota [Mr. HUMPHREY], had some things to say about our trade policy toward Communist bloc countries. He made a timely statement and I commend him for it. I agree with his fundamental thesis that we have some jagged edges in our current policy which are keeping us from our share in the world markets. In short, we are not reaping the political and economic dividends of a constructive policy in tune with our times.

Admittedly, trade with Communist countries is a sensitive area of public policy. But it is also an important one, and a key element in the long-term political and economic health of this country and the nations associated with us in the cause of freedom. It deserves, therefore, the attention of all our citizens, and the appropriate committees in the Congress, as well as the attention of officials in the executive branch.

That something is wrong with our trade policy toward Communist countries is indicated dramatically by Canada's recent sale of wheat to the Soviet Union. Obviously, our national blockade of communism is not working. But the Canadian wheat pact is only the most recent link in a chain of events which is proving that our policy does not prevent the Soviet Union or its satellites, or Communist China, for that matter, from making up for their agricultural failures, and other needs as well, provided they can pay for imports with hard currency. As the Detroit News stated editorially a few days ago:

The Soviet bloc is stepping up its trade with Western Europe as well as with Canada. Regulations which limit U.S. trade with Soviet bloc nations frequently do nothing except to shift their business to some European nation. The regulations seldom prevent the Soviet countries from getting what they want.

As I reported to you and the Senate several weeks ago, Mr. President, my visit

to Poland early this summer convinced me that the exceptions we have made in the cases of Poland and Yugoslavia, do in fact produce results beneficial to the long-term interest of the United States. Our experience with Poland and Yugoslavia is weighted on the positive side. In light of this experience, and events such as the Canadian wheat pact, we should not hesitate to reexamine our trade policy toward the Communist bloc, and to explore new possibilities in the political and economic interest of the United States.

Mr. President, the situation today calls for a thorough review of our trade policy toward Communist bloc countries. The administration already has indicated its concern in this matter. The recent White House businessmen's conference, called to spur exports, urged a broad reexamination of the restrictions holding down trade with the Communist bloc. I commend also our farm organizations which last weekend called for a review of the wheat export restrictions that apply to all Communist countries except Poland and Yugoslavia.

I am hopeful that a broad reexamination of our policy will be carried out, and at the highest level. I urge the President to take the initiative in this important matter by appointing a special committee to review our policy, and at an early date to make recommendations in tune with the current world situation and the long-term interests of this country.

The special committee should be headed by the Secretary of Commerce. Its members should also include the Secretary of State, the Secretary of Agriculture, two Members of Congress, and representatives from the major labor, business, and farm organizations.

The special committee should examine the whole series of regulations and general policy matters concerning trade with the Communist bloc countries, including the Commerce Department's positive list of products which currently require individually approved export licenses. But the first order of business should concern new possibilities, in the national interest, of expanding foreign trade in foodstuffs with the Communist bloc.

Mr. President, I am not suggesting that we coddle the Communists. They remain our opponents in the struggle for the soul of 20th-century man. The resumption of full-scale trade between East and West is out of the question. So too is our selling of strategic materials to Communist countries. But this should not deter us from reassessing other aspects of our trade policy with these countries, and from putting into clearer perspective the situation which confronts us in the world markets. Our national interest requires it. In my book, a special committee along the lines I have suggested would be the best channel to accomplish this task.

I commend to my colleagues the editorial from the Detroit News which I mentioned a moment ago. It appeared in the September 18, 1963, issue of that newspaper. I ask unanimous consent that the editorial be made a part of my remarks at this point in the RECORD.

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

IS THE UNITED STATES MISSING A BET?

Canada's sale of nearly \$500 million worth of Canadian wheat to the Soviet Union has revived once again proposals that the United States step up its trade with Soviet bloc nations.

Commenting on the Canadian sale, Senator HUMPHREY, Democrat, of Minnesota, said that the United States must change its outdated export policies if it is to share in today's world markets.

Whether our policies are changed or not, we think it would be appropriate at this time for the Kennedy administration to review U.S. policies with respect to trade with the Soviet Union and the Soviet bloc.

We are aware that this is a politically sensitive subject. Many Americans understandably object to any U.S. trade with any Communist country on the grounds that such trade merely strengthens communism.

There are other objections as well. The Soviet bloc's record on payments as well as trade has been erratic. Soviet bloc nations use trade for political as well as economic purposes. They appear to be inconsistent markets, seeking U.S. goods chiefly in time of drouth or disaster at home. And they offer in return few products that this country really needs or wants. In recent years U.S. exports have been running at a level of only about \$135 million a year.

Yet the Soviet bloc is stepping up its trade with Western Europe as well as with Canada. Regulations which limit U.S. trade with Soviet bloc nations frequently do nothing except to shift their business to some European nation. The regulations seldom prevent the Soviet countries from getting what they want.

We do not suggest that the United States should sell strategic materials to the Soviet countries. But it might be well to review the 1,000 or more items on the Commerce Department's positive list of products which may not be exported without individually approved licenses. We ought to be sure the list is being kept up to date.

In addition we ought to investigate the possibility of selling more U.S. farm surpluses to the Iron Curtain countries. That obviously is what was in Senator HUMPHREY's mind. He no doubt recalls that during the Eisenhower administration a proposal for sale of surplus U.S. butter to the Soviet Union was turned down at the Cabinet level only because of the fear of public reaction to a sale at less than the price being paid by the U.S. housewife.

Some support already is being expressed inside the Kennedy administration for increased trade with the Soviet bloc. Secretary of Commerce Hodges this week said he planned to discuss with President Kennedy the possibility of increasing trade with the Communist countries in the wake of the easing of tensions between the East and the West.

Admittedly the resumption of full-scale trade between the East and the West would tend toward public acceptance of the status quo in eastern Europe. But supplying more consumer goods to the Soviet bloc might tend to soften Communist antagonism toward the West. Whatever policy is undertaken, however, must serve first and foremost the long-run interests of the United States.

NARCOTICS LEGISLATION

Mr. KEATING. Mr. President, on February 20 my colleague [Mr. JAVITS] and I introduced a package of bills dealing with the problem of narcotics addiction. We have a special interest in

this problem because our State is the home of 47 percent of all the addicts in the Nation. It is our belief that the noncriminal addict should receive treatment, and not a jail sentence, for he is truly the victim and not the perpetrator of a crime. This treatment should be available close to home and consist of a period of hospitalization followed by a strict program of controlled aftercare. The present practice of committing this kind of patient to a Federal hospital at Lexington, Ky.—700 miles from home—and then returning him to the environment which contributed to his becoming an addict is foolhardy.

One of the five bills which we introduced was an amendment to the Youth Corrections Act which would allow a sentencing judge greater discretion in cases of addicts under 26 years of age. I am happy to report this morning that the bill has received the unanimous approval of the Judicial Conference of the United States. Judge William F. Smith, chief judge of the third circuit, and also chairman of the criminal law section of the conference, has advised me of this action.

Mr. President, I ask unanimous consent that the text of Judge Smith's letter be printed at this point in the RECORD.

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

U.S. COURT OF APPEALS
FOR THE THIRD CIRCUIT,
Newark, N.J., September 23, 1963.
Hon. KENNETH B. KEATING,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KEATING: You may be interested to know that your pending bill, S. 863, which proposes an amendment of the Federal Youth Corrections Act, received the unanimous approval of the Judicial Conference of the United States at its meeting on September 18 last. You will probably hear from Mr. Olney within the next few days.

If the members of the committee on the administration of criminal law can be of further assistance to you in this or any other matter, you may be assured of our cooperation.

With kind personal regards, I am,

Respectfully yours,

WILLIAM F. SMITH.

PROPOSAL FOR STANDING COMMITTEE ON VETERANS' AFFAIRS IN THE SENATE

Mr. KEATING. Mr. President, at their national convention, the American Veterans of World War II adopted a resolution calling for the establishment of a standing Committee on Veterans' Affairs in the Senate. As a cosponsor of Senate Resolution 48 to this effect, I am keenly interested in the enactment of this legislation. In fact, more than half the Senate is on record favoring such a committee.

For far too long, veterans legislation has been scattered between the Finance Committee and the Committee on Labor and Public Welfare. It seems to me that the establishment of this committee is certainly necessary and warranted, in the light of the fact that veterans legislation either directly or indirectly affects nearly a third of our population.

I have already inserted in the RECORD resolutions, adopted at the national conventions of other veterans organizations, urging establishment of a Senate Veterans' Committee.

Mr. President, a very good article which clearly summarizes the reasons behind the establishment of a Senate Veterans' Affairs Committee appeared in a recent issue of the National AMVET. I ask unanimous consent that following my remarks, the text of this article be printed in the RECORD.

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

A SENATE VETERANS' AFFAIRS COMMITTEE
Now

Once again AMVETS national convention unanimously adopted a resolution calling for the establishment of a standing Committee on Veterans' Affairs in the U.S. Senate. As of August 7, 1963, there were nine resolutions introduced in the 1st session of the 88th Congress to accomplish this end. Forty-one Members of the Senate have joined in sponsoring the creation of such a committee. All the major veterans organizations are in agreement that a Senate Veterans' Affairs Committee is a necessity. In 1945 and 1946, a Joint Committee on Organization of Congress recommended the creation of such a committee. In 1951, another Senate committee recommended a Senate Veterans' Affairs Committee, and again in 1959 a special subcommittee of the Senate Committee on Rules and Administration recommended establishing such a committee. In view of the favorable support for a Veterans' Affairs Committee in the Senate, AMVETS can see no logical reason why such a committee should not be created—and created now.

Our position in this matter should not be construed as criticism of the standing Committee on Finance and Labor and Public Welfare who now handle veterans' matters in the Senate. AMVETS feel that it is physically impossible for these committees, overburdened as they are, with other major legislative problems to give prompt and thorough consideration to veterans' affairs.

Legislation in the field of veterans' benefits and the vast program administered by the Veterans' Administration directly or indirectly affects the lives of more than 50 million of our population. Expenditures in this field for 1964 alone will be almost \$6 billion. It seems to AMVETS that the sifting and digesting of legislation in this field and the continuous overseeing of the Veterans' Administration program is much too big and important a job to be assigned to subcommittees of committees already overburdened with other major issues.

The vast scope of the Government's activities in behalf of veterans, the vast financial outlays involved in the conduct of these programs, and the need for coordinating their various parts is a full time task for any committee.

Only by creating a new standing Committee on Veterans' Affairs in the Senate will the disadvantages of scattered responsibility and lack of coordination which are inherent in the present Senate arrangements be remedied. Only by creating a specialized agency in the Senate for the handling of veterans' affairs can the Senate obtain an overall view of these matters and only in this way can we be assured of effective and coordinated legislative action in this important and ever-expanding field.

By concentrating responsibility for veterans' matters in a single committee whose members will be in a position to study the problems thoroughly, the Congress can best be assured that the Nation's as well as the

veteran's best interest will be served and balanced.

The need for such a committee is obvious. The support for forming such a committee among the Members of the Senate is substantial. The time for all veterans' organizations to join forces in an all-out effort to achieve this goal is now.

PARTISAN POLITICAL SPEECHES BY THE PRESIDENT

Mr. MILLER. Mr. President, in today's Washington Daily News there is an article entitled "J.F.K. Raps Ike's Power Politics," with the dateline of Great Falls, Mont.

I regret that the article indicates that there has been a departure into the partisan political arena from the officially announced nonpolitical trip which this was supposed to be by our Chief Executive to the Western States in the interest of conservation.

I think it is regrettable that the taxpayers of the United States are bearing the entire cost of this trip. I hope the speeches will be carefully analyzed and, to the extent that they have become partisan political speeches, that an allocable portion of the cost of the trip will be borne by the National Democratic Committee.

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

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

PRESIDENT OPENS UP ON GOP—J. F. K. RAPS
IKE'S POWER POLITICS

GREAT FALLS, MONT., September 26.—President Kennedy today attacked the electric power policies of the Eisenhower administration.

Until today, Mr. Kennedy's criticism of the Republicans had been somewhat muted. He devoted himself largely to praise for Democrats and what they had done to preserve and advance conservation and reclamation, and protect natural resources, particularly in the upper plain States.

His speech prepared for delivery here today in the hometown of Senate Democratic leader MIKE MANSFIELD took a different and stronger tack, however. Mr. Kennedy was specific in his criticism of the Eisenhower administration power policies and practices. At one point he referred to blunders of the years immediately preceding his election to the White House. And he spoke of exploitation by private interests permitted by another administration.

He did not call the former President by name, but he did name one of the Eisenhower Cabinet officers—the late Interior Secretary Douglas McKay. He reported proudly how the current Interior Secretary Stewart L. Udall, had replaced Mr. McKay's policies to the public's benefit.

Mr. Kennedy also praised Agriculture Secretary Orville Freeman for having quickly dispelled "the cloud of political control which had hung over the loan authority of the Rural Electrification Administration" when the Kennedy administration entered office.

ADDRESS BY SENATOR MUSKIE ON THE PROBLEMS OF OUR FISHERIES

Mr. KENNEDY. Mr. President, our distinguished colleague, the Senator from Maine, Senator EDMUND S. MUSKIE, delivered an address on September 25 to

guests of the sixth annual New England fish and seafood parade dinner held in Boston, Mass.

Senator MUSKIE has long been a friend of our fishermen. He has again shown this in his recent address, by a straightforward articulation of the major factors contributing to the fishing industry's plight; namely, inadequate fisheries research and antiquated fishing fleets.

I invite the Members of Congress to give their close attention to this analysis of the problems confronting a once-flourishing industry, and the legislative remedies which he reviews for our careful study.

Mr. President, I ask unanimous consent that Senator MUSKIE's address be printed in the RECORD at this point.

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

ADDRESS BY SENATOR EDMUND S. MUSKIE

It is always a pleasure for me to visit Massachusetts, the home of so many distinguished Americans—past and present—from President John Adams to President John F. Kennedy. We in Maine are proud that we share a common heritage with our sister State of Massachusetts. Until 1776, we were both part of the same English colony. Until 1820, as citizens of the Commonwealth of Massachusetts, we elected the same Governors. Although we then became separate States, we have remained good neighbors, sharing many responsibilities, many accomplishments.

One element of our common heritage is our Nation's fishing industry. It was here in Massachusetts in the early days of the 17th century, in Boston, Plymouth, and Salem, that the commercial fishing industry of the United States was born.

We in Maine take no back seat, for it was in Bath in 1607 that the *Virginia*, the first vessel constructed by Americans, was built. By 1762, a commercial shipyard, which built hundreds of fishing vessels, was in full operation in Bath. Bath today continues in the same tradition, building missile frigates for our Nation's defense.

Together, Maine and Massachusetts have participated in the development of the American fishing industry. New Englanders built the clipper ships. New England fishermen on whaling expeditions to the south seas founded many a New England fortune. No fishing grounds were too far, no risks too great for them. From that position of worldwide preeminence, we have witnessed a decline in the fortunes of our fishing industry. Instead of our fishermen bringing their catches from the South Pacific, we have sighted Russian and Japanese vessels fishing within our 3-mile limit.

In 1956, the United States ranked second to Japan as a fishing nation. In 1961, we followed not only Japan, but also Peru, Red China, and the Soviet Union.

Our national fish catch has not increased since 1940, but our fisheries imports have increased approximately 400 percent.

Bringing the problem a little closer to home, imports of groundfish and Atlantic Ocean perch fillets have risen from 107 million pounds in 1952 to 221 million pounds in 1962, an increase of 107 percent.

What is the cause of this predicament? What can be done to rebuild our fishing industry?

The problems of our fishing industry are clear and obvious—inadequate fisheries research and an antiquated fishing fleet, coupled with competition from foreign fishing industries which benefit from extensive Government support in these areas. For our Government to ignore these problem areas would amount to national neglect.

Of all domestic industries utilizing natural resources, the fishing industry has been the most neglected. In fiscal year 1961, the U.S. Government spent \$5.8 billion on agricultural programs—\$68 million on mineral resources. The total outlay on programs for the fishing industry was \$35.4 million. In addition to being the most neglected of all natural resource industries, the fishing industry has had to bear the brunt of foreign competition from low-wage, subsidized foreign fishing industries.

The record shows that the duties collected on foreign fish imports have risen from \$6 million in 1936 to \$16 million in 1961. During that same period, the value of foreign fishery imports has risen 10 times from \$40 million in 1936 to just under \$400 million in 1961.

Four times the domestic fishing industry has approached the Tariff Commission requesting relief. Twice the Tariff Commission recommended that action be taken. On both occasions, President Eisenhower rejected the Tariff Commission's recommendations on the grounds that our relations with other countries would be adversely affected.

Through 1961, our Government had extended a total of \$297 million in foreign aid to other countries to help them build up their fisheries to compete with us. Incredibly as it may sound, this sum of \$297 million exceeds by about \$88 million the sum our Federal Government had spent on our own fishing industry during the same period.

As chairman of the special Senate Subcommittee on Air and Water Pollution, I find it ironic that while Federal, State and local governments have spent millions of dollars in preventing the pollution of our inland and coastal waters, relatively little has been accomplished in the development and promotion of the food resources of these waterways.

I could continue on listing in great detail the neglect and the obstacles which have burdened our once flourishing fishing industry. The past record has been dismal, but I am pleased to report that there is a growing realization in Congress that the fisheries industry is important to the future of the United States. Massachusetts can take a great deal of credit for the change in the climate of opinion. Massachusetts Senators have worked long and hard for the development of a healthy, productive fishing industry. Leverett Saltonstall, John F. Kennedy, and now Ted Kennedy have been active in this fight. Special credit should be given to Ben Smith, who was brought up in the Gloucester fishing industry, who knows the problems the industry faces, and dramatized them in his memorable address before the Senate last year, when he proposed a realistic program for our fisheries.

As you all know, Ben is now an ambassador. He has been appointed as our Nation's first ambassador for fisheries. This is a significant recognition of the importance of the fisheries industry. Moreover, the President has picked the right man to do the job.

The improvement in the legislative climate for fisheries legislation can best be measured by the number and variety of fisheries bills before Congress for consideration. We all know there is a vast difference between introducing a bill and enacting it into law, but based upon the action taken thus far, I do feel there is reason for optimism.

I would like to review briefly the more significant fisheries bills which are before the Senate by describing their content and noting their present status.

All Americans are deeply concerned with violations of our international waters by foreign fishing vessels. Several Japanese and Russian vessels have been sighted within 3 miles of the Alaskan coast. There has been a longstanding need for both the strengthening of American laws prohibiting foreign

fishing in our territorial waters and the establishment of effective penalties and procedures to enforce these prohibitions. A fine of \$10,000 or imprisonment of up to 1 year or both are specified in Senate bill 1988 introduced by Senator BARTLETT, of Alaska. In addition to enforcing our laws within the 3-mile territorial waters limit, this bill would also cover a 200-mile limit on the Continental Shelf with respect to fishing for crabs and other fish resources attached to the ocean floor. This legislation has been approved by the Senate Commerce Committee; and it has been cleared for floor action by the Senate Democratic policy committee.

This is one instance in the history of Congress where no opposition was expressed. Republicans and Democrats, the Navy and the Coast Guard, the Interior and State Departments all agree that this legislation is needed and should be enacted. It is expected that the bill will pass the Senate.

Senator ERNEST GRUENING, of Alaska, and I have introduced legislation, S. 1816, designed to increase our territorial limit from 3 to 12 miles. If Congress should take action on both these bills our fishermen would have additional waters they could fish exclusively and our Coast Guard would have the power to enforce U.S. authority in these waters.

Twenty-eight nations already enforce a larger territorial limit than 3 miles. The largest limits are those enforced by Chile and Ecuador, 200 miles. The Canadian Government has announced its intention of instituting a 12-mile territorial waters limit in mid-May of 1964, measured from headland to headland. This is of critical importance in New England. The limit would encompass enormous areas such as the Gulf of St. Lawrence on the Atlantic side and Queen Charlotte Sound on the Pacific. It could include the Bay of Fundy.

Prime Minister Pearson has indicated that traditional and treaty rights of the United States would be taken into consideration. President Kennedy has indicated that he will reserve our rights. Our position in what have been traditionally joint fishing areas should not be jeopardized.

Regardless of any action taken by Canada, our country needs this limit as a matter of self-protection. If we do not look out for ourselves, we can be certain that fishermen from other nations will not hesitate to move in and deplete the stock of fish resources adjacent to our coast.

But this legislation does not solve the major problems which face our fishing industry. Neither of these two bills would affect foreign fishing activities outside a 12-mile distance from our coast. The primary operations of foreign fishing interests take place beyond that point. This August the Coast Guard counted 169 Russian fishing vessels off the Georges Banks. To compete successfully outside our territorial waters, we must revitalize our fishing industry so that it can cope with the state subsidized efforts of foreign nations.

Although commercial fishing is a serious area of cold war competition, it is much bigger than that. In addition to the Soviet Union, fisheries competition comes from Canada, Denmark, Iceland, Norway and a host of other nations. All these countries heavily subsidize their industries both in terms of fisheries research and fishing vessel construction. If our Nation is to come to grips with the issue, Congress must act and act soon, to give our fishermen a fair chance.

Up to this point, the struggle to provide adequate funds for fisheries research has met with complete frustration. The original intent of the Saltonstall-Kennedy act was to provide research and marketing funds to stimulate expanded activities in these fields, particularly at the State level. Unfortunately, the Bureau of Commercial Fisheries has been forced to use most of its research funds for continuing programs on a

national level. The Bureau is doing an excellent job in the research field, but it is unable to provide the financial support required to stimulate research urgently needed on specific fisheries products at the State level.

It is no secret that State legislatures are hard pressed for revenue sources. They must search for financial support elsewhere. In view of the present state of our fishing industry, Congress must meet this urgent need.

I have cosponsored Senate bill S. 627, which would provide an annual \$5 million in funds to be divided among the States for the establishment of research programs designed to meet each State's individual problems. The bill should encourage better cooperation and coordination of research by State and Federal agencies, eventually resulting in the overall national improvement of our fish catch. The Senate has passed the bill. It is now under consideration by the House of Representatives.

You are all familiar with the law passed in 1792, which requires that American fishermen must purchase U.S. built vessels. The cost of these vessels is high. The subsidy is relatively low. Foreign fishermen can purchase low-cost, modern, well-equipped so-called factory ships heavily subsidized by their governments.

The practical result has been that we operate small, obsolete vessels while foreign fleets have added large, modern ships equipped with the latest in technological devices. These foreign fleets, because of their superior equipment and consequent lower operating costs, have had great success in edging their way into traditionally American fishing grounds and our own domestic markets.

We cannot compete with foreign fleets when 50 percent of New England's large trawlers are more than 20 years old. If our fishing fleet is to survive, we must give our fishermen the tools to do the job. Passage of Senate bill S. 1006 approved by the Senate Commerce Committee to increase subsidy payments on fishing vessel construction from 33 1/2 to 55 percent would be one important step toward solving the problem.

Research, more modern fishing vessels, new approaches to the problems of the industry are the key to future success. I hope we can develop a fish protein concentrate industry which will use our Nation's fish resources to feed the food-starved countries of Africa, Asia, and Latin America. Here we can combine a successful business operation with the humanitarian goal of feeding the underdeveloped nations of the world. It has been estimated that this process might account for the sale of some 300 to 500 million additional pounds of New England fish each year. The problem lies in obtaining approval of the process by the Food and Drug Administration. The FDA has thus far forbidden the sale of fish protein concentrate in the United States unless the fish used in the process have been cleaned, decapitated, and detailed.

If this process were required, the production cost of the concentrate would hike expenses so much that the product could no longer be profitably produced. Furthermore, it would not result in a more wholesome product. "FPC" is pure and wholesome now. I am hopeful that this controversy can soon be successfully resolved. Through the development of fish protein concentrate, our country could make a significant contribution to the future of mankind.

Our Nation has embarked on a comprehensive program of oceanographic development. The Interagency Committee on Oceanography, under the direction of President Kennedy's scientific adviser, Dr. Jerome Weisner, formerly of M.I.T., is planning and coordinating an all-out scientific attack on

oceanic problems, with the objective of unlocking the secrets of the ocean depths.

The real problem in this area has been one of emphasis. The need for an all-out program of oceanographic research is recognized by our Nation's scientists. Some experts feel that the advantages to be gained from our oceans could prove more valuable than the benefits which can be derived from outer space. A greater public awareness of the importance of oceanography is required. The House of Representatives has passed a bill, H.R. 6997, which specifically expresses our commitment to a national oceanographic development program. Hearings on the bill have been scheduled for October 24 before the Senate Commerce Committee. Passage of the bill will help to provide a much needed stimulus toward the further development of a resurgent fishing industry.

All the problems I have discussed thus far merit rapid consideration by Congress. It is time for effective legislative action. The commercial fishing industry of the United States has been shortchanged by the U.S. Government for far too long. Beyond this, however, the fisheries industry needs to show drive and initiative.

The Massachusetts fishing industry has effectively committed itself to an attack on the problems of the industry. I wish to commend you for the work you have done in supporting the construction of two new and modern fishing trawlers, the *M. V. Massachusetts* and the *Sturgeon Bay*. In addition, your work in the development of fish protein concentrate and the construction of an FPC pilot plant in New Bedford reminds me of the spirit our ancestors showed in developing the clipper ship and the whaling industry.

The American fishing industry is still the most vital fishing industry in the entire world. We have the capability, the experience, and the ingenuity. You in Massachusetts have begun to make individual commitments to revitalize the entire domestic fishing industry. You have shown that you are willing to tackle this immense problem on your own. Those who proudly represent the commercial fisheries of the United States in Congress will make every effort to see that our Federal Government assists you, rather than penalizes you; that it works with you; and that it helps provide the tools to do the job.

TAX CUT—YES NOW: THE JUDGMENT OF THE NEW BEDFORD STANDARD TIMES

Mr. KENNEDY. Mr. President, in a recent edition of the New Bedford Standard Times there appeared a forceful editorial which deserves the attention of the Senate. This thoughtful piece emphasizes that we need a tax cut, and need it now. This comment on an issue which is now squarely before the Senate is especially meaningful because of its timeliness.

The New Bedford Standard Times has a unique record of concern with the problems of the communities which it serves, as well as of the Nation. Because of its close involvement in its community affairs, when this newspaper writes of the effect of a tax cut on jobs, on avoidance of recession, on new markets, and on strengthening the dollar, it knows whereof it speaks. Mr. President, I commend this editorial to the attention of the Senate, and I especially commend the informed quality of the New Bedford Standard Times efforts, for they stem from deep involvement and experience in community affairs.

I ask unanimous consent that this editorial be included at this point in the RECORD.

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

TAX CUT—YES, NOW

Rarely has a more earnest and convincing appeal come from the White House than President Kennedy's statement on why Congress should approve a cut in income taxes now, for the good of the country and of the American family.

Mr. Kennedy's address in behalf of the \$11 billion reduction outlined by the House Ways and Means Committee gave these succinct reasons why the legislation must not be sidetracked, postponed or ringed with "ifs and buts":

Jobs: Opportunity for those now unemployed, for those entering the labor market, for those replaced by automation, and better positions for those now employed—by a spurt in purchasing power and therefore greater business activity.

Avoidance of recession: Statistical analysis shows a recession every 42 months since World War II, a cycle due to recur early next year—caused mainly by a pressing burden of taxes on individuals and corporations.

New markets: Higher consumption and inducement to greater private investment in business and industry will require new machinery and factories and put idle machines to work, bringing new domestic outlets equal to the gross national product of Canada and Australia.

Strengthen the dollar: A spurt in the U.S. economy should ease the flow of gold abroad by making the Nation more competitive with foreign industry, and making our products, instead of our gold, more attractive to foreign creditors.

These are not claims manufactured by an administration seeking to obtain passage of its legislation through a Congress. They are the conclusions, too, of responsible groups of economists, businessmen and industrialists of both political persuasions. The opposition to the President's program has not been on what it will accomplish, but on the grounds that the administration is not paralleling the proposed tax cut with a program of economy in the Government.

To this complaint, the President had this promise: "No wasteful, inefficient or unnecessary Government activity will be tolerated. We are pledged to a course of true fiscal responsibility leading to a balanced budget in a balanced full-employment economy."

That would seem to be about as precise and firm a commitment to prudent house-keeping as a President could make.

The overall consideration is an immediate reduction in the stifling burden of taxes that weighs down rich and poor alike, and restrains the adventuresome flow of capital on which jobs and prosperity depend. President Kennedy feels this is the most important domestic issue of the last 15 years and has made a strong case for it. Congress, it is to be hoped, will give him, and the people, its support.

CHURCH CONTROL OF THE STATE

Mr. ERVIN. Mr. President, the U.S. News & World Report for September 23, 1963, contained an illuminating editorial by David Lawrence entitled "Church Control of the State?" This editorial comments in a most thoughtful manner upon recent tendencies of some representatives of some organized religious bodies which give much concern to all Americans who believe that the constitutional principle of the separation of

church and state must be preserved if liberty of any kind is to endure. History makes it crystal clear that political liberty cannot exist if the church dictates to the state and that religious liberty cannot exist where the State interferes with religion. Representatives of organized religious bodies do a great disservice to both the state and religion when they indicate by their conduct that they have more faith in the coercive power of law than they do in the persuasive power of the gospel.

I ask unanimous consent that Mr. Lawrence's editorial be printed at this point in the body of the RECORD.

There being no objection, the editorial was ordered printed as follows:

CHURCH CONTROL OF THE STATE?

(By David Lawrence)

The purpose of the recent march on Washington was to influence public opinion and especially to persuade the Congress of the United States to pass certain legislation covered in the so-called civil rights program recommended by the President.

Never before in the history of the United States have the national organizations of the Protestant, Catholic, and Jewish churches, respectively, joined together to secure the passage of a particular set of laws. A spokesman for one of these organizations said the other day that, "for the first in our Nation's history, America's three great religious faiths have a common task and a common goal."

Yet only 3 years ago, even before the national political conventions, fears were being expressed concerning possible church influence in government. This writer said on this page on May 9, 1960:

"We are confronted today with the so-called religious issue in American politics.

"Presumably this means that some citizens believe the church could unduly influence the policies or decisions of any Roman Catholic if he were elected President of the United States.

"But what shall we say of the attempt by various churchmen of all faiths to use their positions and, indeed, their national church organizations as a means of engaging in the controversies of American politics?

"Before we are ready to decide just how much influence the Catholic church may exert on a man elected President, we must examine some of the pronouncements from Protestant churchmen who vigorously defend the right to issue through their national organizations statements on every conceivable question of governmental policy. These range from public comments on integration or segregation, to denunciations of the Government of South Africa and proposals for diplomatic recognition of the Red China regime despite its record of inhumanity and aggression. Many churchmen justify their course by arguing that these are moral questions—a definition broad enough to include everything political."

It was hardly foreseen 3 years ago that all three national church organizations would unite to participate in an organized drive, including street demonstrations, to secure the passage of a program of legislation. The same editorial of May 1960 made this observation:

"There can be no quarrel with the right of any preacher as an individual to speak out on any question—political, legislative, moral, social, or economic. But may he presume to speak for the members of his congregation? Or, in the case of a national church organization, does he speak even for all the clergymen in such an organization? And if there is to be an advisory council of laymen who are to serve as competent advisers in the matter of farm legislation or any other gov-

ernmental problem, are we to assume that they, too, speak in the name of God?"

Not long before the above was printed, it was disclosed that the National Council of Churches, in order to be guided on national legislation, sought "competent advice and advisers—whether on a farm problem, or on international affairs, or housing, or public education, or race relations, or religious liberty."

This process, when carried on by other organizations, is called lobbying. But, while the practice has its abuses, it is within the bounds of the Constitution. All citizens have the right to petition Congress, but, under a Constitution which provides for the separation of church and state, is it the function of the church to use its organizations to obtain the passage or defeat of laws that have no direct bearing on the operations of the churches?

The American people have a right to know the inside story of the march on Washington, and especially what occurred in any consultation between Government officials and the leaders of national church organizations or their representatives—white or Negro—in making the arrangements for the demonstration. Even assuming the very best of motives, the facts about any collaboration between church and state are of vital interest to the public.

Churchmen who engage in political debate take a big risk. If they consider it a moral obligation to participate in a march on Washington or to urge the passage of certain laws, they logically may find themselves endorsing publicly, not only as individuals but through their organizations, a particular candidate for the Presidency because he espouses their moral point of view. The National Association for the Advancement of Colored People—with which the three national church organizations collaborated in the march of August 28—has already announced that it will participate actively in political campaigns and work for the defeat of those Members of Congress who do not vote for a strong civil rights bill.

The subject of segregation or integration has become a political issue. All the President's proposals in his civil rights program are being pressed for passage in response to what is believed by its sponsors to be public opinion. But back of it all, to no small extent, is the administration's drive for the Negro vote—especially in the big Northern States where Republican and Democratic Party candidates vie with one another in trying to capture that bloc of votes.

Churchmen as individuals have every right to speak for or against any legislation and to endorse and campaign for any political candidate for office. But a national organization of churches in any denomination should not become involved in politics. It should not lend its prestige and influence, or participate in an organized lobby, to secure the passage of particular laws.

Many preachers, moreover, have been inclined every now and then to give priority in their sermons to discussion of specific pieces of legislation currently before Congress, though in recent years many laymen have begun to feel that the pastors are unwise spending their time giving lectures on national issues instead of helping their parishioners to understand the difference between right and wrong in their daily lives.

One of the national church organizations—the National Council of Churches—claims to represent denominations which have 40 million church members. Have these individuals been consulted about the recent activities of this national body, or is it assumed that the pastor of a church is the chosen representative of the congregation and can speak authoritatively on behalf of all his parishioners? The national spokesman of one of the three denominational

groups openly declared the other day that public opinion on questions of governmental policy must be formed in the pews.

Recently, clergymen not only have taken part in street demonstrations, but some have been arrested for engaging in disorder. This participation has not been frowned upon by the national church organizations.

Discord is already appearing in some of the churches. News dispatches last week reported that the governing board of a Methodist church in Danville, Va., censured its minister and ordered him to refrain from making remarks on racial matters from the pulpit.

Not all clergymen agree that the power to conduct a lobby has been delegated to these national church organizations by the member churches. The Reverend C. Lewis Irwin, pastor of the Covenant Presbyterian Church in Indianapolis, sent a letter to this magazine in May 1960 in which he said:

"By no stretch of the imagination can I see Christ or the apostles placing the emphasis of the Gospel on social and political agitation. It is but a step from social and political agitation to legal action, and legal action must be backed by force and police action to be legal. Here is the trouble with present integration agitation—it looks to agitation rather than a change of heart. Are we seeking to run the business of the church without the inspiration and power of the Holy Spirit? The central truth of the Gospel is its power to transform human hearts by what Jesus did through His cross, resurrection, and outpouring of His spirit at Pentecost.

"Communism is essentially man's mind in control—and relying on force because it has not the secret of changing human nature. Social and political agitation tend to veer in this same direction because it no longer trusts in God's power to change the heart—and so it plays into the hands of communism."

On the same point, Billy Graham, a Protestant evangelist, in an Easter message in April 1960 said:

"The Bible also recognizes that each individual has the right to choose his own friendships and social relationships. I am convinced that forced integration will never work. You cannot make two races love each other and accept each other at the point of bayonets. It must come from the heart if it is to be successful. Otherwise, we can build walls of hatred and prejudice that will take generations to overcome.

"Christ said that our problems came from within: 'Out of the heart are the issues of life.' The Supreme Court can make all the decisions it feels are necessary; but, unless they are implemented by good will, love, and understanding, great harm will be done."

This writer concluded the editorial of May 9, 1960, on church and state relationships as follows:

"May a layman write an addendum? Churchmen who engage in politics lose the confidence of laymen and tend to become partisans rather than objective instrumentalities of spiritual help. Unquestionably, God's guidance to the individual is the inspiration we must depend upon for a solution to human problems. Guidance comes as we seek it, and the stimulus to individual communion with God is available to all of us through our respective faiths.

"Church and state are separated by mandate of our Constitution. The cooperation, however, of churchmen and other citizens in a community to improve the social welfare of the people is, of course, desirable and proper. But let us remember from the Book of Mark the advice that Jesus gave to the Pharisees: 'Render to Caesar the things that are Caesar's and to God the things that are God's.'

**THE SERVICEMAN'S RIGHT TO
LEGALLY TRAINED COUNSEL**

Mr. ERVIN. Mr. President, recently I introduced S. 2003, a bill designed to more adequately protect the constitutional rights of military personnel. This measure, which was cosponsored by Senators BAYH, COOPER, FONG, KRUSKA, HUMPHREY, LONG of Missouri, and WILLIAMS of New Jersey, would prohibit the sentencing of an accused serviceman to a bad conduct discharge unless he had been furnished with a qualified lawyer to represent him at his trial. At the time this bill was introduced, there was pending before the Court of Military Appeals the case of *United States against Kulp*, No. 16,906, in which the question was raised whether or not the sixth amendment and the provisions of the Uniform Code required the assistance of legally trained counsel for the accused serviceman. On September 5, 1963, the court handed down its decision holding that, under existing law, there is no requirement that legally qualified counsel be furnished to the accused serviceman who is being tried by special court-martial—even though such a court-martial is empowered to adjudge a sentence to a bad conduct discharge. However, it is noteworthy that each of the members of the court specifically announced in the course of the decision that legislation along the lines of S. 2003 was highly desirable. Judge Homer Ferguson's concurring opinion discusses the need for legislation in some detail. I ask unanimous consent that the pertinent passage from this concurring opinion be printed at this point in the RECORD.

There being no objection, the excerpt from the concurring opinion was ordered to be printed in the RECORD, as follows:

**THE SERVICEMAN'S RIGHT TO LEGALLY
TRAINED COUNSEL**

To say that a practice is constitutional is not an endorsement of its wisdom, and when my brothers speak of the training which every officer receives in military law, I understand them to intend only an exposition of the manner in which the anomaly of laymen practicing criminal law developed, rather than to place upon it the stamp of their approval. Indeed, 12 years' experience under the Uniform Code of Military Justice dictates the need to provide accused tried by special courts-martial and subjected to the heavy consequences of a bad-conduct discharge with counsel who possess legal training and are bound by the ethical obligations of our profession.

An officer of the armed services of necessity cannot receive the training required to perform adequately as counsel for an accused. At the most, he receives a general orientation course in military law during his attendance at various service schools or takes a few subcourses in various aspects of its administration. At no time is he subjected to the rigorous and intensive process which fits one to become the advocate of an individual enmeshed in the toils of the criminal law. To me, it is just unthinkable to conclude that the best intentional layman can be taught by attendance at a few generalized lectures to become a capable representative of another in a criminal prosecution. The argument is the same as if one taking a course in business law attempted to represent a large corporation in a merger or antitrust proceeding. And, as military appellate authorities well know, the result usually looks like something intended for

entertainment at a church social. Indeed, the board of review sounded in this very case the tocsin call of multiple prejudicial error.

Aside from the inability of an officer counsel to perform his duties because of lack of proper grounding in law, there is also the important question of the ethical responsibilities imposed by our profession upon its members. Laymen will never understand an attorney's devotion to the interests of an "obviously guilty" client or the single-minded loyalty to the latter's cause which almost unexceptionably characterizes the practice of law. Too often, it must seem to the officer untrained in the law that his duty lies in the direction of the armed force to which he belongs rather than to the accused whom he represents, and there has not been inculcated in him any of the principles which so naturally form a part of the legal profession and which have impenetrably shielded the client's cause through the ages. It is difficult enough for a military lawyer to withstand the pressures exerted against his principal in the name of discipline and authority. See *United States v. Kitchens*, 12 USCMA 589, 592, 31 CMR 175, 178. It seems to me well nigh impossible for one untrained both in the law and the inviolable standards of the legal profession to put to one side what he might conceive as his responsibility to the service and devote himself entirely to the interests of an individual whom he may privately think undesirable.

Nor, as the Chief Judge states, is automatic appellate review a substitute for utilization of legally trained counsel. As was recently noted by Senator SAM J. ERVIN, JR., a distinguished lawyer, jurist, and legislator, on the floor of the U.S. Senate:

"In the event the accused is sentenced to a bad conduct discharge by a special court-martial, there will be extensive appellate review of the findings and sentence pursuant to articles 66 and 67 of the Uniform Code, 10 United States Code sections 866, 867 * * *; but this is a review "on the basis of the entire record." If evidence or information favorable to the accused has not been placed in the record by his counsel who, by reason of his lack of legal training, may not recognize what evidence would probably benefit the accused—then the appellate defense counsel are unable to take advantage thereof in the accused's behalf." [CONGRESSIONAL RECORD, p. 14146, Aug. 6, 1963.]

The many guilty pleas which we have reviewed on the basis of skimpy transcripts bear eloquent witness to the cogency of Senator ERVIN's comments. How are we to know the real truth of the matters involved, if the accused, upon the advice of a non-lawyer, chooses to confess his guilt judicially and nothing is placed in the record to support the validity of his plea except a formula prated from the Manual for Courts-Martial, United States, 1951? We can go only upon the record in measuring its legal sufficiency to support the findings and sentence. Yet, we are truly ignorant of what might have been done had the accused's evidence been viewed by an attorney thoroughly versed in the law and bound by the sanctions of the Canons of Ethics to advise and counsel with his client in the best traditions of Anglo-American advocacy.

The Army long ago recognized the basic unfairness in sentencing an accused to a bad-conduct discharge when he was represented by lay counsel. Soon after the code became effective, it took steps to eliminate the penalty in special courts-martial by forbidding the appointment of reporters to prepare the necessary verbatim record of trial. See AR 22-145, and Code, *supra*, article 19, 10 United States Code Section 819. In like manner, the Air Force, as Judge Kilday points out, has provided attorneys to represent both

the Government and the accused in those cases in which the latter may be subjected to such severe punishment.

We have ourselves decried the dangers in lay practice of law. In consequence, we have resolutely refused to invoke the doctrine of waiver in those instances in which the accused has not been represented by trained counsel. *United States v. Kelley*, 7 USCMA 584, 23 CMR 48; *United States v. Hatter*, 8 USCMA 186, 23 CMR 410; *United States v. Johnson*, 14 USCMA 75, 33 CMR 287. And in a related area, we have pointed out that, "Law books unnecessarily in the hands of laymen may be as dangerous to the proper administration of justice as scalpels in the hands of laymen may be to the success of major surgery." *United States v. Kentner*, 12 USCMA 667, 669, 31 CMR 253, 255.

It is not surprising, therefore, to find legislation pending before the Congress to eliminate the role of the nonlawyer as counsel in special courts-martial. Such is but one of the results of an extensive investigation into the administration of military justice conducted by the Senate Subcommittee on Constitutional Rights. In the words of its distinguished Chairman, SENATOR ERVIN, the penalties suffered by an accused awarded a bad-conduct discharge warrant "the assistance of a qualified attorney" at his trial—CONGRESSIONAL RECORD, August 6, 1963, page 14142. In light of the fact that there is scant difference between the disgrace and disabilities encountered by one so sentenced and one receiving a dishonorable discharge, I can only note my full agreement with the need for real legal assistance in these cases and my hope that the use of untrained officers as counsel will soon join those other anachronisms with which the history of military law is studded.

Again, in the Senator's words, "No objective could be more important at the present time than to protect the constitutional rights of the men and women in uniform who stand ready to protect the Constitution of the United States"—CONGRESSIONAL RECORD, August 6, 1963, page 14144.

With these observations, I concur in the result which my brothers reach.

Mr. ERVIN. Mr. President, since its establishment in 1951 the Court of Military Appeals has docketed some 17,000 cases, almost all of them involving separations from the armed services under other than honorable conditions. In light of this experience derived from reviewing the courts-martial of each armed service, the views of the three judges of the Court of Military Appeals as to the great need for legislation like S. 2003 are worthy of careful consideration. And, if servicemen are to be provided with the safeguard of legally trained counsel in any proceeding which might result in their receiving discharges under other than honorable conditions, then the time to provide that safeguard is now.

PROPOSALS FOR FEDERAL GOVERNMENT TO ASSUME CERTAIN LOCAL BONDED INDEBTEDNESS

Mr. LAUSCHE. Mr. President, recently on this floor I decried the outrage which certain interests would perpetrate upon the American people by persuading the Congress to require the United States to add to its own financial burdens the responsibility for the bonded indebtedness of the Calumet Skyway Bridge which is in default and thereby has become the moral obligation of the city of Chicago.

The supporters of this raid upon the National Treasury would have the United States contribute toward the redemption of the skyway bonds the sum of \$63,838,000 on the basis that had the skyway, which has been incorporated into the National System of Interstate and Defense Highways, been constructed in the first instance as part of that system, the United States would have contributed 90 percent of the cost of construction.

I spoke in opposition to this attempt to have the Federal Government relieve local government of the consequences of a business risk which did not turn out to be a good risk. I inquired, in effect, whether those who supported this new drain on the Nation's fiscal resources were cynically ignoring the likelihood that their program, if successful, would pry the lid from a Pandora's box of claims for like treatment for other municipalities and for States which might well welcome similar lifting of prospective liabilities for toll roads and toll bridges which are not producing the revenues as anticipated.

My words were more prophetic even than I had thought. Already a proposal has been advanced by a Member of the Congress from the State of Michigan that the Congress go to the rescue of the bondholders whose securities are a lien upon the revenues of the toll bridge erected across the Strait of Mackinac.

Those who would tap Uncle Sam's till to insure against the consequences of poor judgment or overenthusiasm or both are not easily dissuaded from the pleasant vista of a primrose path to financial solvency at others expense. After my earlier remarks had been reported by the news services I received through the mail an editorial excerpted from the Chicago Sunday American newspaper of September 15.

It deals with the statement which I made on the floor of the Senate. Among other things the editorial stated:

We agree with LAUSCHE that poor judgment was used and overenthusiasm indulged in by city officials in planning and building the skyway. But the fact is that the structure is finished and will have to be turned into a freeway eventually or else shut down and left to weather away. And the idea that the Federal Government would be the logical buyer is sustained by the fact that the 7½ miles of skyway already have been incorporated in the Federal network of highways.

The editorial is not content to refuse to dismiss the Congress as the candidate to pull the skyway out of the morass of financial difficulty in which it is floundering. It would have the Congress also become the guardian of the welfare of all the toll roads in the Nation. In the very first paragraph the editorial says:

We think (LAUSCHE) and all other Members of Congress should be interested in forming an idea of what to do about toll roads eventually instead of fervently opposing proposals that the Federal Government take over the Chicago Skyway and make it a freeway.

This theme is adverted to when in summation the editorial makes the admission that the skyway may well be only the first toll highway facility for which Congress would be asked to play

the roll of financial savior. The final paragraph of the editorial puts it thus:

We think the struggle between toll roads and free roads is just beginning and that, sooner or later, chances are most of the toll roads will be taken over, one way or another, as free expressways. And we think Senator LAUSCHE and others in authority should be considering a solution to this conflict that will prevent it from wrecking the fine highway system the Nation had just started to create.

Significantly enough the editorial earlier refers to the fact that the Illinois tollway, like the skyway, has felt the chilling influence of the free expressways laid out and constructed by the city of Chicago. Should we therefore expect that the \$410 million Illinois tollway may become a third supplicant for financial first aid by the Congress?

I suggest that the authorities which have responsibility for the financial health of toll roads and toll bridges themselves shoulder the task of seeking solution for toll facility ills other than asking the whole American public to bear their burden for them. Obviously these fine highways and bridges will not be permitted to "weather away" as the editorial dolefully forecasts. It is much more likely that the financial well-being of the Nation would be eroded if the Congress were to open the gates of the Treasury for what might well be developed into a veritable flood of demands for vast amounts of money to make these business ventures whole.

The suggested approach is sound neither from the standpoint of morality nor from the standpoint of fiscal responsibility.

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

Mr. LAUSCHE. I yield.

Mr. GORE. The Senator will recall that, as chairman of the Subcommittee on Highways at that time, I was a co-author of the Highway Act of 1956 and also of the Highway Act of 1958. At that time an attempt was made to incorporate the toll roads into the superhighway structure, with the Federal Government assuming financial responsibility. This was rejected by Congress at that time. The decision which the able Senator urges Congress to take now has been previously taken, and it would be necessary, in order to accomplish what is proposed, that the previous decision be overturned.

Mr. LAUSCHE. I concur. I recall the efforts that were made to include in the act provisions which would have required the assumption of the payment of the obligations of toll roads, and that the committee and Congress refused to do it.

Mr. GORE. Very great assistance was provided to the toll roads, however, and I think perhaps rightly so from the overall standpoint, in that the Interstate Highway System was designed to co-operate with and to interconnect with the toll roads, thus feeding into the toll roads vast amounts of traffic and tolls into the coffers of the toll roads.

This has made a number of toll roads economically feasible and profitable, which would not otherwise have been true.

Mr. LAUSCHE. That is correct. The Ohio toll road was built while I was Gov-

ernor of Ohio. Subsequently, while I was still Governor, the question arose about the building of parallel roads which would have siphoned traffic from the toll highway. I refused to approve it. Although the government of Ohio and its people were not directly obligated to pay the bonds, the bonds were supported by what we call the revenues. The judgment was sound. I say to the Senator from West Virginia [Mr. RANDOLPH] that if they began paying off the Mackinac Bridge and the Skyway in Chicago, West Virginia had better start coming in and saying it wants help on its highway, and the same thing should apply to the State of Indiana and to the State of Ohio.

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

Mr. LAUSCHE. I yield.

Mr. RANDOLPH. At this time I have the responsibility of serving as chairman of the Subcommittee on Public Roads of the Committee on Public Works. Attention is being given to this subject of toll roads and our highway development in all its facets. It has been indicated that in connection with the Chicago project the original proposal in the House has been modified to provide that the money for reimbursement be taken out of the general fund, instead of the highway trust fund. The premise is still the same.

I compliment the Senator from Tennessee [Mr. GORE] on the contribution he made during the period when he was active in leadership having to do with the highway programs, and in the responsibility he shouldered which I now assume. In the State of West Virginia there are 88 miles of toll roads. The situation is comparable to that in Ohio, in that the State of West Virginia itself did not sell and assume obligation for the bonds. However, there is an implied responsibility.

Mr. LAUSCHE. Yes.

Mr. RANDOLPH. As I see it at the present time, based on the study which I have made and the authoritative material which I have read, the procedure which is being contemplated in the case of the Chicago Skyway Bridge, if adopted nationwide, would require the Federal Government to assume an additional burden in the order of \$4 billion.

Mr. LAUSCHE. I believe so.

REFORMING THE INTERNATIONAL MONETARY SYSTEM

Mr. JAVITS. Mr. President, I wish to call to the attention of the Senate a remarkable article in the October issue of Foreign Affairs by the Under Secretary of the Treasury, Mr. Robert V. Roosa, entitled "Reforming the International Monetary System."

Through this article Mr. Roosa has announced a significant shift in administration policy regarding the necessity for a discussion among IMF members of world monetary reform. At the July 8 and 9 sessions of the Joint Economic Committee's hearings on the U.S. balance of payments, the administration was adamant in its refusal even to consider that the existing international monetary system may not be adequate to meet the needs of rapidly expanding international transactions. In fact it was

the United States which allegedly blocked any consideration of monetary reform at the 1962 session of the IMF.

Let me give you just two examples of the administration's attitude toward this question. During the July 8 hearings of the Joint Economic Committee I asked Secretary Dillon whether any thought has been given to holding an international conference at least with the 10 leading industrial countries which have indicated a disposition to discuss this problem. Secretary Dillon said no, not believing that an international conference was very useful unless it was adequately prepared and we knew what was to come out of it.

At his August 20 news conference the President, on the heels of the highest annual balance-of-payments deficits of the United States in recent times, \$5.2 billion—at an annual rate during the second quarter of 1963—turned down consideration of world monetary reform in the following words:

BALANCE OF PAYMENTS

Question. Mr. President, in view of the figures released yesterday by the Commerce Department on the balance of international payments—

Answer. Yes.

Question. Does the administration have any further measures it is going to recommend? It looks like the deficit could be the largest since the war.

Answer. No, I don't think it will be. The second quarter was particularly difficult. Since then the indications are better. In addition, as you know, we have taken two more steps—really three. First, is the equalization tax. Second is the interest rates. And third are the reduction in military expenditures and tying our foreign aid expenditures here in the United States. So we think that is going to make an important difference. Quite obviously we will have to look at the effect of all of those proposals.

Question. Do you see an end in sight when there will be a balance?

Answer. Yes, I do, because I think that by one means or another we will bring it into balance. Quite obviously we could not accept it (a continuing deficit). But we are reluctant—quite obviously we are not going to devalue, because there is no necessity for it. It would be a defeating measure. So I eliminate that. It may not be necessary for us to proceed any further.

You can see already the effect of even the rather limited steps we have taken—two effects. One, the effect in Canada and Japan of the equalization tax which shows the deflationary effect of this kind of restriction, and therefore we were reluctant to do it.

Secondly, there was an article in the papers, in the Times on Sunday, about the effect of the Euro-dollar of our interest rate rise. So everything we do shakes the West, the monetary system, so we proceed with care. We are still in good shape. A good deal of this outflow represents assets abroad. The United States, while a good deal of money is going out, has also picked up a good many assets in Western Europe and all around the globe.

While it means our position may not be as liquid as it might, it doesn't mean we are not in a strong position in regard to our ultimate balance sheet.

Question. Will that call for any action at the next meeting of the IMF (International Monetary Fund)?

Answer. Not that we have planned. But I think what effect the interest rate has on the short-term flow, this tax can be important and this cut down on defense and our foreign aid can be important, and there are

other steps we may be able to take. We feel that with the rising cost in Europe that we are going to begin to come into balance. We are going to bring it into balance. The question is we would like to bring it into balance in a way that does not shake—as I have said, we don't want to have a 1928 situation where you take an action to protect your problem here and you cause a far greater problem.

I think this situation can be brought under control. What we are now doing, I think, is an important step in that direction.

Mr. Roosa's statement 1 month later is in clear contrast to the President's position:

The Bretton Woods system is nearing the end of its second decade, a decade of remarkable achievement. Particularly in recent years, it has shown an impressive capacity to evolve and develop in response to rapidly changing needs. And the European industrial nations have now nearly completed 5 eventful years of convertibility. It is therefore a matter of simple prudence to take stock—to make a systematic and searching appraisal of the international monetary system—asking whether a continuation of recent evolutionary changes, or more sweeping reforms, will be needed for the probable dimensions of future requirements. This is a matter not for the United States alone, but for review by many countries, singly and through the various international financial organizations in which they participate.

Just as U.S. opposition blocked consideration of monetary reform at last year's IMF meeting, the favorable attitude expressed toward reform by Mr. Roosa in this article is a signal that should the proposal for a "systematic and searching appraisal of the international monetary system" be made at next week's annual IMF meeting the United States would be sympathetic. According to newspaper reports, the study is quite certain to be decided upon during next week's IMF meeting and will most likely be conducted by the "Paris Club," embracing the 10 most industrially advanced members of the IMF.

For the past several months I have intensively campaigned for world monetary reform and have introduced Senate Concurrent Resolution 53 on July 10 to urge the administration that the United States take the initiative within the IMF to devise new means of permanently strengthening the international monetary mechanism. On September 3, during the course of a debate on the balance-of-payments problem, I outlined what I believe to be the major shortcoming of the existing world payments mechanism:

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.

I am glad to note that Mr. Roosa agrees with this view:

Clearly, if more reserves were available to finance deficits in the overall balance of payments of countries whose economies may in the future be temporarily out of phase with other economies, the restorative processes of marketplace adjustment could have the time they need to bring the patterns of internal expansion into an orderly alignment with foreign markets, and reestablish a sustainable balance in international accounts. Without that time—that is, without larger reserves or reasonably sure access to borrowed reserves—it may persuasively be argued that some countries must proceed toward their own growth objectives in fits and starts—periodically halting or inhibiting domestic change by taking temporary measures to cut the balance-of-payments deficit.

I congratulate Mr. Roosa for calling for an examination of this problem in depth. The Joint Economic Committee's hearings in July provide ample evidence that over the long term there will be a shortage in international liquidity and that such a shortage will impede the economic expansion of the free world. I believe that the basic shifts which occurred in the free world's economy necessitate the revision of the financial institutions created at Bretton Woods in 1944. It is quite clear that if the volume of international transactions continue to increase as during the past 15 years, the present base of international credit—gold, dollars, and pound sterling—will have to be supplemented, most likely in the form of international credit issued by a reformed IMF—or a multinational central bank.

I ask unanimous consent that Mr. Roosa's article along with recent newspaper articles examining the implications of the new U.S. position be printed in the RECORD at the conclusion of my remarks.

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

REFORMING THE INTERNATIONAL MONETARY SYSTEM

(By Robert V. Roosa)

Since the return of convertibility among the currencies of most major industrial countries at the beginning of 1959, a crisis affecting at least one major currency has threatened each year; the U.S. balance-of-payments has been in continuous large deficit; and the stability of the convertible gold-dollar and sterling system has been increasingly questioned. With the transition to convertibility proving to be so turbulent, doubts have arisen over the adequacy of liquidity arrangements for the future and calls for a great reform of the international monetary system have quite understandably been intensified.

For most of the first 5 years of convertibility, the financial officials of the leading industrial countries have necessarily concentrated their efforts on developing, through increasingly close and harmonious cooperation, one facility after another that was adapted to the immediate needs created by the new circumstances. To have turned aside for protracted discussion of vast ideas for major reform, before the outline of the new convertible system itself had become scarcely visible, might have invited each

incipient disturbance affecting any currency to become a disaster for all.

But most of the foundations for a new system of defenses have now been put in place and effectively tested in the joint action that has been taken to contain the heavy pressures on sterling in the spring of 1961 and at the beginning of 1962; to neutralize the monetary impact of the Berlin crisis in the summer of 1961; to halt the run on the Canadian dollar in May-June 1962; and to avert any monetary repercussions of the stock market collapse in May, or of the Cuban crisis in October 1962.

Several different groupings have also evolved among governments for carrying forward the consultation and cooperation that have proved so useful during these early years of convertibility. While the further use and improvement of the present combination of new and old arrangements may well prove fully adequate, the stage has clearly been reached, both in terms of facilities and of mutual understanding, when governments can in prudence examine together two profound questions: Does a reasonable projection of the present course of the growth of monetary reserves point toward a possible inadequacy of international liquidity over the years ahead? And if such an inadequacy should appear possible, what steps can usefully be considered now to provide for the nature and dimensions of future needs that can be foreseen or foreshadowed?

One other major obstacle might still impede a frank and searching appraisal of these questions by the various governments—concern that the large deficit which the United States is still running in its balance of payments would distort any consideration of longer run problems. That deficit has, to be sure, been the major cause of imbalance in the international payments system for nearly 6 years. But the President's program, presented on July 18 of this year, demonstrates emphatically the determination of the United States to correct its own deficit, and to keep a sharp separation between that effort and any intergovernmental review of the prospects and arrangements for international liquidity in the future.

This article does not attempt an evaluation, even in miniature, of all of the imaginative proposals that have been made for reform. It does attempt an introduction to such an evaluation by distinguishing three quite different conceptions of the nature of the monetary system which run through various proposals; by stressing the differences in significance among three different meanings of liquidity; by indicating the possible relevance of the various innovations of the past few years for the liquidity needs of the future; and finally, by briefly cataloging in four main groupings the proposals on which governments might most usefully proceed toward a clarification of views among themselves. Most of these proposals differ so widely, and views on each are so deeply held that no consensus on a major change, nor even a consensus as to whether or not some kind of major change is needed, can be expected to develop among the nations of the world without a long period of exploratory discussion, followed by extended negotiation.

II

Some of the reform proposals would turn back from the dual system of monetary reserves—gold and foreign exchange—that has characterized much of this century. They would return to a "full" gold standard by doubling or tripling the price of gold and then removing dollar or sterling or other foreign exchange from the world's monetary reserves. Proposals of this kind presume a fixed price for gold after a one-time drastic change has been made in that price.

Another set of proposals moves off in a quite different direction, giving up a fixed price of gold entirely and providing that each currency fluctuate in price against others.

With a country free to allow its exchange rate to drop whenever it might lose reserves, proponents argue that there would be an economizing of reserves and the world would presumably no longer need to be as concerned as it has been over the composition or the total of the monetary reserves themselves.

Other proposals—both evolutionary and revolutionary—move in still a different direction. This third approach would include in reserves a more flexible and larger volume of foreign exchange or internationalized credit than is used today, superimposing this upon the slow accretion of gold that reaches the world's monetary reserves. In most cases, proposals of this character would continue the present settled gold price of \$35 per ounce.

In effect, these are three fundamentally different conceptions of the nature of the monetary system that is needed: a full gold standard with fixed parities among currencies; no parities and reliance on fluctuating rates; and gold supplemented by various forms of credit—a gold exchange standard with fixed parities. The first is discussed somewhat further in the next section; variable exchange rates, briefly, in the section following; but for reasons which will then appear, the United States considers only the third to be a promising avenue for constructive advance in the future.

III

The return to a full gold standard has a distinguished spokesman, M. Jacques Rueff. In "L'Age d'Inflation," he has recently restated his view that the "gold exchange" standard has failed; that the time has come to start over, revaluing gold once and for all, and then reestablishing the disciplines of a system in which only gold is held in monetary reserves, and only gold is used in settling the net differences in the balance-of-payments accounts among nations. The rigid certainty of "gold points" would be reestablished for every solid currency. But the attractive simplicity of this approach is marred by the knowledge that it was a close facsimile of such a system which broke down after World War I and led to the currency chaos of the thirties.

To avoid a repetition of the thirties, some of the advocates of a return to gold have suggested that reliance now could be placed upon the increasingly intimate and effective cooperation that has been developed among the financial authorities of the leading countries. But that would seem to beg the question. For the cooperation consists, essentially, in reconciling economic policies among countries so that the pattern followed by the internal growth of each country can be fitted into the pattern of external transactions that will support balance-of-payments equilibrium. National policies for incomes, as well as for interest rates and credit availabilities, seem to be, or to be becoming, a normal part of the responsibilities which all governments now acknowledge in varying degrees for promoting growth, avoiding instability and achieving external balance.

Many countries may, with the United States, eschew reliance on a national plan, but nearly all, regardless of their approach to planning as such, rely on government to condition and influence their overall economic environment—to counteract deflation, to check inflation and otherwise to interfere, as it were, with the adjustment processes characteristic of the firm but arbitrary disciplines of the full gold standard.

Without pausing longer to air the debate here, it may perhaps be fair to note that there is much still to be done by the proponents of the full gold standard if they are to reconcile the advantages claimed for it with the facts of present-day government in economic life. There is, to be sure, a trace of nostalgia for the days of complete

laissez faire in much that is written on the return to a full gold standard. Yet in the present complex of economic relations among nations, it is difficult to imagine any gold standard at work without being rather extensively managed. And, if managed, it would be little different from the procedures of today, except that a gigantic devaluation would have intervened and confidence in the dollar or any other currency as a supplementary part of the management process would, as a consequence, have been largely destroyed. It would seem difficult indeed to build a system that depends on periodic repudiation of a government's firm undertaking to maintain the fixed price of gold.

IV

Variable exchange rates—at the opposite end of the scale from fixed gold parities—also seem to have an elegant simplicity. Whenever a country has a balance-of-payments deficit and reserves are flowing out, the authorities can simply move down the price of their currency until the outflow stops. At that level, imports will presumably decline, exports will rise and capital will flow in, thereby restoring balance in the external accounts. Even better, it is suggested, when rates are free to move, the external depreciation or appreciation of a currency can occur so quickly that the unsettling fluctuations of imports, exports, or capital flows need never occur. They will be averted by the prompt movement of the exchange rate to a level that assures an approximate balance among the outpayments made for, and the inpayments received from, everything that has continued to move, quite uninterruptedly, while the price tag on the currency was changing. Moreover, with exchange rates absorbing the impact of most changes, actual flows of reserves among countries would be very small, and the need for reserves of international liquidity quite modest.

Despite a long succession of neatly argued academic demonstrations of this case for more than half a century, hard experience has persuaded the financial officials of most countries that flexible exchange rates—outside the narrow margins for day-to-day fluctuation that are sanctioned by the International Monetary Fund (IMF)—are neither desirable nor practical. For fluctuations in the price of a country's currency create costly uncertainties for the pricing of its exports and imports by the people who actually sell and buy them, and make more complex the investment decisions that ultimately determine how and where the goods will be produced. To be sure, efficient futures markets can provide some hedge against these exchange risks, but the cost of such protection might well be expected to become excessively burdensome in a world in which the exchange rates for all principal currencies were free to move widely against each other. Moreover, depreciation of the currency as a method of adjusting deficits in the balance of payments of any one country may be resisted by competing countries, leading to protective trade restrictions, or a series of competitive depletions through official actions, to preserve national export markets.

Certainly the judgment of the world in 1944, when the International Monetary Fund was founded, was that the resulting impairment of trade and investment flows would more than offset any possible gain from a reduction of dependence on official reserves of international liquidity. That conclusion would be reinforced now by those who would see in such heightened uncertainties in the exchange markets a potentially disruptive influence on much that has been achieved since World War II in international monetary cooperation. To be sure, fluctuating rates are sometimes unavoidable in the developing countries, if their economies are being wracked with the distortions

of serious inflation and no fixed parity can be effectively maintained until other causes of economic disorder can become more nearly settled. But even in those cases, the final objective, nonetheless, is a stable rate.

In short, the concept of fixed parities has become so much a part of the thinking and practice of most members of the IMF that there seems little or no prospect for a consensus in favor of flexible exchange rates.

v

Most financial officials are agreed—as the ministers of the 10 countries which have pledged supplementary resources to the International Monetary Fund declared at their meeting of September 1962—that there is no overall shortage of international liquidity at present. There are much wider differences of opinion on whether or not there is likely to be a shortage of international liquidity in 5, 10 or 15 years. If the total of gold and official foreign exchange reserves (or their equivalent) were to rise as much over the next 15 years as during the 1948-62 period, the world would need at least \$15 billion in new reserves, and there may be reasons for considering that an inadequate criterion. In view of the limited flow of newly produced gold into monetary reserves and the recent overstrain of the dollar, there is certainly enough basis for doubt concerning these future prospects to warrant much more thorough study of various possible projections of future availabilities and requirements.

Even before such studies are completed, however, the concept or meaning of international liquidity needs clarification. For there are three different meanings, and much unnecessary and unintentional disputation arises from confusion among them. One meaning is related to the needs of trade; it refers to the availability of credit facilities for the financing of a growing volume of transactions among growing economies. In this sense, there clearly is not now, and is not likely to be over any foreseeable future period, a shortage of international liquidity. Exporter and importer credits are amply available in the national currencies of most of the large trading nations, and will be provided in dollars by many of them. Nor is there, because of the elasticity of these credit facilities, any close connection between the growth of reserves and the growth of world trade. It is notable that over the 1948-62 period, while known monetary reserves increased by about one-third, the known value of world trade more than doubled.

Thus, so far as commercial requirements are concerned, as the late Per Jacobsson pointed out often and forcefully, the expanding capabilities of the great banks of the principal trading nations, and the keen competition among them, assure that international trade will never languish for lack of credit. But underlying the flows of trade and capital are the national reserves of each country—reserves that must be drawn upon if seasonal or cyclical or accidental or structural and sustained factors bring about a cumulative total of outpayments that exceeds the total of inflows received by the country as a whole. And these resources for settling the residual balances among countries represent the two other kinds of liquidity—the stock of actual reserves and the availability of borrowed reserves.

The "owned reserves" are customarily held by treasuries and central banks, which keep them in the form of gold or dollars or sterling, and to a limited extent in other convertible currencies. These reserves are acquired, of course, when a country runs an overall balance-of-payments surplus. The total supply for the world as a whole is determined by the flow of new and dishoarded gold into monetary reserves and the amount of their currencies which the reserve-currency countries issue—either through ac-

quiring gold and each other's currencies or through running a balance-of-payments deficit. Because the dollar, while still generally a preferred medium of exchange and of settlement, has been paid out to foreign holders in unusually large amounts for the past 5 years and more, the world as a whole has found itself abundantly supplied with dollar liquidity. In this sense, too, there is no present shortage of international liquidity, although the longer run prospects are not as clear.

Monetary authorities also may count in their reserves a part of their drawing (or borrowing) rights at the International Monetary Fund. And every member of the Fund reckons explicitly or implicitly on the further support given its own reserve position by the prospect of being able to draw on the Fund—though increasing constraint is imposed by the Fund as the amount drawn by a member rises relative to its quota. Outside the Fund itself, each country may, of course, develop any number of other borrowing relationships with other countries to obtain dollars or other currencies that could be used in case of need in settling its net deficit. For the most part, such arrangements have been short term, for use in meeting immediate and sudden reserve losses, and, until recently, have been negotiated only at the time of need; they are subject to whatever conditions the creditor might wish to impose at that time.

It is the magnitude and conditions on which reserves may be borrowed which give rise to a great part of the concern that is expressed about the future adequacy of liquidity arrangements. Without implying any criticism of the way in which the International Monetary Fund is performing its presently agreed role, most of the critics center their suggestions on ways in which that role might be expanded. But before governments begin detailed study of other steps that might be considered for expanding liquidity in the future, it will be helpful to review some of the kinds of innovations that have already been introduced over the past 2 or 3 years for conserving or swapping or borrowing reserves. And before attempting that review, one other area of misunderstanding concerning international liquidity and its potentialities needs attention.

This is the relation, already mentioned, between the deficits which the United States itself is still incurring and the possibility of early relief through quick adoption of new arrangements for international liquidity. Much has been said and written to imply that a simple turning of wills toward the task could rather promptly produce a new system of credits that would free the United States from the balance-of-payments disciplines under which it is presently struggling. That is a mistaken impression.

The United States has already, in its role as banker supplying dollars for the known official reserves of other countries, received some \$9 billion of financing for its deficits over the period 1948-62. In addition, some \$6 billion has been added to the working balances of foreign banks, business enterprises and individuals. The rest of the world has thus already provided in this way an impressive amount of automatic credit to the United States. No future arrangement is likely to grant more, any more readily, for a single period of sustained deficits. And while the current deficits continue, much of the remaining transitional financing of those deficits will probably have to be negotiated directly with the various countries whose payments positions are strong. That is why it is not possible under the pretext of any new kind of approach to international liquidity to escape the real necessity for balancing the United States own accounts, as soon as that can practically be done.

Clearly, if more reserves were available to finance deficits in the overall balance of payments of countries whose economies may in the future be temporarily out of phase with other economies, the restorative processes of marketplace adjustment could have the time they need to bring the patterns of internal expansion into an orderly alignment with foreign markets, and reestablish a sustainable balance in international accounts. Without that time—that is, without larger reserves or reasonably sure access to borrowed reserves—it may persuasively be argued that some countries must proceed toward their own growth objectives in fits and starts—periodically halting or inhibiting domestic change by taking temporary measures to cut the balance-of-payments deficit.

This is, indeed, the basic case for assuring ample growth not only in the supply of actual reserves, but also in the facilities for borrowing them in relatively large amounts when needed. But there is another side of this picture which cannot be ignored. Added reserves may, to be sure, be used to purchase the time needed for a major internal readjustment that would, when completed, also restore international balance. But the same added reserves might, without some element of restraint or discipline, be used to finance a period of increasing internal inflation, during which the country might move even further away from a balance between its inflows and outflows with the outside world, and in the end face conditions of virtual bankruptcy.

The problems of nations are, in this general sense, little different from the familiar problems of individuals in the credit process. Too little credit (i.e. reserves or borrowing capacity) prevents the full development of an economically sound potential; ample credit can make that potential a reality; but the mere assurance of credit does not guarantee such a result and abundant credit can indeed create an overextended position and lead to collapse. This is why, in any concept of the needs for liquidity, allowance must also be made for the need to preserve some check—some degree of creditor surveillance—in the allocating of reserves and the extension of facilities for borrowing them.

VI

During the recent period of excessive deficits in the U.S. balance-of-payments, the resulting large outflow of dollars has minimized any immediate pressure to enlarge further the aggregate supply of reserves becoming available for other countries. But there has been genuine concern over the desirability of adding to the gold component of monetary reserves, and active interest in promoting various kinds of facilities for borrowing reserves. As a result, effective joint operations have evolved in the London gold market; the United States has begun to hold other currencies alongside gold in its own reserves; the United States has undertaken forward operations in several leading currencies in collaboration with the central bank responsible for each; 10 countries and the Bank for International Settlements have joined with the United States in establishing and using reciprocal currency arrangements (swaps); the United States, while borrowing dollars under special arrangements with three leading countries, has also borrowed from five in their own currencies; and a special arrangement has been made for adding up to \$6 billion of additional resources, in 10 currencies, to the holdings of the International Monetary Fund, in case of need.

The operations in the London gold market, all conducted by the Bank of England, have been a model of informal cooperation, renewed through frequent consultation. Over nearly 2 years of these operations the speculative fever has largely been removed from transactions in gold and one inter-

national incident after another has brought only the moderate upswings in price that deter capricious speculation. And modest flows of gold have been resumed into the world's monetary reserves.

In beginning to hold other currencies in its own reserves, the United States has widened its capacity for versatile defense of the dollar, as well as opening one new way toward an expansion of liquidity during any future period of balance or surplus in the external accounts of the United States. The holding of foreign exchange balances is, of course, a prerequisite for the forward, swap, and borrowing operations that will be described shortly. Each of them forms a part of the strengthened dollar defense system which is now capable of assuring adequate liquidity, and resisting speculative disturbance, during any forthcoming period of intergovernmental study of the international liquidity system as a whole. While outright acquisitions of other currencies will necessarily remain small as long as the United States continues in substantial deficit, these holdings may be relevant to the further evolution of the liquidity system. For if the U.S. balance of payments should move into balance, or surplus, before a consensus should have formed around other arrangements for assuring the growth of usable reserves, then the readiness of the United States to acquire and hold other currencies will break through what might otherwise have seemed an impasse.

The United States must, of course, re-establish balance-of-payments equilibrium to maintain confidence in the strength of the dollar. Yet it is quite possible, once the flow of new dollars into monetary reserves ceases, that the present excess of dollars will be quickly absorbed and that the prospects of an imminent shortage of international liquidity will appear. With the United States then standing ready to add to the supply of dollars by purchasing other currencies in controlled amounts, there will be assurance of a way out if other sources of added liquidity should prove inadequate and if extensive use of facilities for the borrowing of reserves should prove unsuitable for the then existing needs. If intergovernmental studies of the liquidity system are actively spurred, general agreement on the outlines of future arrangements for liquidity should in any event have been reached before any such impasse materialized. It is important, nonetheless, to make clear that provision has been made for that contingency.

The clearest day-to-day use of U.S. holdings of any given currency is to enable us to join other monetary authorities in maintaining orderly conditions in the foreign exchange markets—a function formerly left to foreign authorities, but one which is now seen to be as much a part of the defense of the dollar as it is of protection for the other leading currencies. And for those currencies in which active forward markets exist, *vis-à-vis* the dollar, the more effective steady influence may often be exerted through official transactions in these markets.

These operations are being described at regular intervals in articles written by Charles A. Coombs, the vice president of the Federal Reserve Bank of New York, who has done more than any other person in establishing and employing all of the new monetary arrangements. He and three of his colleagues in the central banks of Germany, Italy, and Switzerland have also published in the August issue of the New York Federal Reserve Bank's *Monthly Review* a thoughtful survey of the possibilities which they see in these various new arrangements for the further strengthening of the international monetary system.

From the point of view of the functioning of the system as a whole, perhaps the most significant aspect of forward operations is the way in which they can be used to minimize

flows into and out of reserves. They can make sheer speculation in currencies less rewarding, while making trade financing or short-term investment abroad less hazardous for the banks and businesses of countries in a strong balance-of-payments position. In this fundamental sense, the growing network of international forward operations by the central banks or treasuries of the leading countries is itself adding another dimension to the world's liquidity system.

The new ring of reciprocal currency arrangements, or swaps, can also provide useful backstopping both for "spot" and for "forward" operations in other countries. Under these arrangements, the United States agrees with other countries, on a stand-by basis, that each will make available its own currency up to a specified amount on the request of the other. The requesting country puts a corresponding amount of its currency to the credit of the other country as well. And both enter, simultaneously, on activation of the swap, into forward contracts to assure the reversal of the transaction at agreed rates of exchange in 90 days, or some other convenient period, unless renewed. No activated swaps have been renewed for a cumulative outstanding period exceeding 1 year; most have been reversed much sooner. But they do provide either country, in case of need, with quick and virtually automatic access to previously agreed amounts of the other's currency.

It is these arrangements, and a comparable lending of dollars to the United Kingdom by continental central banks when the pound was under pressure, that have formed the strong center of the cooperative actions that have withstood every outbreak of potential monetary disorder for more than 2 years. They may not in the end be found to provide an adequate answer to the world's longrun need for liquidity, but they are a powerful bulwark today—making borrowed reserves available to supplement the owned reserves of the leading industrial countries which have joined the ring.

In addition, an outer ring of borrowings has been established for the further defense of the dollar, thus reinforcing the existing monetary system. This is the latest in the sequence of innovations evolved out of experience through the joint efforts of other leading countries and the United States. Borrowings by the Treasury over the past year have been made in foreign currencies from foreign governments for terms generally of 15 months or longer. Borrowings from central banks have been made (subject to special conditions) both in dollars and in foreign currencies and, though varying in maturity, these now also generally exceed 15 months, with most clustering around 2 years, and one case for unusual reasons extending to 5 years. Three important aspects of this innovation have particular relevance to any further evolution of the present monetary system.

One is that these arrangements permit a surplus country, in effect, to lend its excessive accruals of reserves to a debtor country. This means that, with the characteristically wider reserve swings to be expected among many countries under conditions of convertibility, a partial substitute has been found for the maintenance of proportionally much larger reserve balances over the years ahead. To be sure, there has been no effort to generalize this approach as between other countries, and there may even be reservations by some countries over lending reserves in this way to the United States. But since several countries have made such arrangements with the United States, with satisfaction thus far, it is clear that a tested facility exists, as a supplement to the borrowing provided for through the IMF, for adding to effective liquidity by lending and borrowing existing reserves between creditor and debtor countries. Of course this is not automatically

available credit, so far as the deficit country is concerned, but it has been and can be obtained if the program for restoring balance in the deficit country is considered reasonably promising.

A second significant feature is the denomination of borrowings by the U.S. Treasury in the other currency. To be offered a medium-term debt instrument by a responsible government, with the obligation denominated in the creditor country's own currency, provides a unique attraction for any creditor country that may be reluctant to go on accruing dollars. And to the United States, the acquisition of other currencies through borrowing has been a logical supplement to the use of swaps for meeting situations that are not expected to be reversible within 1 year.

The third feature of particular relevance is the special design used for central banks. The central bank holder of one of these U.S. obligations receives interest at the rate appropriate to its full maturity, and would expect to hold it for that term. But to provide for extraordinary developments that might impose an unexpected drain on the central bank's reserves, and also to satisfy the conventional liquidity requirements of some central banks, the instrument can, at the option of the central bank holder, be converted on notice into a 90-day certificate, and that in turn, on 2 days' notice, into cash—the central bank's own currency. Thus, by creating a new secondary reserve instrument for the central banks of countries in a strong balance-of-payments position the United States has made it possible for them to put some of their current reserve accruals into a form of cold storage. They are distinct from the active reserves of dollars held for possible current use. They are available as a possible source of additional dollars, at some time in the future, when the particular country or the world at large has again encountered a "dollar" or "liquidity" shortage.

It is but a logical extension of the borrowing concept that the United States should, within the existing procedures of the International Monetary Fund, have requested and received, effective July 22, 1963, a 1-year standby authorization to borrow from the Fund, as needed, up to \$500 million in other convertible currencies. This will enlarge the scope within which the Fund can in effect absorb dollars corresponding to repayments of obligations to the Fund by its members, and in this way avoid additions to the large dollar holdings of surplus countries.

In addition to all these innovations, there has, of course, been the remarkable agreement of the 10 leading countries to supplement the IMF's resources with up to \$6 billion in their own currencies. The unifying experience of this action has already begun to weld among the financial officials of all 10 countries an identification of common interest in the functioning of the international monetary system. Together with the regular participation of all members in the work of the IMF, and the crucial role filled by the work of the Bank for International Settlements and the meetings of central bankers held there, a flourishing climate of collaboration and confrontation has been created. This has also been systematized at the working level in the Organization for Economic Cooperation and Development. Clearly, the experience gained through these joint labors in establishing new defenses—and in maintaining, criticizing, and improving them—has greatly heightened the understanding and expertise essential for fruitful collaboration in appraising any further possible reform in the functioning of the monetary system.

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The course of any further study among governments will no doubt move across, with much deeper penetration, many of the subjects already lightly sketched here. Much

time will also probably be spent in dissecting the details of plan after plan that has been proposed and revised during the extended academic and popular discussions of these matters. But the main lines of inquiry can probably be summarized in four groupings:

(1) Continue the present gold-dollar-sterling-IMF system as the means of providing reserves, but actively enlarge the cooperative credit arrangements that have been recently developed for making fuller use of existing reserves.

(2) Endorse (1) but also enlarge the resources of the IMF and the drawing rights of its members, and increase its flexibility in using these resources as a further supplement to reserve availabilities.

(3) Endorse either (1) or (2) or both, but also establish a new grouping of some of the other leading currencies as a complement or alternative to the roles now performed by the dollar and sterling as reserve currencies.

(4) With or without (1) or (2) or (3), reconstitute the IMF by endowing it with the capacity to create credit and the power to allocate such credit among members.

There is not, of course, any reason to presume that daring or revolutionary approaches will in fact emerge for the future. The process of evolution may very well take us where we want to go. But the needed preconditions have been established for wide-ranging governmental consideration of any possible needs, and of practical operating procedures for fulfilling them, without setting off speculative disturbances based on market apprehensions that there might be grave shortcomings in present arrangements. Nor need there now be any implication that the United States would itself be seeking only a short-run palliative for its present imbalance, under the guise of a full-scale reconsideration of the monetary system as a whole. As President Kennedy stated, in his message of July 18, 1963, "We do not pretend that talk of long-range reform of the system is any substitute for the actions that we ourselves must take now."

The Bretton Woods system is nearing the end of its second decade, a decade of remarkable achievement. Particularly in recent years, it has shown an impressive capacity to evolve and develop in response to rapidly changing needs. And the European industrial nations have now nearly completed 5 eventful years of convertibility. It is therefore, a matter of simple prudence to take stock—to make a systematic and searching appraisal of the international monetary system—asking whether a continuation of recent evolutionary changes, or more sweeping reforms, will be needed for the probable dimensions of future requirements. This is a matter not for the United States alone, but for review by many countries, singly and through the various international financial organizations in which they participate.

Such an examination should lead to an evaluation of a wide range of proposals and suggestions, from a truly international point of view. The issue in such an international review is whether the present mixture of gold, dollars, sterling and IMF facilities can in the future provide the ample supply of reserves and credits that a healthy growing world economy should have, or whether major changes are going to be needed. The issue is also whether—if any particular change should be considered necessary—that change will be able to support added growth that is real, without contributing to monetary excesses and economic instability. The resolution of such a set of issues does not rest on the mere willingness of governments to vote yes or no on whether more international liquidity would be desirable. The primary task must be one of scrupulous preparation, within and among governments, looking toward a definitive appraisal by the

governments themselves. Only in this way can these issues be resolved into a clear, reliable, and workable consensus.

[From the *Wall Street Journal*, Sept. 19, 1963]

MONETARY REFORM: SHIFT IN U.S. POLICY COULD SPUR BIG CHANGE IN WORLD PAYMENTS—ADMINISTRATION TO BACK INTERNATIONAL MONETARY FUND STUDY ON NEED TO OVERHAUL WAYS TO SAFEGUARD MONEYS—EARLY AID FOR DOLLAR UNLIKELY

(By Philip Geyelin)

WASHINGTON.—The United States and other industrial nations are about to launch a sweeping inquiry into the need for reform of the free world's monetary system.

The first step is expected at the annual fall assembly of the International Monetary Fund (IMF) and the World Bank, opening here in Washington the end of this month. If all goes according to quiet and careful advance planning by the United States and some key European allies, the fund's governors will approve a long-range monetary study and assign the job to its "Committee of Ten," embracing the United States, Canada, Britain, West Germany, Italy, France, and other European countries plus Japan. This group joined 2 years ago to create a \$6 billion "special resources" fund in the IMF to supplement its lending facilities for member nations whose currencies need shorting up.

The upshot could be great alterations in current international payments procedures and institutions—or not much change at all. Action in any case is probably several years away, and unlikely to have any impact on this country's current difficulties with the dollar. Rather, the aim is to investigate the need for improvements in present monetary arrangements to safeguard the dollar and other free world currencies against perils that might arise from some future shortage of cash reserves in the world's central banks.

U.S. POLICY SHIFT

But the fact the United States is even ready to push a study of the question reflects a significant policy shift. It could mark the beginning of the biggest monetary overhaul since the 1944 Bretton Woods Agreement established the International Monetary Fund and laid the foundation for current international collaboration on monetary matters.

Details of how fast and how far reform will go, and what the United States should push for, are still the subject of vigorous backstage debate between advocates of caution and orthodoxy, centering in the U.S. Treasury and the Federal Reserve on one side, and the "activists" in the Kennedy financial braintrust on the other side. The latter include the President's Council of Economic Advisers, the State Department, and the White House staff. They lean toward radical new international mechanisms and far greater multilateral currency management. How the debate will be resolved will hinge in part on a host of uncertainties, including future economic trends.

Much will depend, too, on the attitudes of this country's allies; Europe's central bankers tend to share the U.S. Treasury's more conservative bent.

But prevailing opinion on both sides of the Atlantic is evolving toward long-range monetary reform. Fresh evidence appeared yesterday in a weighty treatise on monetary affairs by U.S. Treasury Under Secretary Robert Roosa, published in *Foreign Affairs Quarterly*. The time is now ripe, said the Treasury's top man on international payments matters, to begin a "systematic, searching appraisal" of "whether a continuation of recent evolutionary changes, or more sweeping reforms, will be needed for the probable dimensions of future requirements" for world monetary reserves.

SWITCH IN POSITION

Mr. Roosa's first public pitch for a study of the international payments system is significant largely by contrast with a comparable dissertation he wrote in advance of the World Bank and IMF gathering a year ago. On that occasion he firmly dashed cold water on the very idea of investigating the world monetary system, and did so without warning to administration officials who favored the idea.

This time, Mr. Roosa's observations got a careful reading at the White House and by other financial officials in advance. "I wouldn't want to say it was formally cleared by the President," said one official, "but you can take it as official U.S. policy."

The Roosa proposal for international inquiry into monetary arrangements was not as effusive as some Presidential aides might have preferred. He insisted that no emergency overhaul is needed, that the United States can solve its balance-of-payments problems without new international machinery and that currency reserves are adequate for current needs.

He emphasized, too, that "a long period of exploratory discussion, followed by extended negotiation" would have to precede any changes in the present complex system for preserving monetary balance and bolstering weaker currencies. And he stressed his view that the present system, recently fortified by various cooperative measures between major industrial and banking nations, will suffice for as long as it might take to reach agreement on any supplementary measures.

But the Treasury Under Secretary invited "wide-ranging" inquiry. And he did not exclude the possibility of "major" and "sweeping" changes or even "daring or revolutionary" approaches, though he carefully avoided assessing any specific proposals.

BASIC AIM OF REFORMS

Discussion of possible monetary reform runs a broad gamut, within U.S. official circles and in Europe. But the aim of all the schemes being talked about is the same: To expand the free world's monetary reserves.

The purpose of expanding such reserves is to make sure trade between nations won't be choked by lack of money to finance the exchange of goods. In the past, whenever a nation spent more in another country than it earned there, it paid the difference in gold. Gradually some currencies—such as the U.S. dollar, which is easily convertible into gold at a fixed rate—became as commonly used as gold to settle international accounts. In recent years, some economists have worried because world trade was expanding faster than the supply of gold and dollars in central banks.

An increase in the free world's monetary reserves might come about most simply through some expansion of the 93-member IMF. This gold-and-currency pool, now totaling over \$15 billion, is supplied by member countries' contributions in amounts varying according to the members' economic size. The United States has furnished the largest sum—over \$4.1 billion. One-quarter of each member's contribution must be in gold. Any member whose currency weakens in value can purchase from the IMF other currencies up to the amount of its own contributions. It can use these in foreign exchange markets to buy up its own currency and strengthen its value.

Some of President Kennedy's more "activist" advisers firmly favor an expansion of these IMF quotas, without the customary requirement that part of the quota increase be in gold. (This requirement could backfire on the United States by encouraging foreign countries to turn in dollars they now hold for gold, thus drawing down this country's already shrinking gold hoard.) Expansion of quotas would mean

that more of the currency of IMF nations would be on quick call for borrowing by members plagued by a shortage of foreign exchange. Some experts doubt the legality of dropping the gold requirement, but administration lawyers who have been checking IMF regulations are confident it can be done.

In fact, the United States and at least a few other major IMF members may put forth the idea of a quota expansion, if only as a talking point for the 10-nation study group. Diplomats report Italy, Britain, West Germany, and Canada have expressed varying degrees of interest in the idea.

Far more ambitious monetary overhaul is under study, too. Proposals range from creation of an international central bank of many currencies, where member nations could settle accounts by transferring deposits to each other, to a system of IMF guarantees for currencies most used in international trade.

U.S. GOLD DRAIN

Up to now, the Treasury has resisted consideration of monetary reform partly on grounds that this country might seem to be simply seeking a cure for its own balance-of-payments deficit—a situation that arises when the United States spends more dollars abroad than it earns from foreigners. The United States has been running a chronic deficit in recent years; the U.S. gold hoard, the backing for the dollar, shrinks when foreigners turn in their dollars for gold.

Lately, though the deficit continues at record levels, the United States has been taking a number of measures to reverse the tide, including a boost in the Federal Reserve's discount rate; curbs on tourist spending; a \$500 million, first-time U.S. borrowing from the IMF, and a proposal to tax U.S. investment in foreign securities. Also, increasing consideration is being given to bringing at least some combat troops from overseas if the dollar drain persists much longer at present rates.

Mr. Roosa, noting the U.S. effort to solve its problems, argued in the article published yesterday that there now need be no "implication that the United States would itself be seeking only a short-run palliative for its present imbalance, under the guise of full-scale consideration of the monetary system as a whole." As further explanation for his change of heart on studying monetary reform, he argued that informal cooperation between the major industrial nations has progressed to the point where a full-scale study of reform could take place "without setting off speculative disturbances based on market apprehensions that there might be grave shortcomings in present arrangements."

U.S. MOVE CITED

The Treasury Under Secretary cited one specific new source of strength in the world monetary picture—the U.S. decision to begin holding currencies other than the dollar as part of its reserves. With that policy established, Mr. Roosa added, the United States is in a position to take a hand in easing future currency pinches of other lands.

"It is quite possible," he conceded, that as the United States rights its payments imbalance, other countries may well find themselves short of dollars and "an imminent shortage of liquidity (lack of money to finance trade) will appear. With the United States then standing ready to add to the supply of dollars by purchasing other currencies in controlled amounts, there will be assurance of a way out if other sources of added liquidity should prove inadequate." Such informal arrangements would be enough to meet any liquidity shortage likely to appear while the monetary thinkers are pondering more formal overhaul, he declared.

Even the enthusiasts concede radical monetary reform would take time. "You don't overhaul anything as complicated as the international payments system in much less than 3 years," say one. Another authority looks for a 5-year job. Even so, any start could be significant. How the task is done would deeply influence U.S. policies, both economic and others.

WHAT THE ARGUMENT IS

"That's basically what the current argument is all about; whether U.S. programs to expand the economy, to cut down unemployment, to keep up defense spending or to continue foreign aid are going to be at the mercy of uncontrollable currency fluctuations, or whether we can adopt some international system of monetary management," says one reform partisan. Another Kennedy adviser, less eager for the international, institutionalized approach, puts it differently: "The real question is whether we surrender autonomy to some international body or accept the internal discipline of keeping our own currency sound."

The Treasury is certain to continue to plump for a maximum of "internal discipline" and heavy emphasis on existing mechanisms for influencing currency flows. But Mr. Roosa concedes there is a "basic case for assuring ample growth not only in the supply of actual reserves but also in the facilities for borrowing them in relatively large amounts when needed." Without this, some countries, he said, "must proceed toward their own growth objectives in fits and starts" as they pause to deal with temporary payments problems.

[From the New York Times, Sept. 23, 1963]
MONETARY MACHINERY: WASHINGTON DISPLAYS NEW BLUEPRINTS FOR INTERNATIONAL FISCAL MECHANISM

(By M. J. Rossant)

This is the season when Detroit celebrates its annual unveiling of its new model cars and Washington has taken to displaying its latest plans for improving the world's monetary mechanism.

Detroit, buoyed by 2 years of excellent sales, is introducing only minor changes, with more stress on the affluent look, in hopes of chalking up three in a row. But Under Secretary of the Treasury Robert V. Roosa, who is largely responsible for the administration's financial blueprints, has come out, in an article in the October issue of Foreign Affairs, with a radical if evolutionary advance over his model of a year ago.

Mr. Roosa does not do more than sketch the vague outlines of his new approach. This is enough to indicate that he envisions a much more powerful and streamlined machine, one that can stimulate a long-term expansion of the world's economies. It also seems to involve some new and perhaps radical moves in the administration's attempts to deal with its bothersome deficit.

DEFENDING THE DOLLAR

The shift to a new look was foreshadowed in July, when President Kennedy took the wraps off the administration's latest measures to defend the dollar. Mr. Kennedy underlined the intimate connection between the U.S. deficit and the issue of international liquidity by suggesting that it would be well to explore ways of strengthening the existing mechanism.

At present, there is no shortage of international liquidity—reserves of gold, foreign exchange and credit—for sustaining the non-Communist world's economic expansion. The U.S. deficit, as the Brookings report on the balance of payments pointed out, is providing dollars and gold as fuel to keep the machinery in working order.

If and when the deficit is eliminated, however, a shortage could occur, Mr. Roosa in-

sists that the first objective remains the elimination of our deficit to maintain confidence in the present machinery, but he is prepared to begin examining the need for reforms on an international scale.

This represents a marked change from his position—and that of the United States—which he described in detail last September in a special supplement issued by the Federal Reserve Bank of Philadelphia. Mr. Roosa then contended that, once the deficit was under control, the "rate of increase in the supply of dollars available to serve international liquidity requirements in the world can also be managed."

LEADING THE ATTACK

At last year's meeting of the International Monetary Fund, Mr. Roosa led the attack on Britain's Chancellor Reginald Maudling for proposing an international pooling of reserves. He was convinced that bilateral arrangements were preferable, arguing that the "potential capabilities for meeting the world's longer run liquidity requirements" were already present in the existing machinery.

Now, Mr. Roosa and Chancellor Maudling seem to be in agreement about a more flexible vehicle. But it remains to be seen whether European central bankers, who have a big say in the operation of the present model and feel a deep affection for its complicated and old-fashioned lines as well as all its scars and dents, will agree to a trade-in.

They have a tradition of fashioning new parts and patching up the old, waiting for a total crackup, usually with a full load of passengers, before agreeing to make any changes.

Central bankers have proved adept at averting crashes, but dislike automatic—or international—devices. They actively distrust any plan designed to make things too easy for a country suffering a payments deficit. In effect, they question the need for safety belts as standard equipment.

Their tested formula for preventing accidents calls for the deficit nation to slow down the pace of its own economic growth. With the U.S. deficit showing a decided turn for the worse, they may well be skeptical about Mr. Roosa's intentions.

THE BRETON WOODS MODEL

He has sought to allay their suspicions by assuring them that he does not want to scrap the present design, which he feels is working well despite the fact that its original patent was drawn up at Bretton Woods in 1944. In observing that he has no fixed notions on the shape or the extent of possible improvements, he adds that "a long period of exploratory discussion, followed by extended negotiation" is required.

At the same time, Mr. Roosa makes plain that the United States is not trying to escape the discipline required to eliminate its deficit. He contends that the new measures are proof of "the determination of the United States to correct its own deficit, and to keep a sharp separation between that effort and any intergovernmental review of the prospects and arrangements for international liquidity in the future."

Foreign central bankers may be persuaded that it will cost them nothing to shop around. And despite their insistence on the virtues of discipline, they might face some rude shocks if the administration began a full-scale effort to eliminate the deficit.

It is difficult to measure the impact of the new measures, which includes the Federal Reserve's rise in short-term interest rates and the proposed tax on American purchases of foreign stocks and bonds. But even if they are not all that the administration has claimed, they suggest the kind of approach that could be used to bring a marked improvement in the deficit without crimping the expansion of the domestic economy.

TWO CURES AVAILABLE

The orthodox remedy for reducing the deficit would entail putting the brakes on credit with another rise in interest rates. This may be applied, particularly if tax cuts are forthcoming, but the administration has an alternative in the suggestion made by George W. Mitchell, a member of the Federal Reserve Board, who thinks that "general fiscal and monetary policies should be primarily aimed at domestic expansion while special-purpose instruments are applied to the balance-of-payments problems."

If this approach is used, it might involve a capital issues committee, specifically designed to halt the outflow of long-term capital. Mr. Mitchell states that "a good case can be made for tying all capital exports and unilateral outflows to U.S. exports."

A plan to attack specific drains with specific weapons would soon be felt abroad. It could stimulate action to erect new machinery to insure a sufficient supply of international liquidity along the lines sought by Mr. Roosa.

[From the Washington Post, Sept. 23, 1963]

WORLD MONETARY SYSTEM FACES CHANGE

(By Harvey H. Segal)

There is now little doubt that the international monetary system created at Bretton Woods nearly 20 years ago is about to undergo a transformation. What remains to be determined is the precise nature of the changes.

An article in the current issue of *Foreign Affairs* by Treasury Under Secretary Robert V. Roosa indicates that the major industrial countries of the non-Communist world have agreed that it is necessary to at least consider the proposals for the reform of the monetary mechanism. And it is expected that the delegates to the meeting of the International Monetary Fund, which opens next Monday, will approve an official study commission.

Mr. Roosa is doubtless right when he suggests that much time will be spent in dissecting the details of "plan after plan." Perhaps that is the reason why he took pains to outline the following lines of inquiry:

1. Continue the present gold-dollar-sterling-IMF system as the means of providing reserves, but actively enlarge the cooperative credit arrangements * * * recently developed for making fuller use of existing reserves.

2. Endorse (1) but also enlarge the resources of the IMF and drawing rights of its members, and increase its flexibility in using these reserves.

3. Endorse either (1) or (2) or both but also establish a new grouping of some of the other leading currencies as a complement or alternative to the roles now performed by the dollar and sterling.

4. With or without (1) or (2) or (3), reconstitute the IMF by endowing it with the capacity to create credit and the power to allocate such credit among members.

In this spectrum of possibilities, items (1) through (3) point to the directions in which the system is currently evolving. They encompass the currency swaps, the bilateral credits and the IMF standby authorizations to borrow.

Alternative (4) without (1), (2) or (3) falls under the rubric of what the Under Secretary calls "daring or revolutionary" approaches. It envisages a supranational central bank in place of the present IMF and a new international currency of account—similar to the Bancor long ago proposed by Lord Keynes—in place of gold, dollars and sterling.

For the past 5 years a debate has raged between academic theorists such as Robert Triffin of Yale University, who would press in the direction of the fourth alternative, and the central banking and treasury officials who insist that solutions to the monetary problem will emerge from current practices.

The conservatives have a number of objections to plans for the fundamental restructuring of the monetary system which merit frank consideration. They ask how the "creditor" nations—those with current balance-of-payments surpluses—can be persuaded to agree to radical changes so long as the United States incurs deficits.

They assert that a supranational central banking mechanism would fail to impose the balance-of-payments "discipline" necessary to prevent inflation. And finally, they argue that a reconstituted mechanism would entail intolerable infringements of national sovereignty.

The answer to the first objection is that the United States, far from being impotent, can exert strong pressures on behalf of the new monetary order. There is a breaking point beyond which creditor countries, holding billions in official dollar reserves, will not carry their intransigence. Reform efforts need not be postponed until the time when U.S. accounts are in balance.

Second, unless one assumes that a supranational central bank supplies limitless reserves to deficit countries, the objections on grounds of discipline carry little weight. What such an institution would provide is a sufficient volume of automatic credit to permit wide swings in the balances of industrial countries. Discipline would be enforced by making the cost of credit vary directly with the volume outstanding. And it might be enforced with a degree of automaticity if a reconstituted IMF supplied credit by selling securities in the money markets of surplus countries.

Finally, there is the issue of the infringement upon national sovereignty which can best be answered by posing counterquestions. Would it be more demeaning for a deficit country to seek credit from an international institution, operating in accordance with established rules, than from an individual country which may have a political ax to grind? Wouldn't national sovereignty be enhanced if a more flexible monetary mechanism permitted each nation greater freedom to pursue policies which are conducive to higher employment and growth?

These are the issues that should be carefully considered before accepting reforms which amount to little more than the pouring of old wine in new bottles.

[From the New York Times, Sept. 24, 1963]

TEN NATIONS NEARING AGREEMENT ON INTERNATIONAL LIQUIDITY STUDY

(By Edwin L. Dale, Jr.)

WASHINGTON.—Sharp bargaining over wording was reported today to be the only remaining obstacle to an agreement next week among the leading industrial nations for a study of the world's future needs for international liquidity.

Non-American sources reported that the agreement would come in the form of a communique by the 10 members of the "Paris Club." While the communique would be issued during the annual meeting here of the International Monetary Fund, the liquidity study would not be a decision of the Fund and would not be carried out by the Fund.

The study would be conducted by the 10 countries jointly, with the expert assistance of the Fund as required. The 10 nations hold most of the world's reserves and are the key to the international monetary system.

International liquidity is the total of countries' reserves of gold and foreign exchange plus their access to credit. The big issue is whether it will grow sufficiently in the future to permit sustained world prosperity, particularly after the deficit in the U.S. balance of payments ceases.

The "Paris Club" is the unofficial title of the 10 countries that agreed 2 years ago to lend money to each other, by way of the Monetary Fund, in case of a crisis in the international monetary system. They are

the United States, Britain, Canada, France, West Germany, Italy, Belgium, the Netherlands, Sweden, and Japan. Switzerland is an unofficial member of the club, having agreed to join the borrowing arrangement though not a member of the Monetary Fund.

Officials of the United States and some other countries have high hopes that the study of liquidity could produce a measure of agreement within a year. While there is no urgent liquidity problem, particularly as long as the U.S. deficit lasts, one aspect of the problem must be taken up in any event a year from now at the next annual meeting of the Monetary Fund in Tokyo.

This is the question of whether the overall quotas of the members of the Fund should be increased, a matter that should be examined every 5 years.

Great secrecy has surrounded the bargaining on the wording of the proposed communique announcing the study. Its terms of reference could be important in setting the general tone of the study.

In general, it is understood that no idea or proposal will be ruled out in advance except two. One is a rise in the price of gold from its present level of \$35 an ounce. The other is the offer by the United States, on its own, of a gold guarantee. These will be rejected from the start.

ADDRESS BY SENATOR GOLDWATER BEFORE REPUBLICAN FINANCE COMMITTEE OF NEW JERSEY

Mr. CURTIS. Mr. President, on September 20, 1963, our distinguished colleague, the junior Senator from Arizona [Mr. GOLDWATER] delivered a speech before the Republican Finance Committee of New Jersey. His remarks were most expressive and thought-provoking and I am offering them for the RECORD because I believe they will be inspiring and challenging to all Members of this body. I ask unanimous consent to have the address printed in the RECORD at this point.

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

TEXT OF A SPEECH BY SENATOR BARRY GOLDWATER, REPUBLICAN OF ARIZONA, BEFORE THE REPUBLICAN FINANCE COMMITTEE OF NEW JERSEY AT THE ROBERT TREAT HOTEL, NEWARK, N.J., SEPTEMBER 20, 1963

Taking off from Washington, just a few hours ago, I got a fairly clear view of your major competitor in the raising of political funds—the U.S. Treasury. To the administration whose leader is ensconced just a block away from it on Pennsylvania Avenue, such terms as spending and money all have a colloquial synonym—jack, with a capital J, of course.

Now I'll admit that an administration that has asked for a total of 207 Government spending programs, and 70 increases in Presidential power in this session of Congress alone, is a tough act to follow for a bunch of independent operators like yourself. But, to be very serious about it, the work you are doing is to encourage nothing more or less than the best, the soundest investment any American can make in his future—an investment in sound government and its essential corollary, the election of Republican candidates to public office.

Without that investment, our economy will continue to creak along to the cadence of a rocking chair and to the tired, depression-bred economic theories of the 1930's. Without that investment, the handout will continue to replace that hand up as the New Frontier's old and cynical philosophers press for public works and repress private initia-

tive, industrial expansion, and the growth of real jobs that produce real wages.

Without that investment in Republican principles and Republican candidacies, our Nation will continue to drift in international waters, its sails and policies limp and empty of purpose, vision, and decision.

There is no single Republican officeholder or candidate, no single faction or section of the Republican Party that should lay claim to the work you, and your colleagues across the Nation are doing. You are doing Republican work for American principles. You are working for Republican victories, not personal ones.

You have your sights set on a 1964 campaign in which every statehouse ranks in importance with the White House—for this is a Republican Party that believes in a Federal Union of 50 great States united under one great Constitution.

You have your sights set on a 1964 campaign in which every Senate seat, every House seat is of prime importance—for this is a Republican Party that believes that Congress is the key to freedom, not an old-fashioned nuisance.

You have your sights set on a 1964 campaign in which every local election, every precinct organization is a proud and important target—for this is a Republican Party that believes in government that is close to and not remote from the people.

You have your sights set on a 1964 campaign in which every section of this country, and every section of its people, is truly important—for this is a Republican Party that is a national party, not a sectional party; a party of unity, not a party of factions.

These things are true today. They were not, we must admit, true always. The Republican and the Democratic Parties both have evolved from pasts of sectionalism and factionalism. No one can deny it. But, in the life of political parties, as in the life of all living organisms there are plateaus of evolution, great formative times when new shapes emerge. We are at such a time in the political life of this Nation.

On the one hand there is the undeniable growth of the Republican Party in areas where even the name Republican once was political poison; the growth of this party to the point where it is the most truly national party in our history.

On the other hand there is the declining vitality of that strangest creature in all politics, the mutation that has resulted from the marriage of big-city Democrat political bosses to ivory tower Democrat social reformers.

Evolution, don't forget, works two ways. While the dinosaurs were dying, higher forms were breathing new life. And in all American politics there is no more dinosaur-like creature than the big city machine of the Democrats. And there is no more refreshing and modern form of political life than the Republican Party's as it stirs new excitement north, south, east, and west.

The vitality of the Republican Party in the South is just one dramatic example of new, national appeal. Other great regions of the country which previously had been treated as political and economic colonies—not really part of the command structure of American politics—are now about to take their place as an integral part of the Nation's political life. And they are going to do it in and through the Republican Party, if—

There is only one if in this equation. If we will only let them. If we will adjust our party thinking to national thinking. If we will forget those counselors of defeat who would have us expel, write off, repel, and separate from this or that part of the country.

The South is the handiest example. Recognize growing Republican strength in the

South, some say, and the Republican Party becomes a racist party. What utter and dangerous nonsense. It is not the racist South that has given the Republican Party new victories and new vigor in the South. That's the Democrat South. The Republican South is the growing industrial South, the bustling urban South, the studious, learning, and achieving South.

The South that is turning to the Republican Party, that is breaking the Democrat stranglehold on fully a fifth of this Nation, the South that we Republicans welcome because it is Republican, is a South that simply is tired of being treated as a captive nation. It wants to be part of a whole, free nation. And it will be, in and through the Republican Party.

Let us not get into the business of turning brother against brother. It was that turning, a hundred years ago, that created the great wounds of the War Between the States. One-party rule in the South has festered that wound ever since. Two-party freedom can heal those wounds. The Republican Party would betray more than its political future if it did not seek that healing—it would betray the very principles upon which it was founded.

Adding the strength of the South does not detract from the strength of the Republican Party, it adds to it. Responding to the dynamic growth of the West does not sap our strength, it revitalizes it. Drawing on the ruggedness of the Rocky Mountain States does not diminish the stature of the Republican Party, it helps it tower to new heights. Reaping the harvests of the great Midwest does not diminish our stores, it enriches, and leavens them. Sparks from the great industrial forces of the North and East do not sear our party, they strike new fires of determination.

Let the Democrats write off the votes they will lose because of dissatisfaction, north, east, west, and south. Let the Republican Party write up the votes they will win because they will not write off any part of this country that is willing to work for Republican principles. New Jersey can proudly and rightly say: Don't write off the East. And the Republican Party will not write off the East. Let all 50 States say that of their sections—and let the Republican Party go to the polls in every State with an American statement of principles that will unite and will win.

There will be no writeoffs for Republicans in 1964. This is the team that came to play and stayed to win.

But what of the New Frontier monster, the dinosaur alliance of welfare-state liberals and big-city bosses? Do we have to write off its domain?

There is no doubt that the liberal intellectuals of the Democrat Party will draw even closer to the corrupt big-city bosses now that they can read the handwriting on the crumbling walls of the South and other sections.

They will see, we can rest assured, the cold and chilling truth that no man can now win a national election on a Democrat ticket if he does not have the complete support of the big-city bosses. There will be, and are, attempts to nourish and strengthen these local, corrupt governments in every way—with lavish grants of Federal patronage and Federal funds, with an office for this group, an office building for that one.

It is abundantly clear that anyone who believes these notorious and degrading conditions must be cleaned up, will have to support the Republican Party.

A vote for the New Frontier party is, by political necessity, a vote for the continuance of big-city bossism and all the corruption that goes with it.

Decent men and women of both parties, who abhor these conditions, will turn to the Republican Party. They can slay the boss

dragon that has been feeding on their cities. They'll have the chance in 1964.

Here in New Jersey you saw the Hague machine fattened and strengthened by a national Democrat administration. Then you saw the advent of the Kenny machine, not much different. You know, in this State, what bossism can mean. You don't want it. You won't have it. The same is true of the Green machine in Philadelphia, the Cook County machine in Chicago, notorious successor to the Kelly-Nash machine.

The cynical alliance between welfare-state liberals and the corrupt big-city bosses can be broken. It can be broken in 1964. The Republican Party, providing a focus of principled energy for decent men and women of both parties, can do it. With the South gone, with the big-city bosses under siege the old, supposedly unbeatable alliance of the Democrat Party can be beaten. But let that alliance remain uncracked and the Republican Party will remain a permanent minority—by default, not defeat.

There is no doubt in my mind that the majority of men and women in this Nation are in a conservative mood today. They have seen the grand design of an all-powerful Central Government turn into a redtape jungle. They have seen the social tinkering erode individual responsibility. They have seen Socialist and collectivist theories turn into open war against business and industry, against the jobs and wages of working men and women. They have seen radicalism turn into class warfare.

They have seen, just this week, a President who lures votes by asking a tax cut while stubbornly courting economic disaster through refusal to cut spending.

The conservative mood of America does not ask that both parties promise simply more of the same. The conservative mood demands a choice.

The Republican Party must offer that choice. Its principles do offer that choice.

The Republican Party believes in the people of America. It believes they can use the strength and brains that God gave them to handle their own affairs. It believes that when they need help it should be the help that neighbor gives neighbor—not the soup-kitchen solutions that big brother—or little brother—gives to his poor relations.

We do not believe in turning back the clock. We do believe in turning back, whenever possible and desirable, the responsibilities of home, family, and welfare to the people closest to them, to the skills most familiar to them, to the energies most devoted to them.

The Republican Party believes that government is the servant, not the master. That the job you have and hold, that the money you earn and save, invest or spend, is the first order of business—and that government's job is to protect those things, not take them over.

We do not believe in turning back the clock there either. Those who regard government as the only responsible owner and user of the Nation's resources are the ones who would turn back the clock—turn it back to a glossy new version of bond-servant feudalism.

What do those new feudal lords of Washington say of this? They say Republicans are devoted more to property rights than to human rights. I say we should file this back in their teeth. We believe that only humans can have property rights. But we believe that they should have them and we believe that the government which destroys either one of those rights must destroy both in the process. We believe that as a government feeds on the property of men it also feeds on the freedom of men.

Our Government was instituted to assure order among the people, not to own the people—or their property.

The Republican Party believes in balanced government; in a Congress that speaks for all the people, in an executive branch that serves all the people as an equal partner, not a ruthless boss; in a judicial branch that also is equal and independent, that interprets laws but does not make them.

The Republican Party believes that the security of the United States in a troubled world is a shield for freedom everywhere and the prime target of the enemies of freedom. Our party believes that the strength of that shield is the main deterrent to war. It rejects the notion that such strength is the cause of tension in the world. It rejects the notion that the way to peace is through negotiated weakness.

We do not want to turn back the clock to an America isolated and unprepared in a hostile world. We see, instead, that the clock of history has struck now the time of America's real greatness and its greatest challenge.

The Republican Party does not seek to isolate America from its responsibilities in the world and from its allies and the promises it has made to them. Crumbling alliances and diminishing leadership in the world are the hallmarks of the present administration, as it fights with friends and fawns on enemies.

The Republican Party does not believe that the security of freedom is advanced by the strengthening of slavery. It does not seek a divided world, it seeks an open world. We hold that only in such a world is peace possible. We hold that the walls of a divided world can be brought down by the determination of freemen everywhere—not by war, but by will and dedication, by the long struggle that will not pause to rest or to compromise until the last shackle has been struck off.

I believe in those principles. They are Republican principles. They are American principles. They are winning principles.

Ours are the principles that draw men together in common cause and not the greeds and spites that split them apart.

Our honest differences are a surge of ideas to be honestly discussed by men honestly moved and not the bitter self-seekings of arrogance and power, the kingly demands of pride and pomp.

Republicans do not seek election so that they can rule. They seek consent and consensus so that government can serve.

The great issue in 1964 will be which party can most effectively advance the cause of freedom, which party best represents the real aspirations of the American people, the real hopes of the world.

I do not think that the cause, the aspirations, the hopes can be served well by a Democratic administration mired in indecision abroad and married to a political mess at home. The American people cannot be well served by any administration that would only mirror the same indecision, the same mess.

America needs a change. America needs a choice. Freedom needs a chance.

Republican victory is the way.

AGRICULTURAL SALES TO THE SOVIET BLOC

Mr. McGOVERN. Mr. President, I hope the United States will accept any reasonable offer from the Soviet bloc to purchase our agricultural commodities.

As the former Director of the Nation's food for peace program, I know from firsthand observation that American food is a powerful weapon for peace and freedom.

It ought to be used to bring nations together, not to divide them.

The Soviet Union will purchase its food from other countries if it cannot

buy from us. It has already placed major orders with Canada and Australia.

These countries are selling their surpluses to the Soviets and other Communist nations, and thus are benefiting their farmers, their shipping industry, and their railroads.

By contrast, we are piling up surpluses in storage, at the expense of our taxpayers.

Furthermore, we are now selling to West Germany wheat which the German mills are converting to flour and are selling at a profit to the Russians.

Mr. President, while we have been steadily restricting the acreage of our wheat farmers and have been curtailing both their production and their income, our allies have been increasing their acreage and have been selling their production to Russia, China, Poland, East Germany, Czechoslovakia, Yugoslavia, and Cuba.

In effect, the American farmers and the American taxpayers are being made the goats of an impractical restriction on exports. I think we should remove those restrictions, and should sell our food surpluses to any nation which is willing to buy.

We cannot fight communism by withholding food. Men turn to violence and tyranny—not to peace and freedom—when they are hungry.

Every reasonable consideration of both self-interest and humanity is on the side of broadening our agricultural trade with all the nations of the world.

Presently, nothing in the law bars sales to the Soviet bloc of nonsubsidized agricultural commodities, such as corn.

In the past, Congress has indicated its opposition to the sale to the bloc of agricultural commodities which carry an export subsidy. This is one of the questions now at issue with reference to wheat sales. I hope it will be resolved quickly, so that we can readily accept a Soviet offer, if one is made.

Mr. President, the finest statement on this issue that has yet come to my attention was prepared by the board of directors of Great Plains Wheat, Inc., at a meeting in Huron, S. Dak., on September 18, 1963. It was sent to me by Mr. Gus Snyder, executive director of the South Dakota Wheat Commission. I ask unanimous consent that the statement by Great Plains Wheat, Inc., 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 ADOPTED BY BOARD OF DIRECTORS, GREAT PLAINS WHEAT, INC., ON SEPTEMBER 18, 1963, AT HURON, S. DAK.

During the course of the cold war, the United States has refused to sell subsidized farm commodities to unfriendly countries. In recent years, however, exceptions were made in the cases of Yugoslavia and Poland. Both countries were offered wheat in exchange for blocked currencies, with very little chance of cash recovery.

In the meantime, however, mainland China has gone on the world market to purchase large quantities of wheat—for cash—from Canada, Australia, and France. Purchases are still continuing.

Canada also has completed large cash sales to other countries including Poland, East Germany, Czechoslovakia, and Yugo-

slavia. In addition, it has completed one of history's largest grain sales by agreeing to supply 228 million bushels of wheat to Russia for a total price of about one-half billion dollars. Additional, perhaps increased, sales are expected in the future.

The U.S. Government has offered no public protest in connection with such sales. Nor has there been apparent criticism among the people of the United States. On the contrary, there has been widespread relief that our friendly competitors were able to drain off excess wheat stocks. They received admiration for their initiative, and such sales were interpreted as taking considerable pressure off of the world wheat market, thus giving the United States some indirect, if unintended, benefit in working off its own sizable wheat stocks.

The implication is clear: Allied nations are free to negotiate sales to all countries, but the United States is content to stand aloof while reaping secondary benefits.

These sales have strengthened the economies of Canada and Australia, and have been of enormous help to wheatgrowers in these two countries. Canada is nearing completion of a wheat crop that has set a record in acreage and may set a record in total production. Australia also is operating at peak production. Growers in neither country are troubled with acreage allotments which are common to U.S. growers. In fact, governments of both countries have been encouraging increased production, while keeping carryover stocks in manageable supply.

Meanwhile, greater and greater restrictions have been placed on U.S. wheatgrowers. These restrictions not only limit U.S. growers in their abilities to make full use of their productive resources, but also establish a ceiling on their income opportunities.

U.S. growers have, in effect, been asked to hold a protective umbrella over the interests of wheatgrowers in other countries.

There is even more serious concern for the future. A world cereals agreement is now being considered for the General Agreement on Tariffs and Trade (GATT) meetings at Geneva, Switzerland. Proposals now being advanced by other countries would divide up world markets among exporting nations, with heavy emphasis on history of production and traditional market patterns.

If this proposal is adopted, U.S. wheatgrowers would be allocated a share of the world markets which would utilize only a fraction of their productive capacity. Their marketing opportunities could very well be permanently impaired.

In view of the changing situation, there is a need to reexamine our Nation's policies because of the following conditions:

1. The Nation cannot afford to disregard the welfare of U.S. wheatgrowers who form an important segment of its population and economic strength.

2. The Nation cannot continue to experience an unfavorable balance of payments while denying itself an opportunity to use its wheat-production resources to correct the situation. U.S. wheat shipments overseas represent the Nation's largest agricultural export.

3. We cannot sit idly by while other wheat-exporting nations build up their production facilities and establish trade relationships which would permanently restrict markets for U.S. wheatgrowers.

4. World pressures have brought about an easing of tensions and have forced an atomic test ban treaty. We can further reduce tensions by making available, under sound business practices, a basic food commodity.

5. While bread is being rationed in many parts of the world, it is difficult to defend a policy of artificially restricting production of a basic food commodity and its movement in world trade.

It is necessary that the United States review its policies if it is to maintain a vig-

orous economy, to give necessary attention to the interests of its wheatgrowers, to maintain the initiative in world trade, and to assume leadership in advancing the cause of world peace.

THE VIETNAM MESS

Mr. McGOVERN. Mr. President, the U.S. position in Vietnam has deteriorated so drastically that it is in our national interest to withdraw from that country our forces and our aid.

For 8 years since the expulsion of the French forces in 1954, the United States has been engaged in a costly, ineffective effort to support the Diem regime in South Vietnam.

This regime is so tyrannical, self-centered, and narrow that it is not capable of maintaining popular support. Our identification with such a regime weakens, rather than strengthens, us in the global competition with communism.

We have already wasted \$3 billion in Operation Vietnam, and 100 American boys have lost their lives.

Our guns and money are being used, not to promote freedom, but to suppress religious freedom, harass and imprison students and teachers, and terrorize the people.

The trap into which we have fallen in Vietnam is described in the current issue of the Saturday Evening Post, in an article by Mr. Stanley Karnow. Writes Mr. Karnow:

But the spectacle of American-trained troops using American weapons to raid Buddhist temples made clear one fact that U.S. officials have long tried to evade: No matter how much the United States supports the unpopular regime of Ngo Dinh Diem, this regime's chances of victory over the Communists are just about nil.

The author concludes:

South Vietnam lies on the edge of chaos. And in retrospect, the strongest Communist allies in the country have been the Diem family. They have sown suspicion and hatred, and their show of apparent power has been a sham to conceal this weakness.

Mr. President, I ask unanimous consent that the Saturday Evening Post article by Mr. Karnow be printed at this point in the RECORD.

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

THE EDGE OF CHAOS: VIETNAM'S ROYAL FAMILY, LONG AIDED BY U.S. TROOPS AND MONEY, HAS PERSECUTED RELIGIOUS LEADERS, EMBITTERED THE PEOPLE, AND BUNGLED A CRITICAL STRUGGLE AGAINST COMMUNISM

(By Stanley Karnow)

It was just after midnight when the battle of the temple began. Truckloads of helmeted South Vietnamese police, armed with shotguns, submachine guns, carbines, and tear-gas grenades, rumbled through the streets to attack Xa Loi, the main Buddhist temple in Saigon. Inside, the monks shouted and banged pots, pans, drums, and gongs as the cops smashed down the temple's iron gate. Some 400 monks and nuns cowered before the onslaught. There were screams, shots, and explosions as the police attacked. Some monks were thrown off balconies onto the concrete courtyard, which was hung with banners reading: "Thou Shall Not Kill." Within less than 2 hours all but two of the Buddhists—who escaped over a wall into an adjacent U.S. Government building—had

been hauled off to jail. Among those arrested was 80-year-old Thich Tin Khiem, the country's venerable Buddhist patriarch.

Four hundred miles to the north, in the provincial capital of Hué, the Government raid was even more fierce. There, while Buddhists fortified themselves inside the Dieu De temple and fought off paratroopers for 8 hours, some 1,500 people rioted through the streets. They ripped down barbed-wire barricades with their bare hands while soldiers beat them down with rifle butts. They picked up tear-gas bombs thrown by the troops and tossed them back.

By midmorning, when the battle was over, a Western correspondent counted 10 truck-loads of students being driven off to prison. They waved their bloody hands at him as they passed.

Many Americans may feel there is something remote about this strange conflict between South Vietnam's Catholic President Ngo Dinh Diem and the leaders of Vietnam's dominant religion. But the United States is inextricably involved. President Kennedy, convinced that a Communist takeover of South Vietnam might mean the fall of southeast Asia, has repeatedly promised to defeat the guerrillas that dominate much of the country. He has backed up his words with a 16,000-man U.S. force in Vietnam—more than 100 have lost their lives—and with \$1.5 million a day spent on the war. But the spectacle of American-trained troops using American weapons to raid Buddhist temples has made clear one fact that U.S. officials have long tried to evade: No matter how much the United States supports the unpopular regime of Ngo Dinh Diem, the regime's chances of victory over the Communists are just about nil.

U.S. officials publicly "deplored" Diem's "repressive actions" against the Buddhists, and there were private predictions that "Diem must go." But the prophets have been less certain on the questions of who could oust Diem and who could replace him. As for listening to any advice, Diem cut short one top general recently by declaring, "Only God commands me." If he lacks support from the people, Diem always has his royal family, one of the oddest political conglomerations in the world—brother Ngo Dinh Nhu, chief of the secret police; sister-in-law Madame Nhu, the beautiful and arrogant first lady of Vietnam; brother Ngo Dinh Thuc, the archbishop of Hué; brother Ngo Dinh Can, the warlord of central Vietnam. Other relatives have served as envoys to Washington, London, and the United Nations.

The Ngo Dinhhs resemble a cross between the Borgias and the Bourbons. Narrow, devious, obstinate and imperious, they have functioned in an atmosphere of neurotic and sanctimonious egotism. They have plotted against their rivals, and played their own subordinates off against one another. They have preached puritanism but tolerated corruption, extroiled democracy yet rigged elections, and jailed at least 30,000 political prisoners in reeducation camps.

Devoutly Catholic by religion and archaically Confucian by philosophy, President Diem is a combination of monk and mandarin, a kind of ascetic authoritarian who might have flourished in the Middle Ages. A small, rotund man who talks incessantly, he is persuaded that he possesses the mandate of Heaven, and the people must obey. "His Republic of Vietnam is not government for the people by the people," says a Western-educated Vietnamese, "but government for the people by Ngo Dinh Diem."

Certain that he knows best, Diem is almost immune to outside information. When a prominent Vietnamese officer returned to Saigon from a tour of the countryside, Diem asked him for a frank assessment of rural morale. The officer had hardly begun to enumerate complaints against the government when Diem interrupted him angrily,

shouting, "Nothing but lies—you're a victim of Communist propaganda."

While Diem is the President, last month's clashes made it obvious that many of his powers were being exercised by his brother Ngo Dinh Nhu, a volatile, shifty-eyed man in his early fifties. Nhu proclaims himself an intellectual revolutionary and spins out his abstruse theories with the intensity of a precocious college sophomore. Not long ago, as I sat with him in his soundproof office adorned with books and stuffed animal heads, Nhu chain-smoked and shrilly denied the many charges of corruption and venality against him and his wife. "But even if people wrongly think you're corrupt," I asked, "isn't that still an important political reality?" He shrugged. "Maybe, but I don't care what people think."

Nhu never opposed the influx of U.S. money, but he has often questioned the value of American advisers. "I don't think they can advise us on subversive warfare," he said. "Americans are very advanced on matters like space, but for small problems of the earth I'm afraid they don't know as much as we do."

Alongside Nhu stands his extraordinary wife, who has long wielded a peculiar power over President Diem. Madame Nhu won great status as one of the few members of the family to have children. (There are two daughters, Le Thuy, 17, and Le Quyen, 4, and two sons, Trac 15, and Quyhu 10.) At the same time, she frightens Diem. Beyond a passing glance at a girl in his youth, he has led a life of celibacy, not only fearing women in general but particularly fearing female tantrums, at which Madame Nhu is expert. And so, without being married, President Diem has been naggingly hen-pecked by a first lady not his own. In addition, Madame Nhu has convinced Diem that without his family he stands alone. "His followers were all killed by the Communists, and our followers saved him," she explained. "The women follow me, my husband has his youth movement, the Catholics take orders from Archbishop Thuc. ** If there is nepotism, it is the president who profits."

Twice in the past 3 years non-Communist military rebels made abortive attempts to overthrow Diem's government. A few months ago, however, a new and different kind of passive protest emerged in South Vietnam. Though it became political, its origins were religious. In 1954, when French colonial rule ended and Vietnam was divided, nearly a million refugees fled from the Communist-controlled north to settle in the southern sector. Most of them were Catholics, and President Diem assumed they would favor his government. Diem could not openly discriminate against the Buddhist majority, but Catholics won many key jobs as province chiefs and military officers. "Catholics are more trustworthy anti-Communists," a Vietnamese official told me, "and they're likely to be more loyal to the regime."

Feeling especially privileged, Catholic functionaries out in the countryside often took it upon themselves to harass Buddhists. Under a statute passed in French colonial times, Buddhism was a private association which required authorization for its activities. Despite Diem's promise to change it, this rule stood. Under cover of the law, Catholic officials often broke up "illicit" Buddhist religious meetings.

No single individual in Vietnam did more to aggravate this religious friction than Diem's shrewd older brother, Ngo Dinh Thuc, 66, archbishop of the Ngo Dinh family hometown of Hué. "He has the idea that Catholicism is the state religion," says a Catholic Vietnamese, "and that he can wield his authority over all Catholics in the government."

As the family's oldest living brother, Thuc is hugely respected by Diem, who regards him as a great human benefactor, "another Doctor Schweitzer." Many Vietnamese, Catholics among them, consider Thuc more of a

businessman than a clergyman. Thuc has plunged into all sorts of operations, buying apartment houses, stores, rubber estates and timber concessions; and then when he eyes a prospective purchase, other bidders somehow drop out. Thuc enjoys an exclusive license to import schoolbooks—which also makes him unofficial educational censor—and he has requisitioned army trucks and labor to construct his church buildings. As a presidential relative, says a Saigon merchant, "his requests for donations read like tax notices."

Madame Nhu, who adores him, thinks he should be a cardinal, and Diem lobbied strenuously to have Thuc made archbishop of Saigon. But the Vatican, aware that Thuc's activities have hurt the Catholic image, refused. The Ngo Dinh family's reaction was characteristic. When a new archbishop was appointed, invitations to his investiture were strangely misplaced at the post office, and only a handful of guests showed up.

Buddhist resentment against the Ngo Dinh family's narrow Catholicism simmered until last spring. Then, on a hot humid May morning in the charming old city of Hué, thousands of Buddhists assembled to celebrate the 2,527th anniversary of the birth of their Lord Gautama Buddha. It was to be an occasion of prayers, sermons and processions.

But Archbishop Thuc, planning to commemorate his silver jubilee as a bishop, did not fancy the sight of Buddhist banners adorning his see. Through his influence, the government forbade the flying of religious flags, and local troops tried to prevent the Buddhists from unfurling their multicolored banners. Armored cars bristling with machineguns wheeled into the streets to disperse the crowd. When this failed, an obscure officer ordered his men to shoot. Nine women and children were killed.

In the days that followed, Buddhist protest demonstrations gradually spread. Led by monks and nuns, absurdly frail looking in their saffron robes and shaved heads, they gathered silently in front of public buildings and staged hunger strikes in their temples. Diem set his police and soldiers against them. Finally realizing that continued collisions would lead nowhere, Diem finally formed a committee to "study the situation," and a temporary truce was declared.

By now, however, the demonstrations had changed from a religious protest into an increasingly organized expression of accumulated political grievances. At Saigon's ornate Xa Loi temple, young Buddhist monks installed telephones and mimeograph machines to duplicate press releases, and their spokesman stated firmly that "we must continue the fight against those who try to destroy Buddhism." Nor did Diem really mean to come to terms. "As the situation relaxed," one of his aides confided to me, "he began to feel he had the upper hand, and he was thinking of some new drastic action."

The tenuous truce was shattered by the fiery Madame Nhu. In private she berated Diem for compromising with "illiterate, crypto-Communist" Buddhists; at one point, according to family intimates, she pounded the dinner table so fiercely that she upset a bowl of chicken soup. For public consumption she ordered the English-language *Times* of Vietnam—a Saigon daily run by an American protege—to publish a proclamation by her rubber-stamp Women's Solidarity Committee. Among other things, the statement charged the Buddhists with everything from sedition and neutralism to insulting the flag and being foreign agitators "undermining the nation." And the angry, confused battle against the Buddhists was on again.

It came to a climax a few days later, on the morning of June 11. Diem had gone to the Saigon Cathedral to celebrate a mass in memory of Pope John XXIII. Not far away,

at a street intersection, an aged Buddhist monk called Thich Quang Duc seated himself cross-legged on the warm asphalt. He fingered a rosary of holy beads and softly chanted a prayer as another monk splashed his robes with gasoline. Without the slightest tremor crossing his serene face, he touched a match to himself, instantly bursting into a horror of flame and billowing smoke.

The impact of that—and the other suicides to follow—shook the world. Buddhists in Ceylon, Japan, Thailand and elsewhere raised a chorus of complaint, and American clergymen of all denominations petitioned President Kennedy to intercede. With typical understatement, Pope Paul urged South Vietnam to find "the secret of unity."

In one of the stiffest gestures it has ever taken toward him, Washington privately warned Diem to meet the Buddhist grievances. Or else, American Charge d'Affaires William Truehart told Diem, the United States would disassociate itself from his policies and publicly condemn him. Praised and coddled for years by the United States—Vice President LYNDON JOHNSON called him the "Winston Churchill of Asia"—Diem was taken aback by the criticisms. He agreed that Buddhists could fly their flag, he promised to abrogate the old French law discriminating against Buddhists, and he ordered the release of most of the Buddhists arrested in antigovernment demonstrations.

Mild as they were, these concessions were too much for the Nhus. In part, they confirmed the Nhus' deep-seated hostility toward interference by the United States, a power they have variously referred to as "capitalist imperialist," "neocolonialist," and "Communist-infiltrated." American efforts to make Diem meet the Buddhist terms, cried Madame Nhu, were "blackmail."

More astutely, her husband sensed that the Buddhist dispute was only the superficial symptom of a far deeper resentment against the regime. He realized that his family-run police state could not suddenly compromise without falling apart. Instead, he mobilized his blue-uniformed Republican Youth Movement—of which he is "supreme leader"—and urged them to oppose Diem's half-hearted attempts at conciliation. On Nhu's instructions, wounded war veterans were rounded up to stage demonstrations against Buddhist temples.

Nhu made no secret of his feeling that Diem was too soft. On one occasion he called a group of army generals into his office and provocatively told them to count him in if they were planning to overthrow the government. Another time, he implied to a reporter that he might lead a coup d'état that would be "anti-Buddhist, anti-American, and against the weaknesses of the government." Echoing a similar sentiment, his wife said, "The President worries too easily. He's not the type to take the initiative in a crisis. His government is weak, and because of that weakness, I'm here. I'm for the underdog. In this country, the upperdogs are the Communists and the Americans."

In her own inimitable fashion, Madame Nhu advocated beating the Buddhists "10 times more." She even told a TV interviewer, "All the Buddhists have done for this country is to barbecue a monk." Diem himself, in a rare moment of candor, told an aide, "What can I do? I can't control her."

The relations between President Diem and his first lady are unique. She thinks nothing of pushing him around, even in front of strangers. In the presidential palace, which she and her family share with Diem, Madame Nhu was preparing to be interviewed on TV one day last month but decided the setting was inappropriate. Without hesitation she burst into a chamber where Diem was seeing visitors and asked them to leave. At the prospect of moving all their equipment, the TV crew dissuaded her from changing places. "Oh, all right," she agreed, and turning to

an aide, she said, "Go tell the President never mind."

Presented with the case of Madame Nhu, an amateur psychiatrist would be tempted to look into her childhood, and she frankly confesses that her youth was miserable. Her father was a wealthy lawyer and landowner, her mother, a member of Vietnamese royalty, and young Le Xuan, or "Beautiful Spring," had her own liveried coolie to pull her to school in a rickshaw. But she was a middle child, between an older sister she had to respect, and a younger brother who received more attention. "It's too bad my parents never loved me," she still moans.

At the age of 20, she escaped from home into marriage with Ngo Dinh Nhu, then the chief librarian in Hanoi and 13 years his bride's senior. She also converted from buddhism to catholicism.

When she married Nhu, Madame Nhu really married the Ngo Dinh family. They were a distinguished family of Catholic mandarins who had resisted French colonial domination but also refused to ally themselves with the Communist-led Viet Minh nationalists. The eldest of the Ngo Dinh brothers and his son were shot by the Communists; Madame Nhu, her daughter and mother-in-law were imprisoned by them for 4 months, then released.

During the years the French fought to keep Indochina, Diem played virtually no political role. He traveled around the world with his brother Archbishop Thuc, and settled for some time in a New Jersey seminary. After the French defeat in 1954, the United States, searching for a prominent nationalist free of French or Communist ties, decided on Diem to run the southern half of the partitioned country. He was an unknown without political support.

The problems he faced were staggering. Refugees were pouring out of the north; and in the south Diem was confronted by dissident sects, pirates and a mutinous army. He decided to fight rather than compromise, and the United States helped him significantly. His most rebellious general agreed to retire to France after the American Ambassador let it be known that the Vietnamese Army could expect no U.S. aid unless it gave Diem "complete and implicit obedience." The pirates were tracked down and seized. Against all odds and despite the most dire predictions of his downfall, he held on.

But those months of fighting and intrigue left him distrustful of all but his immediate family. He concentrated all authority unto himself and, afraid of disloyalty, depended for his power on two of his brothers. Nhu installed himself in the Saigon palace; Ngo Dinh Can, a stout, sharp-eyed man who drinks heavily, took over central Vietnam and ruled from Hué, where he also cared for the brothers' aging mother. (Past 80, she is bedridden and silently lies in state, like a wax mummy, occasionally visited by dutiful officials).

To give the young government an ideology, the intellectual brother Nhu invented "personalism," which he evolved out of Catholic existentialism and Confucianism. Beyond a small circle of fellow highbrows, nobody has yet fathomed its meaning. Nhu also created the Can-Lao Nhan-Vi Cach-Mang Dang, or Revolutionary Labor Personalism Party, a clandestine organization of some 70,000 agents who spy on citizens and transmit Nhu's orders to branches of the army and administration. More recently he formed his paramilitary Republican Youth.

THE RISE OF MADAME NHU

As the family clan grew tighter and more powerful, Madame Nhu's role loomed more prominent. She became a member of the national assembly, and she introduced to Vietnam's public affairs a feminine penchant for generalizing from the particular. For example, when her sister's wealthy hus-

band tried to get a divorce, Madame Nhu bulldozed through a law banning divorce except by presidential decree. This "family law," as it is called, also prohibits "too-free relations" between the sexes. While she was at it, Madame Nhu went on to abolish beauty contests, boxing, fighting fish, sorcerers, prostitution, birth control, smoking, and drinking by minors, and all dancing. In addition, she outlawed over 200 sad and sentimental songs which allegedly "lowered national morale." Despite some publicized banning of U.S. embassy square dances, this effort to legalize morality has been less than a success. Saigon is still full of roisterous bars and flocks of streetwalkers.

In more serious fields, President Diem has also been less than a success. He has made some timid attempts at land reform and economic development. But serious economic projects were hampered by his claim to inner revelation on almost every subject and his inability or unwillingness to delegate authority to experts. He would instruct foresters on how to plant trees and tell contractors where to build roads.

His inefficiency in military matters has been even more crippling. Ever fearful of betrayal, he distrusts his top officers, and of his 20 generals, only 4 or 5 actually command troops. He also delights in shunting his armies around whimsically, changing priorities and ignoring advice.

Last year, over the howling protests of U.S. advisers, every M-113 armored personnel carrier in the critical Mekong River delta was withdrawn to Saigon—for the Republic Day parade. On the basis of some inspiration a few months ago, Diem ordered Operation Waves of Love, dispatching marine and naval forces into the marshes of the Camau Peninsula, at the southern end of the country. The men bogged around for a month and, achieving nothing, withdrew.

More significantly, Diem has never really grasped the concept of counterinsurgency. To fight guerrillas, an army must be broken into small, fast, mobile units that can pursue offensive operations quickly and flexibly. But Diem thinks in terms of artillery "because you can strike the enemy from a distance," and his commanders love to rely on aerial attacks, which usually kill more innocent peasants than Communists. "They just have it all wrong," explains a seasoned American officer. "This is not an artillery war or an air war but a rifleman's war."

Military conditions have improved in central Vietnam. But Diem's reluctance to launch a major offensive during the recent dry season, from autumn through spring, has seriously impaired his position in the important southern delta. It spared the Communists, who have emerged again in the rainy months when the Government's tanks, artillery and aircraft cannot easily operate.

Though U.S. brass and Saigon staticians claim progress, the Communists have increased their hard-core regulars from 18,000 to more than 25,000 in the past year. The ratio of weapons captured and lost is said to be improving, but these figures are illusory. The Government loses Browning automatics and recoilless rifles, and captures homemade lead-pipe pistols from the Communists. Casualty tabulations are similarly deceptive. All dead bodies are listed as Communists.

At the same time, the massive "strategic hamlet" program, designed to put the population into fortified settlements, is not working well in the rich, rice-growing regions south of Saigon, where over half the country's people live. Again, Diem's concept of the plan is at odds with what U.S. military advisers have in mind. "We must control territory and defend everything under the sun," he told me. "We must suffocate the Communists. This job can't be done drop by drop."

Brother Nhu has set a lively rhythm for building hamlets. He not only has ordered

them erected deep in Communist areas, where they are highly vulnerable, but he has posted strict achievement targets. In too many places local officials have thrown up bamboo fences and barbed wire, forced people to move in, and announced that their hamlets are ready. Of the 4,000 settlements officially claimed to exist in the strategic Mekong Delta, only about 1,000 are regarded as "viable" by U.S. experts. "There's a basic difference between ourselves and Vietnamese officialdom," says an American who works in the field. "We see security in terms of people; they see it in terms of territory. I don't think they've yet grasped the political aspect of this war."

For all too long, Washington also failed to grasp the political aspect of this war. On the assumption that there was no alternative leadership in Vietnam, the United States treated Diem as indispensable. In 1961 President Kennedy's new military adviser, Gen. Maxwell Taylor, flew out to Saigon, and recommended massive American military aid. He also suggested that Diem reform his government by, among other things, appointing a genuine cabinet, releasing thousands of political prisoners, inviting his political opponents to join the regime, and streamlining his cumbersome chain of command.

Ambassador Frederick Nolting, Jr., was left to negotiate these reforms. For 3 weeks, while the controlled Saigon press virulently attacked "U.S. interference," Nolting tried to persuade Diem to change. The evening the talks finished, Ngo Dinh Nhu appeared at a party. "Mr. Nolting is the most intelligent American Ambassador we've ever had in Saigon," he announced. Everyone present knew immediately that the United States had backed down. As a Washington official explained it, "We just couldn't make Diem budge, so we decide to fight the war first and worry about reforms later."

Thus the U.S. establishment, still scarred by the disaster at the Bay of Pigs, declared a moratorium on public criticism of Diem and his family. The American Embassy in Saigon began to sound like a branch of Diem's own public information department, and probing reporters were treated like disloyal citizens. When a correspondent asked a sharp question at a briefing some months ago, visiting Adm. Harry D. Felt snapped back, "OK, boy, get on the team."

But the U.S. policy of "sink or swim with Ngo Dinh Diem," as the New York Times correspondent Homer Bigart coined it, was basically doomed. For one thing, Diem in his infinite egotism did not cooperate. Not long ago Ambassador Nolting pointed out to Diem all the moral credit that the United States had built up in Vietnam and asked him to revoke a minor decision. Diem reportedly replied, "You have no credit with me." For another, the U.S. idea of postponing political reforms ignored the fact that Vietnam was immersed in political warfare. Diem's brother Nhu was perfectly aware of the fact. And in the Buddhist crisis he and his wife seized the opportunity to become overt powers in South Vietnam.

During the long crisis, Nhu began to abandon his pose as an intellectual recluse. He made public speeches and talked to newsmen, and the Government printed up thousands of posters with his photograph in the uniform of the republican youth. He also quietly strengthened his loyal military elements around Saigon. Four companies of armored troop carriers, each equipped with .50-caliber machine guns, were brought in from central Vietnam. The U.S. Advisory Command was told that these vehicles were en route to the Mekong Delta, but they remained in the capital. At the same time, Nhu reinforced the Vietnamese special forces battalions in Saigon, bringing their strength up to about 1,200 men. Commanded by the faithful Col. Le Quang Tung, a former counterespionage chief, these units included two groups dressed in civilian clothes and armed

with knives, pistols, and grenades for street fighting.

All together, more than 7,000 troops were stationed in or near the capital. On the surface it looked as though Diem was being protected against a potential attack from the countryside, possibly by his own mutinous men. In reality, these troops in Saigon were themselves preparing for an assault. Last month, on Nhu's orders and with Diem's apparent blessing, they struck against the Buddhists. As soon as the raids were finished, Diem moved one of his most faithful generals into Saigon as military governor, and then took to the radio to declare martial law throughout the country. He called the Buddhist leaders "political speculators who have taken advantage of religion" *** to carry out repeated illegal actions." Ngo Dinh Nhu was more specific. He claimed that the Buddhists had hidden weapons in their temples and were plotting "to sabotage national security" *** and organize a coup d'état." To observers it looked as though Nhu's supposedly preventive action might really be Nhu's own creeping coup d'état.

Nhu had obviously staged his move to precede the arrival of the new U.S. Ambassador, blunt, outspoken Henry Cabot Lodge. But he and Diem had gone even further than that in their deviousness.

The very night that their troops and police sacked the Buddhist temples, the Ngo Dinh brothers ordered a group of Vietnamese generals to their palace. With the palace surrounded by loyal units, Diem and Nhu commanded the generals to sign a predicated document. This false document was framed as a request by the generals asking the government to declare martial law and crack down on the Buddhists. The fake request was aimed at Ambassador Lodge—designed to give him the impression that the sweeping repressions reflected demands from a powerful group in the military high command. Virtually prisoners in the presidential palace, the generals had no choice but to sign. And Washington, which at first attributed the raids to the Vietnamese army, soon found it had been duped. It issued a statement blaming Nhu, exonerating the army and implying that a drastic overhauling of the Saigon regime would not be unwelcome.

DIEM'S MINISTER QUILTS

Overnight, the Diem regime's tottering reputation all but collapsed. South Vietnam's Buddhist Foreign Minister Vu Van Mau resigned, shaved his head, and announced that he intended to make a religious pilgrimage to India. (He was later arrested.) Diem's Ambassador to Washington, Madame Nhu's father, Tran Van Chuong, also resigned from "a government" *** of which I disapprove." Under the Diem regime, he said, "there's not one chance in a hundred for victory." His wife, observer to the U.N., also quit.

Washington's distress over the crisis had no immediate effect in Saigon. After smashing the Buddhists, the Ngo Dinh went on to crack down on teachers and students, a previously placid and apolitical group. Professors and university leaders came out with banners denouncing Diem and Nhu, and the police went into action. As the students arrived at Saigon's university, troops and cops neatly knocked them off their bicycles and hauled them off to jail by the truckload. (They also detained three American correspondents, including the Post's Burt Glinn.) Elsewhere in Saigon, where students were planning noisier demonstrations, the government was harsher. Hundreds were beaten, and one girl, allegedly trying to "escape," was shot.

The rise to power of the feared and detested Ngo Dinh Nhu helped to crystallize the many military elements that have long plotted against the government. Until now

they have hesitated to act, because they lacked cohesion, because they were uncertain of getting U.S. benediction and because they feared the Communists would profit from a coup. There are several generals among these potential insurgents, and they even include men close to Diem's family. "But you've known Diem and the Nhus for years," I asked one of them. "How could you kill them in cold blood?" My friend shrugged sadly. "We must choose between a few people and a nation."

Most officers hoped, however, to avoid bloodshed. Under the martial law, army elements moved into administrative control. These military units could conceivably usurp the power of the Diem regime. But if they stay faithful to Diem, they may be opposed by other, less loyal elements, which could touch off a confused, triangular civil war—South Vietnam's Army fighting within itself, with the Communists idly watching and winning.

South Vietnam lies on the edge of chaos. And in retrospect, the strongest Communist allies in the country have been the Diem family. They have sown suspicion and hatred, and their show of apparent power has been a sham to conceal their weakness. Back in 1933, when he was a young civil servant, Ngo Dinh Diem made a prophecy that may yet come true. "The Communists will not take our country by virtue of their strength," he said, "but by virtue of our weakness. They'll win by default."

FURTHERING INTERNATIONAL CO-OPERATION: A CASE FOR THE ADOPTION OF THE METRIC SYSTEM IN THE UNITED STATES

Mr. PELL. Mr. President, President Kennedy's speech to the United Nations suggesting a joint American-Soviet effort to reach the moon is a dramatic corollary to the international mood which resulted in the vote by this body, on September 24, for approval of the test ban treaty. It is another step forward in this country's earnest pursuit of international cooperation and the reduction of tensions between the non-Communist world and the Communist countries. This suggestion should not be slighted merely because it raises technical or political problems, for none of these is absolutely insoluble. Walter Lippmann, in his column entitled, "Purifying the Moon Project," wrote that:

The President's proposal at the U.N. is, it seems to me, excellent even if the joint effort proves to be technically and politically impracticable.

I ask unanimous consent that Mr. Lippmann's 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:

[From the Washington (D.C.) Post, Sept. 23, 1963]

PURIFYING THE MOON PROJECT

(By Walter Lippmann)

The President has made his suggestion of collaboration in going to the moon at a time when there is some improvement in U.S.S.R.-United States relations. It happens also to be a time when there is a growing doubt among American scientists and among the people generally about the commitment to put an American man on the moon by the year 1970.

The President's proposal at the U.N. is, it seems to me, excellent even if the joint ef-

fort proves to be technically and politically impracticable. It is excellent because it may offer an honorable way to correct the mistakes of our original commitments about going to the moon.

There were two big mistakes. One was the commitment to put a man, a living person rather than instruments, on the moon. The other mistake was to set a deadline—1970—when the man was to land on the moon.

These two mistakes have transformed what is an immensely fascinating scientific experiment into a morbid and vulgar stunt. The use of living men rather than instruments has given a gruesome color to the whole enterprise which is akin to that of the circus performer who shoots a flower out of his daughter's mouth. For this is showmanship and not science, and it contaminates the whole affair. We shall be back in the realm of honest science when we proclaim as our objective the landing and orbiting of instruments which can send back exact data.

The setting of 1970 as a target date turned the enterprise into a race in which the objective is not to explore the heavens but to be one-up on the Russians. By fixing a date, by making it a race, we are not only prostituting the nature of the scientific effort but are distorting it. We have multiplied the cost many times and, what is even more damaging to our society, we are straining beyond the proper limits our relatively small supply of scientists and technicians. Not since the Pharaohs built the pyramids has a society devoted such gigantic sums to a purpose which has almost nothing to do with its security or its welfare.

And yet, the exploration of space will bring a new understanding of the universe and of life, and this is a noble end for which to work. But all this will be done best—all this, it may be, can be done only—if the impulses of the project are purified, if they are cleansed of showmanship, chauvinism, and morbid commercialism. Opening up the heavens is too big an enterprise to be mixed with concern about which nation gets the first headlines and the biggest ones.

As I see it, the best way to purify the moon project is to do what the President has suggested, to work out with the Soviet Union at least a common program with growing exchange of scientific data and increasing consultation. It does not matter much whether the first trip to the moon is made by an American astronaut and a Soviet astronette. What does matter is that we should agree to treat our separate efforts as a scientific and not as a cold war operation.

Mr. PELL. Mr. President, the technical problem of such an effort was stated recently by Dr. Robert C. Gilruth, Director of the Manned Spacecraft Center, in an article published in the September 18 issue of the New York Times. Dr. Gilruth said "I tremble at the thought" of the technical problems involved by just the difference between the measurement systems used by the two nations—feet and inches, in the United States; and the metric system, in the Soviet Union.

For quite some time, Mr. President, I have been advocating that this country adopt the metric system of weights and measures. As a first step, I have introduced a bill, S. 1278, which calls for a 3-year study of the feasibility of adoption of the metric system. It is a companion measure to H.R. 18, introduced in the House by Representative MILLER of California.

Dr. Gilruth's comments on the technical problems of differing systems of measurement which would hinder any

possible cooperative venture to the moon with the Russians, highlights even more the need for a thorough examination of our Nation's antiquated system of weights and measures. In the past, this stumbling block has frustrated our efforts for the promotion of international and domestic commerce; and our efforts will be frustrated in the future unless we act now to remedy this difficulty.

RAMPART DAM CONSTRUCTION INCLUDED IN RECOMMENDATIONS OF THE AMERICAN PUBLIC POWER ASSOCIATION AND THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION TO PRESIDENT KENNEDY

Mr. GRUENING. Mr. President, Alaskans are gratified that, in an important statement on electric power policy made to President Kennedy last Monday a recommendation was included that the administration request early authorization of construction of the great Rampart Dam on the Yukon River. Officers of the American Public Power Association and of the National Rural Electric Cooperative Association met with the President to review progress this administration has made in the field of natural resource development and to recommend action to accelerate this.

A major recommendation of these two highly regarded organizations—leaders in the continuing effort to develop our natural resources in the interests of the people—was that the present administration "renew and intensify its efforts in planning and building new water resource projects." Listing projects which should have priority in authorization, the associations included, in addition to Rampart, the Knowles project in Montana, Burns Creek in Idaho, the Flint River development in Georgia, the Devils Jump project in Kentucky, and the Trotters Shoals project on the Savannah River on the Georgia-South Carolina border.

Of Rampart, it was said:

We commend to the administration early authorization of the 5-million-kilowatt Rampart Canyon project in Alaska which would be the largest hydroelectric power development in the free world.

It is my hope this recommendation to the President will bring into action the powerful support of the White House for speedy completion of studies incident to authorization of Rampart and, then, for authorization of this mighty hydroelectric power project.

I am sure President Kennedy is well aware of the importance to Alaska and the Nation of the Rampart proposal. More than 3 years ago, when the President was a Member of this body, he said on the floor of the Senate, in a great speech on developing resources in Alaska:

We must meet the challenge of Alaska—the challenge to reap its abundance, build its strength, and provide a reservoir of natural wealth for a growing America. We must, of course, press forward with bold and vitally needed projects such as Rampart Canyon Dam.

Again, when the President began his successful campaign for the Presidency in Alaska in September 1960, he said:

But I see—the Alaska of the future. I see a land of over 1 million people. I see a giant electric grid stretching from Juneau to Anchorage and beyond. I see the greatest dam in the free world at Rampart Canyon, producing twice the power of TVA to light homes and mills and cities and farms all over Alaska. I see a network of paved highways and modern airports linking every city and section of this State. I see Alaska as the destination of countless Americans—seeking not only land and gold, as in days of old, but seeking a new life, new cities, new markets, new vacation spots. And I see an Alaska that is the storehouse of the Nation, rich in timber, rich in minerals, rich in fisheries, rich in waterpower and rich in the blessings of liberty as well as abundance.

The President's interest in Rampart has been demonstrated by the fact that each annual budget has included a request for appropriation of funds for engineering studies of the project. Indeed, upon his inauguration, President Kennedy increased, by \$200,000, the budget request for Rampart of \$100,000 made by the outgoing Eisenhower administration. Appropriations for Rampart studies—the first of which was made in 1960, over the veto of President Eisenhower—now total almost \$1 million. Studies by the Corps of Engineers are very nearly completed and Alaskans are now awaiting, impatiently, completion of corollary studies to be made by the Department of Interior.

With the help of great organizations such as the American Public Power Association and the National Rural Electric Cooperative Association I am sure we will see steady realization of the vision described by President Kennedy—the construction on the Yukon River of the greatest hydroelectric project in the free world, Rampart Dam.

I ask unanimous consent to insert in the RECORD the complete statement of the American Public Power Association and the National Rural Electric Cooperative Association presented to President Kennedy September 23, as well as an article from the Washington Post of Tuesday, September 24, describing the meeting of the two organizations with the President.

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

AGENDA FOR MEETING OF OFFICERS OF AMERICAN PUBLIC POWER ASSOCIATION AND NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION WITH PRESIDENT KENNEDY, SECRETARY OF THE INTERIOR STEWART UDALL, AND SECRETARY OF AGRICULTURE ORVILLE FREEMAN, THE WHITE HOUSE, SEPTEMBER 23, 1963

1. Brief progress report on resource development programs for past 3 years.

2. Importance of resource development programs in stimulating economic growth; need to establish capital budget to facilitate resource development.

3. Necessity for national power pooling in manner that will preserve integrity of individual electric systems and provide for benefits to consumers (a) interregional transmission lines; (b) common carrier concept.

4. Need for program of new starts on hydro projects.

5. Passamaquoddy and St. John River projects—their importance in lowering electric

rates and stimulating development in New England.

6. Need for dynamic program for power, recreation, and other resource development in Appalachian region.

7. Federal Power Commission (a) asserted jurisdiction over co-ops; (b) increased activity in electric power regulation and planning.

8. Popular support for resource development programs and importance of consumer-owned power systems in connection with these programs.

1. PROGRESS REPORT

On December 6, 1960, representatives of American Public Power Association, National Rural Electric Cooperative Association, National Farmers Union, United Automobile Workers AFL-CIO, and Mid-West Electric Consumers Association met with you, as President-elect, at your home in Georgetown to discuss Federal power policies. We left with you four memorandums, including specific suggestions for creation of a progressive power program in the Department of the Interior. Listed below are the major proposals and a report on their progress, as now viewed by APPA and NRECA. The scorecard:

1. Recommendation: Initiation of long-range energy planning, with particular emphasis on interregional Federal transmission lines, and establishment of a national power planning staff at a high level in the Department of the Interior. Action: Administration has requested funds to build Pacific Northwest-Southwest interconnection—the first major extra-high voltage long-distance interregional intertie proposed by the Federal Government. Work is underway to link Missouri River Basin system and Southwest Power Administration, and tie together Missouri River Basin and Colorado River storage project—plus a start on studies of other interties. The planning staff of the Assistant Secretary for Water and Power has been strengthened and augmented.

2. Recommendation: Vigorous support of Federal statutory power marketing responsibilities. Action: Department has taken action to implement intent of historic preference clause and long-standing mandate to market Federal power at lowest possible rates consistent with sound business principles. Interconnections between Federal system and preference customers generation have been accomplished in several areas.

3. Recommendation: Subject all existing power policies to reexamination in order to establish a fresh start in the drive toward long-range objectives. Action: On February 13, 1961, Secretary Udall issued a memorandum to his staff reestablishing and updating the Department's 1946 power policies.

4. Recommendation: Begin a new starts program and speed up investigation of additional projects. Action: Initiation of major power dams has been sparse, and the Project Pipeline required to maintain an adequate and orderly development of water resources has not yet reached desired levels.

5. Recommendation: Establish more flexible policies on power wheeling to make full use of existing and future facilities and resources. Action: Creation of Missouri River Basin systems group, integration of Colorado-Ute plant, and restoration of pre-1954 right-of-way regulations will permit more efficient and effective use of Federal power resources.

6. Recommendation: Remove limiting date of 1963 for Bureau of Reclamation acting as agent to purchase power for preference users in Missouri River Basin. Action: Limitation was lifted.

7. Recommendation: Consult with preference customers in planning all power developments in the area in which they are affected. Action: Coordination with con-

sumer-owned systems has been greatly improved.

8. Recommendation: Base feasibility and power rates of water resource projects on legitimate costs to Federal Government, not phantom expenses such as "taxes foregone," and determine payout schedules on basis of useful life of projects, not to exceed 100 years. Action: Bureau of the Budget circular A-47 has been revised to reflect accurately project costs and benefits in evaluation, including abandonment of the "taxes foregone" concept. New payout period has not been adopted, and the problems of cost allocation and cost sharing, especially as to accounting for recreation as a multiple-project purpose, have not been resolved.

9. Recommendation: Designate Bonneville Power Administration as operating and power marketing agency for electricity produced at dual-purpose Hanford reactor. Action: Administration supported Federal generation at Hanford; when Congress refused to authorize this plan, BPA cooperated with local public agencies in successful effort to put waste heat to work. Ground will be broken on Hanford power project next week.

10. Recommendation: Endorse all-Federal transmission system for Colorado River storage project. Action: Administration backed an all-Federal grid but after congressional approval, Secretary Udall substituted private power company delivery contracts for a significant portion of the authorized lines—to the detriment of some preference customers.

11. Recommendation: Stress more effective intra-agency planning by Federal power marketing agencies. Action: Cabinet-level coordination and cooperation at lower levels has been improved.

12. Rural Electrification Administration: Although our 1960 memorandums did not relate specifically to REA, the rural electrification program is of primary importance to the National Rural Electric Cooperative Association. NRECA believes that the leadership given the REA program in this administration has exhibited the greatest understanding of the program objectives and the highest courage and determination in carrying them out.

2. PUBLIC POWER AND ECONOMIC GROWTH

Federal power projects aid economic growth. Power features pay for themselves—with interest—and help finance other project purposes. Low-cost electricity cuts costs for industry, and puts more cash in the pockets of consumers, plus assisting in pushing down rates generally through competition by comparison.

Power is frequently a political hot potato in authorization and appropriations fights. But inclusion of maximum power facilities avoids senseless waste and makes possible other water-related resource development. In 1900 the United States had 76 million people, and by 1950 this total had more than doubled, jumping to 161 million; today we have 188 million people, and in only 37 years estimates show 400 million. We need more power and water to insure economic growth.

Why shouldn't we leave this job entirely to private power companies? Why promote public power? Only through public development can full comprehensive development be properly protected; Hells Canyon is one example of economic waste. Only with public development are power revenues assured to promote other purposes—reclamation, flood control, navigation, recreation, industrial and municipal water supply, fish and wildlife enhancement; a private corporation cannot be expected to invest heavily in non-revenue-producing features such as flood control, navigation, and recreation. Only with public development can the economic lever of competition be applied to reduce costs in an industry which is monopolistic

in nature and insulated from the normal forces of free enterprise. Only with public development can the taxpayers obtain directly the full monetary benefits of water resource projects. Only with public development can we successfully advance the philosophy of more power at lower cost through promotional rates which encourage use and production.

A. Benefits from Federal projects

Here are some of the ways public power encourages economic growth:

Construction: Construction itself stimulates the economy. At Glen Canyon Dam, only about one-fourth of the construction dollar was spent at the damsite, the remaining three-fourths going to 47 States, England, and Canada—to the supply sources of steel, cement, machinery, and other industrial goods. Taking account of induced business, the offsite trade and commerce amounted to about \$6 for every dollar spent at the damsite. But the long-range influence comes with operation.

Reclamation: A \$4,300 million investment in reclamation projects since 1905 has produced a \$22,800 million return by repayment of construction costs, cumulative crop value, and tax payments. Crops produced on irrigated lands are not those which are surplus.

Navigation and Power: Federal multiple-purpose projects in the Pacific Northwest have increased by 50 times the tonnage that moved on the Columbia River 25 years ago, and created 18 new electropower industries which employ 15,000 people directly and another 30,000 indirectly, purchase \$50 to \$60 million worth of Northwest goods and services each year, and pay between \$6 and \$7 million in State and local taxes.

Flood control: Flood control features of Federal multiple-purpose projects conserve resources for productive purposes. In late January and early February, 1963, Oregon, California, Nevada, and Utah suffered about \$48,500,000 in damages from floods—but the figure would have jumped to \$114 million if not for the flood control features of Federal dams. The economic saving: \$65 million. Federal projects on the Columbia River have saved \$243 million in flood damages in the last 25 years. TVA's total investment in flood control facilities is \$285 million, but the benefits already total \$456 million—a gain of \$171 million.

Recreation: Reservoir recreation associated with Federal power projects creates new business. A former Governor of Oklahoma once called the Army Corps of Engineers Denison Dam "the biggest folly ever proposed," and one of his successors threatened to call out the National Guard to stop construction. Today the lake behind the dam brings nearly 7 million visitors annually and generates \$17 million each year in new expenditures. More than \$156,500,000 has been invested in recreation facilities and equipment on TVA lakes—including 52,000 boats valued at \$42 million.

B. Meaning of low-cost power

It is a fiction that the cost of electricity keeps going down, as private power companies insist. The cost of electricity has been going up steadily since 1951. Slight increases in price per kilowatt-hour mean large sums in total consumer spending. A boost of only one-tenth of a mill per kilowatt-hour between 1961 and 1962 meant that residential customers alone paid about \$21 million more annually for electricity.

Competition of other countries for foreign markets—and even domestic sales—is becoming increasingly keen. All available methods must be used to lower production expenses. The cost of electricity purchased by U.S. manufacturing industries hit an all-time low in 1956. In the 5 years thereafter, the cost went up. As a result, manufacturing industries have paid \$406 million more for power than they would have if the cost of

electricity had not increased. That would have been \$406 million more available for investment in new plant and equipment, for stockholders, for employees, for consumers in the form of lower prices.

There is "fat" in the private power sector of the electric industry. The Federal Power Commission reported in July 1963, that a study of 200 private power companies showed excess revenues of \$495,741,000 in 1961 on a basis of a 6 percent return—the percentage traditionally considered reasonable. Regulation alone cannot eliminate this profit paunch. Yardstick competition, which is made possible by the Federal power program, can do this job—and TVA and the Bonneville Power Administration provide the evidence. Rates in these areas—regardless of who owns the distribution systems—are the lowest in the Nation.

By providing a bulk supply of low-cost power to preference customers, BPA eliminates reliance by consumer-owned systems on frequently hostile private power companies. One result: Since 1950, publicly owned electric utilities and rural electric cooperatives in the Pacific Northwest have made \$30 million in rate reductions while private utilities of the area have increased rates \$25 million.

Federal power programs have helped, not hindered, the growth of privately owned utilities. In 1937, the year the Bonneville Project Act was signed into law, the major private power companies in the Northwest realized net profits of \$6,900,000. In 1962, their net profits were \$45,500,000—a 559-percent increase. The gain for the total U.S. private power industry during this same period was only 320 percent. While dividends paid stockholders by the Northwest companies boomed by 1,660 percent, the average for all U.S. private power companies was 333 percent.

C. Capital budget and new starts

Viewed in the perspective of total Federal expenditures, amounts invested annually in land and water resource development are small—always less than 2 percent of the total budget. Since 1900 the United States has spent \$21,500 million on programs of the Corps of Engineers, Bureau of Reclamation and TVA combined—less than one-third the amount budgeted for defense today in a single year. We urge:

1. Administration support for a capital budget for the Federal Government. At Billings, Mont., in 1960, you called for "more businesslike budget practices for natural resources development, practices which distinguish between capital investment and operating expenditures, instead of a system which treats capital invested in a wholly self-liquidating power project the same as an expenditure which cannot ever be recovered." You stated then that: "Those who cry 'spending' on these essential projects will be less convincing when the ledger shows which projects are income-producing, wealth-creating assets that make money, finally, for the taxpayer." We share your belief in the desirability of this goal, and are ready to aid you in seeking its implementation.

2. Expansion of the Federal water resources program to insure adequate and orderly development of needed multiple-purpose projects. Dollar investment for power is still markedly below pre-Eisenhower administration levels—while at the same time inflation during the intervening decade has cut purchasing power.

3. Construction of a nuclear desalting plant capable of producing fresh water and electric energy. This dual-purpose reactor could greatly aid in supplying future requirements of both commodities. And as Secretary Udall stated this month in Nairobi: "The influential countries of the future surely will be those that bring desalinated water

to arid lands and use their scientific discoveries to advance the welfare of all mankind."

3. NATIONAL POWER POOLING, INTERREGIONAL TRANSMISSION LINES, AND COMMON CARRIER CONCEPTS

1. National power pool

The United States remains the world's only major nation without a nationally integrated electric power system into which all major resources can be fed and from which all major load centers can be served. We believe that all segments of the electric power industry must work together toward achieving a national power pool. Such a pool, however, must contain safeguards for all segments of the electric industry, and must be operated in such a manner that full benefits from the operation of the pool are made available to electric consumers. The major investor-owned systems must be assured of continuing capability for growth. The identity of smaller investor-owned systems must be protected. Consumer-owned rural electrics and municipals must be certain that they receive the benefits of lower-price pooled power without impinging upon their integrity. The Federal Government must be assured of full participation in the pool, because growth of the Western States and comprehensive water resources development throughout the country are heavily dependent upon the power sales revenue from Federal multiple-purpose projects.

The lower transmission losses, improved reliability of service, better plant factors, sharing of reserve capacity, full utilization of time, stream flow, and load diversity and optimum fuel conservation will assure the availability from such a pool of electric power at costs far lower than any thus far realized in the United States.

One advantage of power pooling: With a fully coordinated power system by 1980, generating reserves could be reduced by one-third. The result would be a saving of \$3 billion, according to the FPC. The investment savings would be available for other types of plants.

2. Interregional high-voltage transmission lines

An important element in the creation of a national power pool is the building of interregional extra-high-voltage transmission lines—the electric industry's equivalent of an interstate superhighway. This administration is to be commended for taking the first steps toward the construction of such interregional lines. The Interior Department study of a Pacific Northwest-Southwest 750-kilovolt, direct-current tie constitutes a major contribution to the transmission art. This study shows that a two-circuit, 750-kilovolt, direct-current line connecting the Columbia River power system with the Central Valley project in California would repay its entire cost of \$227 million in less than 10 years. Even a single 750-kilovolt, direct-current line would firm 200,000 kilowatts of hydroelectric energy in the Pacific Northwest, thereby conferring on that area an annual economic benefit of \$3,500,000. The Pacific Northwest would, in addition, enjoy a \$9 million annual benefit from the sale of surplus energy in California and a \$6 million benefit per year from the sale of peaking capacity. Peak load diversity alone between the two regions would, of itself, reduce generating plant investment of a magnitude sufficient to pay for the entire cost of the line during its useful life.

The capacity of this line will be available to all power supplies on a common carrier, cost of service basis.

We commend this administration for its leadership in proposing and supporting appropriations (\$25,500,000 in the fiscal year 1964 budget) for the Pacific Northwest-Southwest interconnection. We urge the administration to continue and strengthen its

activity on behalf of construction funds for this project.

We understand that feasibility studies are well advanced on a similar extra-high-voltage interregional tie-line to link the Missouri River Basin and the Pacific Northwest. The American Public Power Association and the National Rural Electric Cooperative Association have proposed such an interconnection for several years. We urge that this study be completed at the earliest possible date so that a request for appropriations to fund its planning and construction can be laid before Congress in the fiscal year 1965 budget.

We further commend the administration for carrying out a program to interconnect the Federal system in the Missouri River Basin with the Southwestern Power Administration via a 161-kilovolt transmission line. Although this is a relatively low voltage interconnection, and although an additional extra-high-voltage interconnection is planned for the future, the more limited facility which is now under construction will result in savings equivalent to between 50,000 and 200,000 kilowatts of plant investment costs. Substantial savings will also serve from a 230-kilovolt transmission link between the Missouri River Basin and the Colorado River storage project.

3. Application of the common carrier concept to electric power transmission

Extra-high-voltage interregional tie-lines constructed by the Federal Government should be operated in accordance with common carrier principles. The carrying capacity of such lines would then be available not only to the Government itself but to all segments of the electric power industry on a cost-of-service basis, as are existing Federal transmission systems.

We strongly disagree with the decision of the Secretary of the Interior to substitute, in part, contractual arrangements with investor-owned utility companies for the all-Federal transmission system originally planned for the Colorado River storage project. The Secretary did, however, in negotiating some of those contracts, insist that not only Federal hydroelectric power but power from whatever source generated be transmitted for the account of the Government by the companies. And, whereas, this arrangement more closely resembles contract carriage than common carriage, it does establish a precedent which, if expanded, will result in application of the common carrier doctrine, not only to the Federal transmission systems but to all electric transmission systems, Federal and private, over which may flow power delivered for the account of the Government.

The ultimate objective should be, we believe, the operation of all high voltage transmission systems, public and private, on a common carrier basis under which such carrying capacity as is excess to the needs of the owning entity would be available to all power suppliers at a charge based on cost of service plus a reasonable profit where appropriate.

The common carrier concept is very closely related to the national power pool concept, and unless the transmission facilities of such a pool were operated as common carriers, the investor-owned segment of the industry would use its dominance in the field of generation and transmission to overreach the smaller cooperative and publicly owned systems.

We, therefore, respectfully urge this administration to give its full support to the application of common carrier principles to electric power transmission. There is a marked similarity between the interstate transmission of electric power under modern conditions and the interstate transportation of other products of commerce such as are carried by pipelines, bargelines, trucklines, railways and aircraft. There is, therefore, no reason why common carrier concepts

should apply in other areas of interstate commerce and concepts of private carrier exclusively prevail in the electric power field.

4. NEED FOR ADDITIONAL NEW STARTS

The electric generating capacity owned by the Federal Government, as a percentage of the national total, has been steadily decreasing for 7 years. Industry statistics show that while, at the end of 1956, Federal facilities constituted 15.2 percent of the total installed electric generating capacity of the United States, that figure had fallen to 12.7 percent by the end of 1962. There is, therefore, no justification for assertions that the Federal Government is eroding the 76 percent of the industry owned by power companies.

There are two outstanding reasons for Government participation in the electric power business. One is the so-called Federal power yardstick by which rates and operating practices of Federal power systems constitute a competitive market influence—a standard against which to measure the charges and service standards of the industry. Regulation is an inherently negative tool—a means by which higher rate levels may be resisted. By contrast, the influence of low-cost Government power constitutes a major affirmative downward force on power costs wherever it is available. Statistics confirm this theory and indicate that average retail electric rates are lower in Federal power supply areas and tend to increase gradually in proportion to the distance from sources of Federal generation.

This Federal power yardstick can be effective only so long as the total output of Federal dams constitute a significant part of overall power supply. When it is no longer a competitive force, its benefit is gone.

Second, notwithstanding low rates, the revenue derived from the sale of Federal power is indispensable to multiple-purpose water resource development in the United States. This is especially true in the arid and semiarid regions of the West and Southwest where land and water resources must be mobilized on a regionwide basis. Food for future generations of Americans depends on the irrigation of these arid lands. And, the physical space necessary to accommodate and provide employment for our expanding population depends upon the availability in these arid areas of potable water. Yet, the revenue derived from the sale of water alone cannot repay the costs of the reservoir system required to impound it. Power is thus the paying partner for water development, although there is, of course, a limit to which power revenues can be used for water development. In the case of the Colorado River storage project, the cost allocation to power is about 60 percent of construction costs, but power revenues will finance 90 percent of the total project expense, including repayment of nine-tenths of irrigation outlay.

It follows logically, therefore, that the role of the Government in multiple-purpose water resource development must expand in proportion to the Nation's economic development. Otherwise, the yardstick effect of Federal power upon wholesale and retail rate levels will diminish and disappear. And, to the extent that our Western States critically depend upon economically feasible land reclamation and water storage which can be achieved only in conjunction with the generation of hydroelectric power, their future is interwoven with Federal multiple-purpose water resource projects.

The need for a Federal power yardstick and the value of hydrodevelopment in economic expansion is not limited to the West, of course, and other significant reasons—including prevention of waste—for the Government's power program are outlined in preceding comments on economic growth.

We, therefore, respectfully urge this administration to renew and intensify its efforts in planning and building new water

resource projects. More particularly, we ask its help to achieve authorization of five major multiple-purpose projects that have been before Congress for several years. These include the 1 million kilowatt Knowles project in Montana which will provide flood control, hydroelectric power and irrigation benefits; the 90,000-kilowatt Burns Creek project in Idaho which will provide irrigation and hydroelectric power benefits; the 268,000-kilowatt Flint River development in Georgia which would provide hydroelectric power, navigation, recreation and flood control benefits; the 480,000-kilowatt Devils Jumps project in Kentucky which would provide hydroelectric power, recreation and flood control benefits, and the 310,000-kilowatt Trotters Shoals project on the Savannah River on the Georgia-South Carolina border which would provide recreation and hydroelectric power benefits. Each of these developments has been recommended by this administration. Each has been twice approved by the Senate, and each has been twice rejected by the House of Representatives.

In addition to the aforementioned five projects, we commend to the administration early authorization of the 5-million kilowatt Rampart Canyon project in Alaska which would be the largest hydroelectric power development in the free world. We further respectfully urge the inclusion of hydroelectric power facilities in the Allegheny Reservoir and in the Raystown Reservoir, each of which is in Pennsylvania. The Allegheny Reservoir is under construction and the Raystown project is in the planning stage.

We also suggest early authorization of the Auburn-Folsom project in California which will provide an ultimate capacity of 400,000 kilowatts of hydroelectric power together with irrigation, water supply and recreation benefits.

We respectfully call to your attention the fact that although the entire future growth and development of this Nation depends upon the wise conservation and utilization of natural resources, less than 2 percent of the Federal budget is devoted to land and water resource conservation of all kinds. Even if this very small percentage of the Federal budget, devoted to resource conservation, were entirely eliminated, the effect on the Federal Government's fiscal position would be minimal.

5. PASSAMAQUODDY-ST. JOHN RIVER DEVELOPMENT

The administration's support for the Passamaquoddy-St. John development in Maine shows imaginative leadership in resource development. These projects and others in New England, particularly in Maine, can break the cycle of low electric use and high rates which hampers the economic progress of the area.

New England's residential consumers are paying up to 33.5 percent more than the national average for electricity; commercial users are paying up to 42.8 percent more, and New England industries are paying up to 61.1 percent more per kilowatt-hour.

We urge you to request both legislative authorization and appropriations for the Passamaquoddy-St. John projects early next year—and to stand firm for Federal development and Federal power marketing. If the Maine projects are to be truly regional in character and provide full benefit to preference customers, it is essential that high-voltage Federal transmission lines be built to carry the power output to population centers in the region and that the firm power potential on the St. John—as well as the peaking possibilities at Passamaquoddy—be developed. If the power output is siphoned off by private utilities, its impact will be diluted or lost entirely.

Over the long range, the establishment of a Northeastern Power Administration, similar to those already in existence in the

Southeast and Southwest, may create the needed planning and marketing agency which can take a regional approach to northeastern power resources. We hope you will give consideration to this step. For the short range, construction of transmission lines as an integral part of the Passamaquoddy-St. John development can establish the Federal Government and local governmental units as meaningful segments of the power industry in the Northeast.

Electric rates are so high in New England that regional newspapers are calling for relief. The Chairman of the Federal Power Commission has urged immediate steps on the part of existing utilities to modernize their operations and to adopt a low-cost, high-use policy. The New England AFL-CIO Council has called for prompt construction of Passamaquoddy-St. John, in order to bring "low-cost power, new industries, payrolls, and jobs into our region." Public power and rural electric cooperative leaders in the region fully support Federal construction of the project and the necessary transmission lines.

Interior Department studies indicate that power from Passamaquoddy and the St. John can be produced at a cost of about 4 mills, about 25 percent below the current wholesale cost of power in the region.

We believe it is time for bold steps forward. Passamaquoddy has been studied and restudied. We hope that the administration will move on to actual construction as promptly as possible.

6. CASE FOR APPALACHIAN DEVELOPMENT

The Appalachian region is a chronically depressed area where unemployment runs as high as 30 percent. With the mechanization of the coal industry and with rapid depletion, due to mismanagement and exploitation, of the forest and soil resources, unemployment continues to grow, economic conditions continue to decline, and the area has little hope for the future.

Appalachia suffers from all the ills inherent in a depressed area: inadequate educational facilities—resulting in poorly trained students and high dropout rates; untrained or unskilled work force; poor hospitals and medical care; declining tax bases; and costly social welfare programs.

We urge a bold and dynamic program for the area, similar to the Tennessee Valley Authority. The requisite resources exist in vast quantities: coal for huge, mine-mouth thermal operations and water for hydroelectric generation and steam cooling purposes. In addition, the area abounds in good sites for pump-storage hydroelectric projects to complement the vast potential for coal-fired baseload generation stations. A beginning could be the 480,000-kilowatt Devils Jump project in eastern Kentucky—where eight area redevelopment councils recently called for creation by Congress of a new TVA-type authority, using electric power to lift the economy of nine Appalachian States.

New transmission technology and mine-mouth generation will permit service to big city loads hundreds of miles away, as well as providing low-cost energy for establishment of new local industries. Projects to control water for cooling purposes, to provide badly needed flood control—and to be paid for by the hydroelectricity generation—would be an integral part of a massive power development.

The recreational potential of reservoir projects is tremendous. Throughout the Nation, more than half of the people visiting Federal recreational facilities visit reservoir sites, many of which are much farther from population centers than is the Appalachian area, which sits on the back step of the largest concentration of people in the United States. In fact, more people use the recreation facilities at Federal multiple-purpose projects than visit national parks and national forests combined.

We therefore respectfully suggest the following program for Appalachia:

1. Detailed study of (a) the resource development potential with especial attention given coal and water for use in generation of power and development of recreation; (b) potential markets for power and the transmission to those markets; and (c) human resources and their related facilities which badly need updating for integration into any development plan.

2. Creation of a Federal regional organization to carry out a resources development program.

7. FEDERAL POWER COMMISSION MATTERS

A. FPC jurisdiction over rural electric cooperatives

REA-financed electric cooperatives were virtually unknown when the FPC, as it is now constituted, was established in 1935. And, for 27 years thereafter, the Commission exercised no general jurisdiction over REA-financed electric systems. This well-established precedent was reversed on July 22, 1963, when FPC initiated formal proceedings, via a show-cause order, to assert and adjudicate general jurisdiction over all REA-financed rural electric cooperatives.

It is the position of the Commission that any business otherwise wholly intrastate which sells any electricity generated in another State is subject to its jurisdiction, with the exception of public agencies which are exempt by law. This means that virtually all rural electric systems, regardless of size, will be subject to FPC regulation despite the fact that they do not hold themselves out to serve the public, despite the fact that there is no diversity of interest between owners and consumers which usually gives rise to the necessity for regulation and despite the fact that the legislative history of the REA and FPC statutes give no indication of any intent by Congress to confer jurisdiction over cooperatives on the Commission.

Over 325 REA-financed cooperatives have petitioned to intervene in this proceeding against the assertion of jurisdiction by the Commission. The Secretary of Agriculture has petitioned to intervene at FPC against such jurisdiction; thus indicating the national significance of the policy problem involved. It is the Secretary's position that the subject cooperatives are already thoroughly regulated at the Federal level by the REA Administrator, and that FPC jurisdiction over them would directly conflict with the statutory duties and responsibilities vested by law in that Administrator. Not only would the FPC regulate wholesale rates but it would also be in a position to control REA loans under the Commission's authority over issuance of securities. In addition, the statutory right of appeal to the courts from FPC decisions would, for the first time, afford in effect, a judicial review of all REA loans.

This is a matter which had been successfully resolved at the policy level for 27 years, which, we believe, has created unnecessary and undesirable controversy within the administration and which will impose an unnecessary economic burden of several hundred thousand dollars on electric cooperatives by way of this litigation alone.

We earnestly and respectfully solicit the help of the Office of the President to restore prior FPC policy on this matter.

B. Increased FPC activity in electric power regulation and planning

We commend the FPC for assuming, during this administration, an increased role in wholesale electric rate regulation. The Commission is, for the first time, closely scrutinizing the rates and practices under which wholesale power is made available by investor owned utility systems to municipally owned electric distribution systems. Suspension by the Commission of certain wholesale rate increases in the State of Wisconsin has already resulted in a benefit to

these municipal systems of approximately \$100,000. The Commission staff has recommended, in a formal proceeding, that wholesale power be made available to the municipal power system in Shrewsbury, Mass., at substantially reduced costs. The Commission is also investigating certain inequitable rate schedules imposed upon municipal electric systems and rural co-ops in several States. For these activities the municipal electric utilities are grateful.

The National Power Survey, being conducted by the Federal Power Commission, is a commendable attempt to set aside differences between the various segments of the electric power industry with the objective of assuring all consumers an abundance of electricity at minimum cost. We respectfully call to your attention, however, the fact that although the large scale power system operation, envisioned by the survey, may achieve lower production costs through technological efficiencies, there is no assurance that the industry, which is 76-percent operated by investor-owned companies, will pass such savings either to small consumer owned cooperatives and municipal systems or to their own ultimate consumers. The Federal Power Commission has no jurisdiction whatsoever over retail rates, and therefore, must rely on agencies beyond its own control to assure realization by the general public of the survey benefits. At the same time, however, the Commission's increased attention to the regulation of wholesale rates charged by private power companies to municipal electric utilities gives some promise that the benefits of a nationwide pooled operation could be made available to local public agencies, rural co-ops and other small distribution systems.

We respectfully ask that the administration provide the guidance necessary to assure that the results of the National Power Survey insure to the benefit of consumers.

Federal expenditures for power and related development in relation to total Federal budget

Fiscal year	Expenditures for power	Total Federal budget	Power expenditures as a percent of total Federal budget
			Million
1952	\$680.9	\$71.6	0.95
1953	710.4	84.5	.83
1954	694.6	78.6	.88
1955	541.1	65.6	.82
1956	305.8	62.4	.49
1957	315.4	65.9	.47
1958	414.8	71.8	.57
1959	415.6	73.9	.56
1960	437.6	77.0	.56
1961	504.6	79.8	.63
1962	539.8	80.9	.66
1963	548.4	92.5	.59
1964	568.3	98.8	.57
Percent change fiscal year 1952-64	-16.6	+27.4	-.40

Comparison of cost and consumption of electricity by ownership and area, 1960

	Residential sales	
	Average sales per customer	Average revenue per kilowatt-hour
Private power companies:		
National average	3,454	2.62
Local public power systems:		
National average	5,208	1.58
Tennessee Valley area	9,449	1.01
Pacific Northwest area	10,309	.97

Federal appropriated investment for power and related development,¹ fiscal 1952-64

[In millions of dollars]

	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963 ²	1964 ²
Multipurpose dams and reservoirs with hydroelectric power facilities:													
Bureau of Reclamation.....	75.4	70.5	54.1	33.1	24.5	36.8	88.4	111.2	84.5	95.0	134.3	125.2	141.5
Corps of Engineers.....	287.0	332.9	271.1	241.1	177.1	170.0	186.4	179.6	221.3	261.6	253.6	252.0	250.4
International Boundary and Water Commission.....	8.0	13.8	5.9	1.4	.8	.1	.3	.2	.4	.5	7.0	12.8	7.9
Total, multipurpose facilities.....	370.4	417.2	331.1	275.6	202.4	206.9	275.1	291.0	306.2	357.1	394.9	390.0	390.8
TVA (multipurpose dams, powerplants, and transmission lines).....	222.0	208.5	294.0	215.5	60.8	74.0	104.5	95.2	99.2	103.2	86.4	87.8	91.4
Power transmission facilities:													
Bureau of Reclamation.....	34.4	28.0	25.0	16.1	14.7	6.9	8.8	10.8	13.6	18.1	40.5	51.1	47.2
Bonneville Power Administration.....	50.8	53.4	41.7	33.3	27.7	27.2	25.5	18.2	17.1	25.5	16.9	18.4	26.4
Southeastern Power Administration.....	.1	.4	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Southwestern Power Administration.....	3.2	2.9	2.8	.6	.2	.4	.9	.4	1.5	.7	1.1	1.1	3.5
Total, power transmission.....	88.5	84.7	69.5	50.0	42.6	34.5	35.2	29.4	32.2	44.3	58.5	70.6	77.1
Total.....	680.9	710.4	694.6	541.1	305.8	315.4	414.8	415.6	437.6	504.6	539.8	548.4	568.3

¹ Nonconstruction costs and TVA bond revenues excluded.² Estimated. All others actual. (TVA bond revenues; \$50,000,000 in fiscal 1961; \$95,000,000, fiscal 1962; \$50,000,000 (estimate), 1963; and \$50,000,000 (estimate), 1964.)³ Less than \$50,000.

Source: The Budget of the U.S. Government.

High cost of power in New England States, as compared to national average

POWER PURCHASED BY MANUFACTURING INDUSTRIES, 1961

	Kilowatt-hours purchased	Total cost	Average cost per kilowatt-hour	Percent above or below U.S. average		Kilowatt-hours purchased	Total cost	Average cost per kilowatt-hour	Percent above or below U.S. average
	<i>Billions</i>	<i>Millions</i>	<i>Cents</i>			<i>Billions</i>	<i>Millions</i>	<i>Cents</i>	
Total United States.....	299.2	\$2,632.6	0.880	-----		33.1	301.6	.910	+3
New England.....	11.9	174.8	1.466	+67	South Atlantic.....	33.1	301.6	.910	+3
West North Central.....	11.4	140.1	1.231	+40	West South Central.....	18.9	158.5	.839	-5
Middle Atlantic.....	44.6	506.9	1.136	+29	Pacific.....	36.3	254.0	.699	-21
East North Central.....	76.2	743.0	.976	+11	Mountain.....	8.3	56.9	.689	-22
					East South Central.....	58.5	296.8	.508	-42

New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.

West North Central: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas.

Middle Atlantic: New York, New Jersey, Pennsylvania.

East North Central: Ohio, Indiana, Illinois, Michigan, Wisconsin.

South Atlantic: Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida.

West South Central: Arkansas, Louisiana, Oklahoma, Texas.

Pacific: Washington, Oregon, California.

Mountain: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada.

East South Central: Kentucky, Tennessee, Alabama, Mississippi.

Source: 1961 Annual Survey of Manufactures, Bureau of the Census Commerce Dept.

NEW ENGLAND POWER COSTS, 1961

	Residential		Commercial		Industrial			Residential		Commercial		Industrial	
	Cents per kilowatt hour	Percent above U.S. average	Cents per kilowatt hour	Percent above U.S. average	Cents per kilowatt hour	Percent above U.S. average		Cents per kilowatt hour	Percent above U.S. average	Cents per kilowatt hour	Percent above U.S. average	Cents per kilowatt hour	Percent above U.S. average
U.S. average.....	2.60	-----	2.43	-----	1.08	-----		3.47	33.5	3.18	30.9	1.67	54.6
Connecticut.....	2.82	8.5	2.87	18.1	1.55	43.5	New Hampshire.....	3.29	26.5	3.47	42.8	1.50	38.9
Maine.....	3.12	20.0	3.43	41.2	1.29	19.4	Rhode Island.....	3.38	30.0	3.46	42.4	1.74	61.1
							Vermont.....	2.74	5.4	2.62	7.8	1.51	39.8

Source: FPC publication "Statistics of Electric Utilities in the United States, Privately Owned, 1961."

QUOTATIONS ON POWER AND CONSERVATION

Definiton of "conservation": "Conservation means development as much as it does protection. I recognize the right and duty of this generation to develop and use the natural resources of our land; but I do not recognize the right to waste them, or to rob by wasteful use, the generations that come after us." (President Theodore Roosevelt, speech at Osawatomie, Kans., Aug. 31, 1910.)

Comprehensive development: "Every stream should be used to its utmost. No stream can be so used unless such use is planned in advance. When such plans are made, we shall find that, instead of interfering, one use can often be made to assist another. Each river system, from its headwater in the forest to its mouth on the coast, is a single unit and should be treated as such." (President Theodore Roosevelt, message transmitting to Congress the preliminary report of the Inland Waterways Commission, February 26, 1908.)

The public power "yardstick": "The very fact that a community can, by vote of the electorate, create a yardstick of its own, will, in most cases, guarantee good service and low rates to its population. I might call the right of the people to own and operate their own utility something like this: a 'birch rod' in the cupboard to be taken out and used only when the 'child' gets beyond the point where a mere scolding does no good. That is the principle which applies to communities and districts, and I would apply the same principles to the Federal and State Governments." (President Franklin D. Roosevelt, campaign address, September 21, 1932.)

"There are only two ways of providing that the people shall get cheap power and electricity. One is through real regulation by the States, which is almost out of the question. The other is through ownership by the Federal Government, the States and municipalities, of some of the instrumentalities by

which energy is made, generated, and transmitted. Even the threat of public competition at a few places will serve the purpose." (Senator George W. Norris, "Power," the Country Home, May 1931.)

Role of the Federal Government: "We should make it our duty to see that hereafter power sites are kept under control of the General Government for the use of the people as a whole in a way which shall encourage development of the water power, but which shall not create a monopoly. The Nation alone has the power to do this effectively, and it is for this reason that you will find those corporations which wish to gain improper advantage and to be freed from official control on the part of the public, doing all that they can to secure the substitution of State for national action." (President Theodore Roosevelt, Denver 1910.)

Giant power versus superpower: "Giant power and superpower are as different as a tame elephant and a wild one. One is the

friend and fellow worker of man—the other, at large and uncontrolled, may be a dangerous enemy. The place for the public is on the neck of the elephant, guiding its movements, not on the ground helpless under its knees.

Giant power seeks the cheapest sources of power, and hence the cheapest rates. It proposes to create, as it were, a great pool of power into which power from all sources will be poured, and out of which power for all uses will be taken. It is the pooling of supply—not the disposal of surplus—and the chief idea behind it is not profit but the public welfare.

"Superpower, on the other hand, is the interchange of small quantities of surplus power at the ends of the transmission line of each system. Its principal object is profit for the companies—not benefit for the public—and it is on the way to being realized with a rapidity which it is difficult fully to understand. If we are to have giant power instead of superpower the time in which to make sure of it is very short.

"The main object of the superpower idea is greater profit to the companies. The main object of the giant power idea is greater advantage to the people. Giant power will assure vastly better service and vastly cheaper rates to the consumer, and through effective public regulation, it will set aside the threat of the most dangerous monopoly ever known." (Gov. Gifford Pinchot, of Pennsylvania, message to the general assembly transmitting the report of the giant power survey board, February 1925.)

Partnership policies and the public interest: "Wherever the Government constructs a dam and lock for the purpose of navigation there is a waterfall of great value. It does not seem right or just that this element of local value should be given away to private individuals of the vicinage, and at the same time the people of the whole country should be taxed for the local improvement." (President Theodore Roosevelt, Muscle Shoals veto message, March 4, 1903.)

[From the Washington (D.C.) Post, Sept. 24, 1963]

TVA PROJECT IN APPALACHIAN AREA IS URGED (By Julius Dusscha)

President Kennedy was urged yesterday to set up a "TVA-type authority" to develop the depressed areas of West Virginia, eastern Kentucky and Pennsylvania.

The suggestion was made by representatives of the American Public Power Association and the National Rural Electric Cooperative Association.

They met with the President, Secretary of Agriculture Orville L. Freeman and Secretary of the Interior Stewart L. Udall on the eve of Mr. Kennedy's 11-State conservation tour.

The President leaves Washington this morning for a 5-day, 10,000-mile tour of the West, where Federal water and power projects have aided economic growth.

The proposal for the establishment of a Federal agency modeled on the Tennessee Valley Authority to develop the Appalachian Mountain area stretching from northern Alabama to southern New York was one of several resource projects urged on the President.

The proposed agency could develop the abundant coal and water resources of the region, "using electric power to lift the economy of nine Appalachian States," the delegation of public power advocates told Mr. Kennedy.

The Commerce Department is now studying the problems of the Appalachian area to see whether a Federal regional agency could develop it.

The Area Redevelopment Administration, which was set up more than 2 years ago to aid depressed areas, has concentrated

much of its loan-and-grant activity in the Appalachian region.

There has been some improvement in the economy of the area, but not as much as the Kennedy administration had hoped for. In a speech in Huntington, W. Va., on Saturday Gov. Nelson A. Rockefeller of New York charged that West Virginia's economy is in worse shape than before Mr. Kennedy took office.

Other power-and-water projects supported by the public power advocates in their White House conference were the Knowles project in Montana; Burns Creek in Idaho; Flint River in Georgia; Devils Jump in Kentucky, and Trotters Shoals on the Georgia-South Carolina border.

All five of the projects are before Congress and have been backed by the administration.

The public power spokesmen also urged development of the 5-million-kilowatt Rampart Canyon project in Alaska, which would be the world's largest hydroelectric development.

Alex Radin, general manager of the Public Power Association, said that Mr. Kennedy "expressed interest" in all of the proposals.

Leading the Rural Electric Association's delegation was Clyde T. Ellis, the organization's general manager.

"GOP MAKES MISTAKE TO FIGHT TAX CUT"

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a penetrating editorial entitled "GOP Makes Mistake To Fight Tax Cut." The editorial was published on September 22, 1963, in the Denver Post.

I believe the editorial was written by a truly great American newspaperman with distinct Republican leanings—Palmer Hoyt, editor and publisher of the Denver Post. I have known for years Ep Hoyt, as he is affectionately called by his many friends. He is a brilliant analyst of the American political scene, and he never permits his political leanings to get in the way of his journalistic objectivity.

All Members of Congress—Democrats and Republicans alike—would do well to give heed to the analysis set forth in this editorial on the tax cut proposed by President Kennedy.

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

GOP MAKES MISTAKE TO FIGHT TAX CUT

We are amazed by reports from Washington, among them the one from William White on this page today, that House Republicans have decided to make a major partisan fight against the proposed Federal income tax cut.

In theory, the Republican fight is not against the tax cut itself. But the Republican effort to attach a deficit-limiting cancellation clause to the tax cut bill will in fact destroy most of the stimulating effect of the tax cut and could wipe it out entirely.

What the Republicans want to do, specifically, is to attach a rider to the bill canceling the cut unless Federal spending is held to \$97 billion this year and \$98 billion next year. Otherwise, says Representative JOHN BYRNES, Republican, of Wisconsin, spokesman for the House Republicans, deficits expected with the \$11 billion tax cut in the next 2 years could lead to inflation and "financial ruin."

This is politically inspired nonsense. If the Republicans persist in it, and should succeed in their fight, it is they, not President Kennedy, who will have the albatross of "fiscal irresponsibility" hanging around their collective neck in 1964. They will be the

ones who will have stifled the effort to get some of the burden of the Federal tax off the economy.

President Kennedy made a powerful and logical case for the tax cut last week, and now the Republicans have replied. Their reply is not impressive.

To get a nonpolitical view of the facts, let us look at what a group of responsible businessmen say:

"The deficits in recent years have, in large part, been the product of the failure of our economy to achieve its full potential because of the burden of oppressive individual and corporate tax rates. If unemployment is to be reduced, if idle plant is to be put into production, and if we are to achieve meaningful long-term economic growth, individual and corporate rates must be reduced.

"We recognize that tax reduction in the magnitude contemplated * * * will add temporarily to an otherwise existing deficit. However, we believe that additional income flowing from the tax cut will bring the budget into * * * balance significantly sooner than if there were no tax cut at all.

"We commend these Members of Congress for their concern and urge them to do everything possible to assure expenditure control. We also sincerely urge them to reconsider their position and to work aggressively for the passage of a tax reduction as soon as possible."

Who are these businessmen? They are members of a committee headed by Henry Ford II, chairman of the Ford Motor Co., and Stuart Saunders, president of the Norfolk & Western Railway—the most consistent moneymaker among American railroads.

Other members include financiers such as Frazer Wilde, chairman of the Connecticut General Life Insurance Co.; David Rockefeller, president of the Chase Manhattan Bank, and Robert C. Baker, chairman of the American Security & Trust Co., in Washington.

It is quite doubtful that there's a Democrat in the lot. And it's quite certain that men of this caliber are not advocating anything that will lead the Nation to financial ruin. Since even Congressman BYRNES himself agreed that President Kennedy was "dead right" in saying a tax cut is urgently needed, there is no sound reason for playing politics with it. There is not even a sound political reason for doing so—considering that the effect would rebound on the Republicans.

This tax cut should be passed. It should be passed soon. And it should be passed without any uncertainty-creating "if's" or "but's."

SMALL STEPS LEAD TO LARGER ONES

Mr. WILLIAMS of New Jersey. Mr. President, through the long weeks of preparation and hard work that preceded this Tuesday's vote on the test ban treaty, Secretary of State Dean Rusk patiently and eloquently explained that the treaty will not end the cold war, nor will it end the dangers that exist in a world in which total destruction is possible. As the Secretary has said:

We must work at it steadily, patiently, and ceaselessly. Small steps are worth taking because we may find them to be the key to larger ones.

A newspaper in my home State, the Newark Star-Ledger, has paid appropriate tribute to the Secretary. In an editorial of September 25, the Star-Ledger managed to summarize the importance of the treaty, while it cautioned against any slackening of alertness or concern

about the hazards that still stand in the way of peace with security. The editorial writer also links the future of our national security with the treatment to be given in Congress to the foreign aid bill.

Mr. President, I believe that this editorial is timely and farsighted. I ask unanimous consent to have it printed in the RECORD.

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

LOOKING AHEAD

With the ratification of the limited nuclear test treaty now an accomplished fact, the United States must look forward to other areas of agreement with other world powers.

Secretary of State Dean Rusk, the able, soft-spoken spokesman for our foreign policy, already has embarked on an intensive series of diplomatic talks designed to implement the gains that were made with the test ban pact.

The talks will be on a new plane of hope and optimism, in the wake of the ratification by the U.S. Senate of the historic accord that will harness indiscriminate nuclear arms testing.

This does not mean, of course, that dramatic developments are on the horizon. Things just don't happen that way in the world of power politics and diplomacy. The gains, if and when they come, will be small but significant. They will lead to other accords, in a step-by-step painstaking process.

Secretary Rusk is a diplomat of consummate skill and patience, two traits that are musts for a successful career in the trying, frustrating foreign affairs field.

The Secretary of State, at a dedicatory exercise in the United Nations, cautioned against undue optimism for a major breakthrough on troublesome world problems.

"I do not see on the immediate horizon dramatic and sweeping solutions to divisive and dangerous problems," Mr. Rusk said. "But we must work at it steadily, patiently and ceaselessly. Small steps are worth taking because we may find them to be the key to larger ones."

One of these steps can be taken right at home *** in Congress. It would be to restore the crippling cuts in foreign aid made by the House in next year's appropriation. There is an opportunity now to make decisive inroads in undeveloped countries, where the Soviet Union and Red China have been busily wooing officials and the people. With the drastic reductions ordered by the House, it would be impossible to offset gains the Commies would make by our inactivity.

SENATOR MAGNUSON PROPOSES FISCAL, LEGISLATIVE SESSIONS

Mrs. NEUBERGER. Mr. President, our presence here in the 10th month of the year is the best possible evidence that Congress has decided for year-round operation of the legislative branch. The trend toward 12-month sessions has been gradual, but inexorable. The reality of continuous legislative activity is with us. Now we must look at the legislative machinery, to see whether it is operating efficiently and effectively, whether it is equal to the task imposed by the pressing and complex problems of modern society.

My esteemed colleague, the senior Senator from the State of Washington [Mr. MAGNUSON], is also troubled by these questions. In a recent article which he wrote for United Press International, Senator MAGNUSON proposed a

split in the annual sessions of Congress. During the first part, general legislation would be acted upon. The second half would be a fiscal session devoted entirely to money matters. As the chairman of the powerful and important Senate Commerce Committee, and a veteran member of the Senate Appropriations Committee, the Senator from Washington writes with authority on this subject. He strongly emphasizes the value of closer scrutiny of the budget, in the interests of economy. He argues that this can best be done at a designated time when attention is not diluted by the multiplicity of general legislative proposals which confront Members of Congress.

I ask consent to have printed in the RECORD the article entitled "MAGNUSON Proposes Two Sections for Congress." It appeared in the Medford, Oreg., Mail-Tribune on September 22, 1963.

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

MAGNUSON PROPOSES TWO SECTIONS FOR CONGRESS

(EDITOR'S NOTE.—The charge frequently is made that Congress handles its money chores in wasteful, slipshod fashion. But not much has been done about it. Now Senator WARREN G. MAGNUSON believes he has an answer. He wants to split Congress' work year into two parts—one devoted to legislation and one to appropriations. He explains his plan below.)

(By Senator WARREN G. MAGNUSON)

New savings must be found by Congress if mounting international and domestic needs are to be trimmed intelligently to a size which can be met.

This means that more attention must be given our Federal budget.

Because Congress may remain in session longer—we don't expect to recess this year until November or December—doesn't mean necessarily that more time is being spent studying budgets. Spending programs take their turn on the priority calendar with the rail crisis, civil rights implementation, and tax cut legislation.

SEEN AT GLANCE

Large individual areas of spending can be seen at a glance. Of this year's projected \$98.8 billion budget, about \$60 billion is for defense, space, and international programs. If you also subtract amounts set aside to care for our veterans and service the debt incurred in three active wars and the cold war, then only \$21 billion remains to cover all other expenses of National Government.

Actually, what happens with a budget now? Individual agencies have a full year to prepare and marshal facts to support their spending arguments. Only then does Congress get the proposed spending figures.

Under the House interpretation of the Constitution, these budgets now have gone to the House and remain there until the House is ready to send them to the Senate. For example, most of these budgets for 1963-64 haven't been sent to the Senate this year. Even when they arrive in the Senate, all too much time often must be spent comparing House cuts with the original request and what the agency now tells us it needs, and all too little time on further sensible appraisal.

STILL IN HOUSE

An example is the independent office appropriation bill which I handle in the Senate. Twenty-nine agencies are included. That appropriation bill still is in the House.

There might be a far different story to tell if Congress had both additional facts and

time with which to sharpen and utilize its potent shears intelligently.

Any time the Senate restores funds for any agency it opens itself to a charge of "encouraging the spenders" even though the House many times has reduced or eliminated items which by law must be paid. Hence the Senate is legally required to restore or add to these items.

Members of Congress, for example, need to know what dollars in a given budget are being invested, what dollars being spent without return.

SUMMARY OF FUNDS

Any corporation gives stockholders a summary of funds invested in plant and facilities as compared with those spent without return.

Not so our Federal government. Thump through the fiscal 1964 budget. Try to find such comparisons. Nowhere will you find the total capital outlay, with present values, for buildings, or land. Yet these, and many other Federal outlays of the past often have been only loans which have been returned in whole, in part, or sometimes sums beyond the original investment to the Treasury. Try to locate these figures in the 1964 budget.

This showing would be required in any budget, drawn by any administration, under the measure (S. 1301) which I have sponsored in the 88th Congress.

We would have an administration tell Congress each year the government's total capital assets and their value at fiscal year's end. These would be a showing made of the amount of sums requested and expenditures which are to be repaid to the treasury.

TIME FOR SCRUTINY

Then, more time is needed for scrutiny of any President's budget than we have now. Now, a President presents his budget in January, after having had almost a year to draw it up. Congress is supposed to consider it, pass it and put it into operation by July 1. During this period, members of Congress have had only a few days at Easter recess to talk with their people about the amounts sought.

This action on the budget—almost \$100 billion this year—is supposed to occur while Members are busy on other legislation, meeting crises and ratifying treaties. In other words, our consideration of Federal spending has to be sandwiched in with other necessary duties.

The measure I'm discussing would change that.

There would be two sessions of Congress each year. Starting January 1, attention would be given regular legislation, including measures authorizing appropriations to be made. This session would continue as long as necessary, but not beyond the first Monday in November.

A FISCAL SESSION

Then, the second Monday in November would witness the start of a fiscal session which would last until actual appropriations had been approved, or as late as December 31. Only money matters would be considered.

A change in our fiscal year would be necessary. Instead of observing a fiscal year which starts July 1 and ends on June 30, there would be a change to the calendar year of January 1 to December 31.

The President, instead of delivering his budget message in January, would send it to Congress by July 15 each year. Then members could take it home with them during the congressional recess, discuss it with their voters, assess needs realistically and be ready to give it thorough, painstaking consideration when the fiscal session opened in November.

LIKE MAIN PLAN

Those with whom I've discussed the plan like it in the main. They agree it makes

sense to permit every Member of Congress, whether he's on the House or Senate Appropriations Committee, to devote full time to studying every spending proposal.

He isn't able to do this now without neglecting other committee assignments that are also demanding. Between this and floor action, time is at too much of a premium.

The average Member of Congress would like to take more time with the Federal budget. He would like to satisfy himself that every drop of water possible is wrung from the budget.

Our measure would give him more time for the wringing. And it could not help but save a great deal of money.

LITANY FOR MODERN MAN

Mr. RIBICOFF. Mr. President, Norman Cousins, one of Connecticut's most distinguished citizens, was awarded the Eleanor Roosevelt Peace Award at a dinner in Westport, on September 21. Dr. Benjamin Spock, author of "Common-sense Book of Baby and Child Care," and former Ambassador James Wadsworth, who served as chief negotiator at the nuclear test ban talks in Geneva during the administration of President Eisenhower, were among those who paid tribute to Mr. Cousins. Robert Ryan, the famous actor, presented a plaque to Mr. Cousins, and read Mr. Cousins moving and poetic editorial, "Litany for Modern Man," which first appeared as an editorial in the Saturday Review on August 8, 1963. Because I believe that all of us would benefit by Mr. Cousins' brilliant insight I ask unanimous consent that the editorial be printed in the RECORD.

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

LITANY FOR MODERN MAN

I am a single cell in a body of 2 billion cells. The body is mankind.

I glory in the individuality of self, but my individuality does not separate me from my universal self—the oneness of man.

My memory is personal and finite, but my substance is boundless and infinite.

The portion of that substance that is mine was not devised; it was renewed. So long as the human bloodstream lives I have life.

I do not believe that humankind is an excrescence or a machine, or that the myriads of solar systems and galaxies in the universe lack order or sanction.

I may not embrace or command this universal order, but I can be at one with it, for I am of it.

I see no separation between the universal order and the moral order.

I believe that the expansion of knowledge makes for an expansion of faith, and the widening of the horizons of mind for a widening of belief. My reason nourishes my faith and my faith my reason.

I am not diminished by the growth of knowledge but by the denial of it.

I am not oppressed by, nor do I shrink before, the apparent boundaries in life or the lack of boundaries in cosmos.

I cannot affirm God if I fail to affirm man. If I deny the oneness of man, I deny the oneness of God. Therefore I affirm both. Without a belief in human unity I am hungry and incomplete.

Human unity is the fulfillment of diversity. It is the harmony of opposite. It is a many-stranded texture, with color and depth.

The sense of human unity makes possible a reverence for life.

Reverence for life is more than solicitude or sensitivity for life. It is a sense of the whole, a capacity for wonder, a respect for the intricate universe of individual life. It is the supreme awareness of awareness itself. It is pride in being.

I am a single cell. My needs are individual but they are not unique.

When I enter my home I enter with the awareness that my roof can only be half built and my table only half set, for half the men on this earth know the emptiness of want.

When I walk through the streets of my city I walk with the awareness of the shattered cities beyond number that comprise the dominant reality.

When I think of peace I can know no peace until the peace is real.

My dedication, therefore, is to the cause of man in the attainment of that which is within the reach of man.

I will work for human unity under a purposeful peace. I will work for the growth of a moral order that is in keeping with the universal order.

In this way do I affirm faith in life and in faith.

I am a single cell in a body of 2 billion cells. The body is mankind.

WESTERN DEMOCRATIC CONFERENCE IN SALT LAKE CITY

Mr. JORDAN of Idaho. Mr. President, last week, in Salt Lake City, the Democratic Party held a western conference in an effort to improve the party image in the West. In 1960, the Rocky Mountain States did not think too well of Mr. Kennedy. The elections of 1962 indicated a further decided swing to Republicans. In the five Senate contests, Idaho had two; and Utah, Colorado, and Wyoming had one, each. Republicans won four of the five Senate races, by returning a Republican and a Democrat from Idaho, by returning a Republican from Utah, and by capturing two Senate seats—one, each, in Wyoming and Colorado, formerly held by Democrats—for a net gain of two.

In an attempt to overcome this slippage in voter approval, some of the heaviest political artillery in the Democratic arsenal was sent to this conference. A veritable barrage of oratory, loaded with charges and withering attack was intended to level Republican opposition and to recapture some of the lost ground.

How effective was that appeal? Did the message get through to the people it was intended to impress?

A good indication of public reaction is contained in an editorial which was published in the Idaho Sunday Statesman, of Boise, Idaho, on September 22, 1963. Incidentally, next year, the Statesman will observe its centennial.

It is Idaho's largest daily, and reflects the grassroots sentiment of many people. I ask unanimous consent to have the editorial printed in the RECORD.

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

THE WESTERN DEMOCRATIC CONFERENCE IN SALT LAKE CITY SUGGESTS GROWING FEAR OF GOLDWATER AND CONSERVATISM

The western Democratic conference held at Salt Lake City last weekend, was vigorous politicking at its best. There is every

indication that the Democratic liberals have taken the warpath, and that conservatism, especially as it involves Senator GOLDWATER, is the major issue. While there are no conservatives in any position of control in any part of the Kennedy administration, the Utah political air sounded as though the country had been hurried along the road to ruin by some band of culprits bearing the conservative banner. The obvious reaction is Democratic fear that conservatism has a stronger hold on the Nation than they desire, that it is a real and basic issue, and that the attack has to be made in that vein. It will be an interesting test when the voter takes over some day in November 1964, after the din of the presidential campaign has subsided.

While the Statesman wants to be included among the conservatives, but not to any extreme, and certainly not endorsing the John Birch Society or any companion activity, it is our opinion that the electorate is very late in facing up to the fact that we have had too much Government, and that the Kennedy administration hasn't any idea of even holding the line, let alone reducing the octopus growth of bureaucracy. We doubt that Senator GOLDWATER is as far to the right as the alarmed Democrats want to place him, and we are confident, from long observation, that when the time comes, Mr. GOLDWATER will make shambles of such lightweights as Senator HUMPHREY who was one of the main speakers at Salt Lake City.

Come to think about it, Senator HUMPHREY is a man without much stature, a politician belittled by President Kennedy in the last presidential primaries, and since proven, by his crawling back into the Kennedy fold after endless intolerable personal insults, that he has to be in the spotlight, the quality and hard sense involved beside the point. What Senator GOLDWATER could do to Mr. HUMPHREY in a debate on conservatism would be murder.

But that is beside the point. It is plain that the Democrats fear Senator GOLDWATER because his leadership (and he has not promoted it) has proven the growing strength of resentment to the New Frontier and its endless confusion. Senator GOLDWATER is not an avowed candidate for the Presidency. He has said so time after time. But he is a symbol of a trend in American thinking. Whether that trend has developed to a point that it will be the controlling factor in next year's election remains for history. Should it continue to gain strength at the pace it has been generating the fear in Democratic circles, many changes will take place in Washington from the Presidency on down. These changes are bound to come in time, assuming the Nation is not sabotaged domestically or ruined internationally (the present program). The question is whether they will come in time. The Nation's greatest danger rests in the individual failure to analyze what Federal Government is supposed to do, what it has been doing, and what is going to be the outcome if the course is not altered.

At Salt Lake City it was especially interesting to note that Secretary of the Interior Udall, a political upstart with no qualification for his assignment, said that Senator GOLDWATER was "impulsive and did not have the maturity and ability to be President." Just what degree of maturity Mr. Udall happens to have in his system hasn't been a topic that has attracted national attention, and when it comes to impulsiveness, the Udall record is unmatched. He is one of the few men holding high office to impulsively act in matters he doesn't even understand. The more the Udall attack is leveled at Senator GOLDWATER, the more the Senator's strength will grow. Mr. Udall's opposition is an asset to any candidate.

No one at the Salt Lake Democratic conference mentioned the fact, nor dare they

that conservatism, to whatever extent it exists in government at this time, is of Democratic origin and is effectively practiced and protected by Democratic U.S. Senators of stature. Call them the southern bloc or whatever, they are the dedicated conservatives, and none of them were in Salt Lake City attacking the Goldwater philosophy.

But conservatism within the Democratic Party does not rest solely with these U.S. Senators. It is found among Democrats in every precinct in Idaho and every other State in the Nation.

Consequently, it is amusing that the main theme of the western Democratic conference was the conservatism issue. The pots are calling their own kettles black.

Conservatism may have any number of meanings. But, applied to individuals, there is a wide difference in the thinking of elected officials. The fight against conservatism by liberal Democratic spokesmen has been best described as "seduction by subsidy"—the determination of the liberals to fight common sense in government, to preserve their soft political jobs.

Senator GOLDWATER is not developing conservatism. That job is being well handled by the Humphreys and the Udalls. That has to be the conclusion in studying what happened at Salt Lake City.

To illustrate what happens when a bunch of political second raters come West for an early campaign effort, the highlight of the Utah meeting was the challenge of LDS Apostle Ezra Taft Benson's connection with the John Birch Society. That issue, brought up at a panel, measures in good contrast with Secretary Udall's prediction that the Democratic Party will "sweep the West" next year, something it hasn't done since Roosevelt. President Kennedy won nothing in the West, especially in Utah, which was the primary reason for the Salt Lake City conference. Whatever sweeping was accomplished by the orators will prove to be political dirt. The real brains of the Democratic Party will hasten to attempt to bury it under the nearest rug.

The meeting was a great success for the Republican Party in the intermountain area.

DOCUMENTARY FILM REPORT "TROUBLED WATERS"

Mr. McNAMARA. Mr. President, last week, the Senate Public Works Committee held the first public showing of its documentary film report entitled "Troubled Waters."

The film is a half hour color presentation which is designed to attract public attention and concern to the major national problem of water pollution.

The first reactions to the film have been extremely encouraging. Senators, officials interested in this problem, and members of the general public have praised the film for its graphic message, its objectivity, and its professional quality.

It is my hope that the film will have wide usage throughout the country by schools, professional organizations, and other groups which have an increasing awareness of the attention needed by our rivers and streams.

I publicly express the thanks of our committee to the Department of Health, Education, and Welfare, the Department of Agriculture, the Department of the Army, and the Department of the Air Force, for their invaluable assistance in producing the film.

Particularly, I thank the distinguished actor, Mr. Henry Fonda, who narrated

the film. Mr. Fonda donated his time and talents to this project, as a public service; and his voice adds tremendously to the picture's effectiveness.

CONGRESSIONAL REORGANIZATION: A PRESENT IMPERATIVE

Mr. BARTLETT. Mr. President, a thoughtful editorial appeared in the Washington Post, September 25, dealing with the state of the Congress. This editorial paints a dark but in many ways accurate portrait of the 88th Congress. This Congress has been in session a long time. It has completed action on very little. It has very much more to do.

I do not believe that the Congress will be able to assume and to bear the full responsibility which the Constitution assigns it in the Federal balance of powers until and unless it undertakes to streamline its procedures and its housekeeping. If we are to preserve the principle of responsible legislative authority, we must update the methods with which we do our business.

It was with this thought in mind, I am sure, that the Senate Rules Committee favorably reported Senate Concurrent Resolution 1, to create a joint committee to study the organization and operation of the Congress and recommend improvements therein. The work of such a select committee as envisioned in Senate Concurrent Resolution 1 would be fully as valuable, even more valuable, than that done by the La Follette-Monroney committee of 1946.

I regret that the Washington Post, in referring to the proposal said that it had been "watered down" by the Rules Committee. I do not believe this to be true. The committee in its report on the resolution explained why it had insisted that nothing in the resolution "shall be construed to authorize the joint committee to make any recommendations with respect to the rules, parliamentary procedure, practices, or precedents of either House of the Congress, or the consideration of any matter on the floor of either House." The 1946 Reorganization Act contained precisely the same language.

It is based on the constitutional provision that "each House may determine the rules of its proceedings." Political reality and the hope of obtaining favorable action on the resolution make it vital that such a limitation be clearly spelled out. Neither House, and rightly so, would or should allow the delegation of its rulemaking authority to a committee beyond its ken. The rules and procedures of the House and of the Senate no doubt need revision. Let each House make its own revision; let each body set its own house in order. But let the joint committee set about studying the reorganization of congressional methods.

Mr. President, I ask unanimous consent that the Washington Post editorial be made a part of the RECORD at this point.

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

STATE OF THE CONGRESS

Congress is coming in for a new round of criticism as it enters the showdown stage

of the present session. For nearly 9 months it has dawdled along with an astonishing lack of systematic effort or sense of purpose. Now it is confronted by hopelessly congested calendars, overworked individuals and possibly frustrated national objectives.

Senator Scorr and others are worried by the probability that some Members of Congress may not survive the turmoil of the session-end squeeze. His concern has ample justification. Yet the greater damage is likely to fall in the realm of congressional prestige. Senator JAVITS has pointed out that in the eyes of the people Congress "seems to be listless, halting, haphazard and half-hearted in its efforts." Consequently, he feels, along with many of his colleagues, that "Congress is in the gravest danger of suffering tremendously in its reputation with the country."

The Congressional Quarterly's boxscore on 26 major bills before the 88th Congress shows final action taken on only 6. These include such routine bills as the corporate and excise tax extension, the debt limit, extension of the draft and the feed-grains program. Congress did show that it could act in an emergency by promptly passing the railway settlement bill. But that good work stands out in embarrassing contrast to the sluggish motion elsewhere.

Anxiety hangs heaviest over the two biggest bills of the session—the tax cut and omnibus civil rights bill—now that the test ban treaty has been approved by the Senate. Although the House is scheduled to vote on the tax bill on Wednesday, the Senate has taken no action, and the danger that the tax bill will become entangled in a civil rights filibuster mounts with each day of delay. The civil rights bill itself is still in the House Judiciary Committee.

Less concern over the fate of these measures would be felt if Congress had cleared its legislative channels of the glut of lesser bills. But nearly 3 months after the beginning of the fiscal year, only two appropriations bills—Interior and Treasury-Post Office—have been enacted. Eleven more appropriations bills and a vast number of legislative measures await completion aside from the big bills on which public attention is centered. On three bills which the administration deems to be of major importance, medical care for the aged, unemployment benefits and the creation of an urban affairs department, no action whatever has been taken.

It is impossible to conclude from this record that Congress is doing well. Many of its own Members have called it variously the standstill Congress, the do-nothing Congress, the limping Congress, and so forth. It is not a question of whether Congress may ultimately muddle through to a defensible legislative record. What is most disturbing is the failure of Congress to use tested and reliable methods of handling its business with efficiency and dispatch.

The most tangible hope for improvement to come out of the present session is the Senate Rules Committee's approval of a Senate-House committee that would take up the congressional reform trail where the La Follette-Monroney committee left off nearly two decades ago. The Senate committee also approved rules changes that would require Senators to stick to the subject under debate for at least 3 hours a day (why only 3 hours?), permit longer committee sessions and authorize former Presidents to address the Senate.

Even the study resolution sponsored by Senators CLARK and CASE was unfortunately watered down, however, and its chance for survival in the House is considered slender. The country has cause to be alarmed over the plight into which Congress has fallen. Senator CASE was right in saying the other day that it has "become so ensnared in its own archaic and complex procedures that

the executive and judicial branches of Government have had to take over the primary responsibility for the conduct of the Nation's business."

INDICATORS OF EDUCATIONAL ACHIEVEMENT—NEED FOR FEDERAL AID TO EDUCATION

Mr. FULBRIGHT. Mr. President, the Washington metropolitan area is well above average on every indicator of economic well being and educational achievement. This and the overwhelming dependence of area citizens on Government as an employer, make us assume that District of Columbia area citizens are careful and astute observers of the political scene. Unfortunately, according to an article which was published last week in the Washington Post, such is not the case. According to the article, a representative survey of area adults, made by students of J. E. B. Stuart High School, in Fairfax County, revealed that 12.2 percent of those polled had no idea about the identity of four of the Nation's principal leaders. Only 24.2 percent knew all of the answers to these questions:

Who is LYNDON JOHNSON?
Who is our Secretary of Defense?
Who is our Secretary of State?
Who is John A. Gronouski?

None of the four turned out to be as well known as leading movie stars or athletic heroes. According to the Gallup Poll published in Sunday's Washington Post, 91 percent of the people know who Elizabeth Taylor is; but only 58 percent can identify the junior Senator from Arizona—whose name has been in the political news a few times, lately. In the local identity survey, Mr. Gronouski evidently caused considerable difficulty. He was called everything from "that Russian" to a football player. I suppose it could be expected that Mr. Gronouski, a newcomer on the Washington political scene, would fare badly in comparison with his three better known running mates. It is obvious that he has a long way to go before achieving the distinction attained by his two fellow Cabinet members, who are recognized by one-half the District of Columbia area adults.

This article makes a very strong case for Federal aid to education. I ask unanimous consent to have it printed in the RECORD, following my remarks.

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

RUSK UNSUNG, L.B.J. SINGING STAR TO SOME

(By Sterling Seagrave)

The world may tremble as nuclear giants wage peace, but there are still a few people in Washington who think that L.B.J. is a new recording star, our Secretary of Defense is named Adenauer, our Secretary of State is Cordell Hull, and Gronouski is "that Russian."

These and other answers were obtained in a survey of 600 Washington citizens completed yesterday by 24 students from Bruce Baker's advanced government class at J. E. B. Stuart High School in Fairfax.

Four questions were asked: Who is LYNDON JOHNSON? Who is our Secretary of Defense? Who is our Secretary of State? Who is John A. Gronouski?

Although Arlington fared better than Fairfax, the District, or Alexandria (in that order), 12.2 percent had absolutely no idea who the Nation's leaders are.

Only 24.2 percent knew all four answers. The rest had these responses:

"I don't know anything. I just vote the party." "I'm not doing anything but working." "If I didn't have these bills on my mind, I could rattle the answers right off." "Ask them who I am. Ask the President, Mr. Eisenhower." "I ain't been here but 2 weeks, so I don't know."

Several men thought Gronouski played football. A visiting German student knew three out of four, but a District policeman knew none. An Alexandria woman didn't recognize the name Johnson but when asked for the name of our Secretary of Defense answered "Kennedy," then replied "Kennedy" again for Secretary of State.

"We tried to get a cross-section of incomes, in selecting neighborhoods, homes, etc.," says Steve Presser, spokesman for the student pollsters. "We tried to get a normal representation of each area, with the only qualification being that persons interviewed had to be over 21, and therefore of voting age."

LYNDON JOHNSON was best known, Secretary McNamara and Secretary Rusk batted .500 and just-appointed Postmaster General Gronouski took a bad beating.

Clearly, the situation has changed little since 1948's runoff between Truman and Dewey when a woman voter gave this reason for voting for Dewey:

"We've had too many generals for President. It's time we had an admiral."

JAYCEES OPPOSE CIVIL RIGHTS LEGISLATION

Mr. STENNIS. Mr. President, in earlier speeches on the floor of the Senate, I have said that the civil rights legislation proposed to Congress this year is unwise, unnecessary, and totally inconsistent with States rights. Moreover, much of the civil rights package is clearly unconstitutional.

The Mississippi State Junior Chamber of Commerce, assembled in convention at Pascagoula, Miss., on September 23, 1963, adopted a resolution in opposition to civil rights legislation. I ask that the resolution be printed in the CONGRESSIONAL RECORD, so that all Members of the Senate may have the benefit of the views of this fine and active organization in my State.

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

RESOLUTION OF THE MISSISSIPPI STATE JUNIOR CHAMBER OF COMMERCE

Whereas all members of the Mississippi State Junior Chamber of Commerce are imminently concerned with the future of our State and Nation, with the freedoms which are so dear to the citizens of all democratic nations, and with the prospects of being deprived of any of our fundamental rights by governmental encroachment; and

Whereas we believe that the free enterprise system is one of the fundamental qualities which has attributed to the success of our Nation and that whenever anyone in the free enterprise system is told to whom he must sell, from whom he must buy, whom he must hire, or whom he must serve, the system is being destroyed and along with its destruction the essence of all freedoms which we hold so dear are being destroyed; and

Whereas we believe that education, voting and relations between the citizens of any

community are matters entirely of local concern; and

Whereas we believe that any action of the Federal Government to interfere with these matters of local concern is beyond the authority granted to the Federal Government by our Constitution, is an intervention upon rights of citizens of this Nation, and is an infringement upon the responsibilities of the States as established by the Federal Constitution; and

Whereas though we fully realize that great problems exist in the area of race relations in our Nation, we believe that any efforts to force a solution to these problems, whether it be by the force of a governmental power, the force of lawless action, or the force of mob action, will serve only to widen the chasm that now exists rather than to diminish the antipathy that now exists;

Whereas the Congress of the United States is now considering legislation commonly referred to as the "civil rights bills" which strive to "force" solutions to our race relations problems; which contain provisions that deprive citizens of this Nation of essential freedoms upon which this country was founded and which we hold so dear; and which intervene in affairs that, if to be satisfactorily handled, must be dealt with by the people directly involved; and

Whereas we believe that enactment of legislation of this nature tends to transpose our Nation into a dictatorship rather than a democracy, through all the principles of freedom in which we so strongly believe are so violently opposed to a dictatorial government: Now, therefore, be it

Resolved, by the Mississippi State Junior Chamber of Commerce in convention assembled, That we unanimously oppose every phase of the legislation now before the U.S. Congress commonly referred to as the civil rights bills, and we earnestly urge each and every Member of Congress and each and every citizen of the United States to consider the dimensions of this bill and its complete undesirability and to strenuously oppose its passage; and be it further

Resolved, That this resolution be spread upon the minutes of the Mississippi State Junior Chamber of Commerce, that it be made available to the press, and that the executive vice president of the Mississippi State Junior Chamber of Commerce deliver forthwith a copy of this resolution to Senators JAMES O. EASTLAND and JOHN C. STENNIS, and Representatives THOMAS G. ABERNETHY, JAMIE L. WHITTEN, JOHN BELL WILLIAMS, WILLIAM ARTHUR WINSTEAD, and WILLIAM M. COLMER.

J. C. McDONALD,
President.

Attest:

JON H. HOLLINGSWORTH,
Executive Vice President.

THE SATURDAY EVENING POST ARTICLE ON HOUSING

Mr. WILLIAMS of New Jersey. Mr. President, the September 21 issue of the Saturday Evening Post contained an article entitled, "Why New Houses Cost Too Much."

As a member of the Senate Housing Subcommittee, I read this provocative article with a great deal of interest. But, frankly, Mr. President, I must confess to mixed emotions in my appraisal of it.

Among other things, the article cites a number of examples of defective and shoddy workmanship in the homebuilding industry and goes on to praise a bill introduced by my good friend, the distinguished Senator from Alaska [Mr. GRUENING], to protect homeowners from

the cost of major defects in FHA-insured housing.

I was pleased to join as a sponsor of this measure, in the hope that we can find an effective way to protect the homeowner against occasions when gross defects occur in FHA-insured housing. I quite agree with the Senator from Alaska that the words "FHA guarantee" ought to mean what they say and ought to protect the homeowner, as well as the lending institutions, when there is a legitimate cause. In that sense, the Saturday Evening Post article served a valuable purpose in highlighting an important deficiency in our existing FHA statutes.

But, Mr. President, I cannot help but say that the article went rather far in trying to prove its point. At one point the article states that builders—not a few builders, not some builders, but builders—"are under enormous pressure to cut corners—and even to chisel."

The tone of the article would suggest that nearly every homeowner in the United States might have good reason to lie awake, wondering whether his house will stand up through the night.

Mr. President, I think it is obvious that today the American people enjoy new housing in a quantity and quality unparalleled in the world.

But the article, in addition to its emphasis on poor and faulty construction, gives the impression that there has been virtually no technological progress in the housing industry for the last 30 years. Mr. President, this just is not so.

There is no question that many local building codes are antiquated and have impeded the rate of technological progress, as the article points out; and there is no question that the homebuilding industry could be doing better in the field of research. After all, all of us could do better in our fields of endeavor. But to say that little or nothing is being done is simply untrue.

Furthermore—as the article itself points out, after criticizing the lack of research on the part of the homebuilding industry—there is the problem of engaging in product research and development if local building codes will not permit a products use.

Another bothersome point is found in the article's criticisms of inefficiency on the part of the homebuilding industry.

But, Mr. President, the homebuilding industry is not one giant corporation. It is preeminently the field of small builders. Perhaps it would be more efficient if only two or three corporations produced all our homes, using mass-produced prefabricated parts. But I think the author of the article should have faced the implications of this course.

I daresay that the American people, if given the choice, would be willing to pay a little more in order to preserve the small-business character of the homebuilding industry and the diversified opportunities it offers to entrepreneurs. Just as we place an intangible value on the small family farm, which is not as efficient as a factory, and just as we value small towns, which are not as efficient as large cities, so, too, there is a value in the decentralization of the homebuilding industry.

But, Mr. President, in view of the character of the homebuilding industry and the external forces which operate upon it, I think it surprising that it provides the leadership it does in the whole field of community development.

For example, far more than do many other profit-motivated segments of society which are engaged in building our cities, towns, and suburbs, the homebuilding industry has recognized the inseparable relationship between the home and other aspects of community development. It understands the need for coordination of transportation plans with residential development plans, and it has supported transit legislation which would help achieve this coordination, even though the legislation is of no direct interest to the homebuilding industry.

Or let us consider another extremely important aspect of total community development—the wise and economical use of land. One would think the homebuilding industry would be content with the old, time-tested ways of using land for residential development, on the theory that nothing succeeds like success. Yet these time-tested ways of using land for housing—the rows upon rows of houses set on their own separate and identically sized plots of land, in an endless sprawl across the landscape—are fantastically more wasteful and costly.

These time-tested methods of land development have the effect of pushing the countryside farther and farther away from more and more people. They drive up the cost of providing the necessary streets, roads, and highways. They drive up the costs of installing the necessary water, sewer, and electrical facilities. They drive up the costs of earthwork to prepare the land for development, which, in turn necessitates wholesale destruction of the trees and natural landscaping of the area. They make it necessary for mothers to drive the family cars when taking their children to school, or when they visit friends or do the shopping.

Mr. President, there are better and more imaginative ways in which this Nation can house a growing population, and can preserve a great many more amenities in our suburbs, as well.

One would not expect the homebuilding industry to be in the forefront of the effort to try new and more imaginative ways to develop our suburbs. But it is.

Incidentally, in the Saturday Evening Post article, there was virtually no mention at all of the whole problem of land costs and the present wasteful use of land. Yet land could be used in ways which could cut housing costs by one-third, and would provide more satisfying and enjoyable neighborhoods as well.

In 1961, the Urban Land Institute published a 150-page technical bulletin on new approaches to residential land development. The publication, *House and Home*, and the *Journal of Homebuilding*, have published numerous articles on this subject. The National Association of Homebuilders has developed a most interesting table-sized model which visually demonstrates the many ways in

which new subdivisions can be developed in more imaginative and more economical ways.

Mr. President, I ask unanimous consent to have printed in the RECORD, an editorial, published in the July 1962 issue of the *Journal of Homebuilding*. It was written by the past president of the National Association of Homebuilders, Leonard Frank. Its title is "Land—A High Priority Problem."

Also, Mr. President, in the interest of presenting the homebuilders' views on the subject, I ask unanimous consent to have printed in the RECORD a letter to the editor of the Saturday Evening Post. The letter was sent to me by the NAHB president, Mr. W. Evans Buchanan.

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

LAND: A HIGH-PRIORITY PROBLEM
(By Leonard L. Frank)

It became evident during the staging of our prophets and profits programs around the country that land and land use is one of our most vital problems. Our land discussion evoked great interest; everywhere, I found builders and developers concerned about rising land costs and unreasonable restrictions upon its use. Land prices have increased by as much as 3,000 percent in some areas since 1950.

There is plenty of land—it's the land use that's the basic problem. Today's tax system, for example, often makes misuse or nonuse of land more profitable than good use. Local zoning policies which force builders to use land improperly and wastefully are outstanding examples of the negative approach to proper land use. This gross waste and misuse of land must be stopped. Your NAHB has been and continues to be engaged in a mammoth educational campaign to bring about the better use of land.

What are the new and varied ways of economically developing land? Are these new ways practical, salable? What about the hundreds of complex legal and administrative problems? Are costs equitable?

There are yet to be produced any tested, valid data about these and allied questions. But the NAHB is presently engaged in an effort to get that information. About a year ago there was produced a valuable report, "New Approaches to Land Development" (Urban Land Institute Technical Bulletin No. 40), which was financed in great part by NAHB. It concluded that we must proceed with more intensive investigation of a number of new concepts it broached.

It is vitally important that we develop further this joint NAHB-ULI land-use study, because it will give us the needed answers to keep us in business. The results of this study will give us badly needed tools. For example, it will enable us to present a strong case for altering outmoded zoning restrictions and subdivision regulations; it will provide legal machinery to accommodate better land-use concepts rather than battling each case individually at great cost in time and money; it will also give us ways and means of promoting these new concepts in all areas of the country, and information as to whether or not these concepts are economically practical.

We cannot afford to continue to use land uneconomically, as we have been forced to do, and stay in business. The land problem will get more complicated. More babies were born in March of 1962 than in any month in our Nation's history. The population is growing and people create the problem.

Through strong and active local associations' community facilities committees we

must intensify efforts to get through to local authorities that restrictions put on land use must be reasonable and constructive. Housing is a big and complex industry. The endeavor to house people properly is too vital to the Nation, both economically and sociologically, to be eternally fettered by poorly conceived local land restrictions.

NATIONAL ASSOCIATION OF
HOME BUILDERS,
Washington, D.C., September 19, 1963.

Mr. CLAY BLAIR, Jr.,
Editor, Saturday Evening Post,
New York, N.Y.

DEAR MR. BLAIR: I am outraged at the distorted picture that emerged from the article titled "Why New Houses Cost Too Much," in the September 21 issue of the Saturday Evening Post.

In the preparation for this article the author was given every possible assistance by the National Association of Home Builders in the hope he would tell fairly and constructively the story of home building and its problems—that he would inform the public about the pressures the home builder must resist in order to hold down the cost of housing—such things as soaring land prices, zoning requirements, increased labor and materials cost, cost of installing water and sewerage lines, and restrictive and antiquated building codes which inhibit the use of new and better materials.

Instead, we are shocked and disillusioned to see that the article emerged as another sensational version of similar articles which have been done in other magazines by the same author. The important land cost and community development problem was ignored. (The author has written to us that "unfortunately space requirements required cutting virtually all the section on land.") The problem this industry has with outmoded building codes, while mentioned, was subordinated to the more commercial business of sensationalizing some isolated cases of inadequate construction for the sake of reader appeal. These were made to appear the norm rather than the exception.

The truth is that the National Association of Home Builders for years has waged a campaign to modernize outmoded building codes which impede progress in housing in many parts of the country. We have also been conducting a substantial and costly program of technological research to find ways to build better and more economically. This research effort—which includes the construction of five research houses in recent years in cooperation with the leading materials manufacturers, and the continuing operation of a research laboratory—is not mentioned in the article. Your readers should be told that holding prices down is very much to the builder's interest: the lower the price, the more qualified buyers.

The fact is that the price of housing has remained remarkably stable over the past 5 years despite the aforementioned pressures upon the home builder. The houses of today are better than ever before, they are better engineered, better designed, and offer more space and amenities than ever before.

You, as the editor of the Saturday Evening Post, could, if you were so disposed, put these truths before the public. I and the members of our association hope that you will have the courage in the immediate future to publish a comprehensive article on housing which would attempt to inform your readers instead of merely trying to excite them.

A more responsible report on the housing industry was published recently in Fortune magazine. The opening paragraph said this:

"The U.S. homebuilding industry has brought off its part of a great social revolution in the past two decades, and made it look easy. It has, to begin with, recreated

the supply of American housing at a furious rate; some 23 million dwellings, 40 percent of the total stock, has been built since World War II. More interestingly, and more revolutionary, the industry, abetted considerably by the Federal Housing Administration and the Veterans' Administration, has made home ownership the norm in the United States. Three American families out of every five now own the houses they live in."

Why not tell your readers the truth about housing?

Sincerely,

W. EVANS BUCHANAN,
President.

STOCKPILE SUBCOMMITTEE
DRAFT REPORT

Mr. CASE. Mr. President, yesterday morning, September 25, the National Stockpile and Naval Petroleum Reserves Subcommittee of the Committee on Armed Services met to consider the adoption of a draft report. The draft report failed of adoption by an even vote—3 to 3. I voted against the report, because I regarded it as inadequate and unfair, on its face. Thereafter, I moved that the draft report, which the Stockpile Subcommittee failed to adopt by an evenly divided vote, be made public.

At the meeting of the subcommittee, it was early understood and specifically agreed that individual members of the subcommittee might make public statements of their own actions at the subcommittee and of their positions taken there.

In accordance with that agreement, later on yesterday I issued a short release, to which was attached a telegram I had sent the preceding day to former President Eisenhower, in regard to his conduct of the stockpile program, and a copy of the response he sent to me under date of September 25—both of which were offered at the meeting.

I ask unanimous consent to have printed in the RECORD my telegram and General Eisenhower's reply.

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

SEPTEMBER 23, 1963.

The Honorable DWIGHT D. EISENHOWER,
Gettysburg, Pa.

DEAR GENERAL EISENHOWER: A few months ago, after stockpile hearings had been completed, I was appointed a member of the National Stockpile and Naval Petroleum Reserves Subcommittee of the Senate Committee on Armed Services.

The chairman of the subcommittee has submitted to the members of the committee a draft of a proposed report based on these hearings, much of which dealt with the policies followed by your administration in administering the strategic and critical materials stockpiling and the Defense Production Acts.

One of the major issues raised by this draft report is related to the establishment and revision by you of long-term stockpile objectives. The report takes sharp issue with your actions in this regard.

Knowing your deep personal as well as official concern with stockpile policies, I would greatly appreciate any comments you might have concerning the considerations which guided you in your administration of these programs.

Respectfully,

CLIFFORD P. CASE,
U.S. Senator.

GETTYSBURG, PA.,
September 24, 1963.

Hon. CLIFFORD CASE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CASE: I appreciate your inquiry into the policy considerations which led to my decision in 1954 to establish new long-term policies applying to stockpiling.

You will recall that, when we became involved in World War II, our lack of an adequate stockpile of strategic and critical materials gravely impeded our military operations. We were therefore forced into costly and disruptive expansion programs. The Nation was compelled to divert, at a most critical time, scarce equipment and machinery and manpower to obtain the necessary materials. However, the need for such a program was recognized and theoretical objective established on a predicted 5-year war.

But even after this experience, we had not fully learned our lesson. After World War II stockpiling was confined too much to mere talk—it neglected implementation. After we became involved in hostilities in Korea, we went through experiences almost identical with those of World War II—only then did realistic stockpiling begin.

When I became President I was determined that we benefit from these mistakes of prior years. It was from this conviction that my long-term stockpile policy evolved. Happily, Congress supported this effort and, after considering the programs we presented, it appropriated the yearly funds needed to make the purchases. In 1958 constant re-study changed our stockpile objectives to those necessary for a war of 3 years' rather than 5 years' duration.

As a result today of this entire enterprise we have, for the first time in our history, stockpiles of strategic and critical materials.

The Nation's investment in these stockpiles is comparable to the investment made in any insurance policy. If an emergency does not arise, there are always those who can consider the investment a waste. If however, the investment had not been made and the emergency did arise, these same persons would bemoan, and properly so, the lack of foresight on the part of those charged with the security of the United States. I firmly rejected the policy of too-little, too-late stockpiling. As a result when my administration left office in 1961, the Nation was strongly situated in this regard to deal with the forces of international communism.

Like all other defense activities, the policies underlining the acquisition of strategic and critical materials should be reviewed from time to time in order to keep them attuned to changed conditions. I hope, however, that Members of Congress will keep in mind that these materials are assets—not liabilities—also, that these Members will not permit anyone to dispose of any quantities of any of them until they have assured themselves, after listening to competent testimony, that this disposal can proceed without injury to the national security. The Congress should never relinquish its right to pass on executive branch proposals to sell materials in the stockpiles. Too much is at stake.

A final observation based on experience in public life is that while in such matters hindsight is often desirable and even enjoyable, foresight is always a necessity.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. CASE. Mr. President, I should also note that at the time when I issued the release yesterday, I delivered a copy to the Senator from Missouri [Mr. SMINGTON], the chairman of our subcommittee.

In addition, Mr. President, I ask unanimous consent that there be printed in the RECORD a statement which Dr. Arthur S. Flemming, who was Director of the Office of Defense Mobilization in the years 1953 to 1957, today released to the press.

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

STATEMENT BY ARTHUR S. FLEMMING, DIRECTOR, OFFICE OF DEFENSE MOBILIZATION, 1953-57

Senator CLIFFORD CASE, of New Jersey, several weeks ago proposed that persons mentioned in a draft report of the Stockpile Subcommittee of the Senate Armed Forces Committee should be accorded the privilege of commenting on the report before final action by the subcommittee. I note that this suggestion has been rejected by the chairman of the subcommittee.

Under the circumstances, therefore, I have decided to make public my own views on certain issues which were raised by the subcommittee during the course of its hearings.

1. The issue of secrecy: Throughout the hearings, the chairman and the members of his staff stressed the fact that stockpile objectives and the status of the stockpile were classified. They implied that this made it impossible for the Congress to know what was going on.

Such a conclusion ignores the fact that the money for stockpile purchases was appropriated annually by the Congress. The Appropriations Committees of both Houses had access to any information the members desired.

It also overlooks the major role played by the Joint Committee on Defense Production under the chairmanship of such distinguished Members of Congress as the late Congressman Paul Brown, former Senator Homer E. Capehart, and Senator A. Willis Robertson, and assisted by an exceptionally competent staff. The joint committee held many sessions, some in executive session, on all of the issues discussed by the Stockpile Subcommittee in its hearings. The members of the staff of the Joint Committee had access to any staff members in the executive branch they desired to interview and to any information including all classified information, available in the executive branch.

The State and House Armed Services Committees likewise had access to all information, both classified and unclassified, bearing on the stockpile during the years in question.

2. The role of the Joint Congressional Committee on Defense Production: As the hearings of the Stockpile Subcommittee progressed, it was difficult for me to understand why the conscientious and effective work of the Joint Committee on Defense Production in this area was virtually ignored. This Joint Committee made annual reports in which all of the major issues in which the Stockpile Subcommittee showed an interest were discussed. The members of the Joint Committee did not always agree with the actions taken by the executive branch. Their views were always respected, however, and influenced subsequent action. This respect grew out of the recognition by the executive branch that the Joint Committee was functioning as a truly effective "watch dog" committee.

3. The question of surpluses: Great stress was placed on the alleged surpluses in the Nation's stockpiles. When the present administration took office, it began a review of stockpile objectives, a review which is still in process. It has made public its findings on certain materials based on the needs of conventional warfare. Even in these instances, it has stated that it has not yet determined what impact nuclear warfare and

the rehabilitation of the economy following nuclear warfare would have on these objectives. How is it possible for anyone to identify accurately the existence or nonexistence of surpluses until the present administration has completed the job of fixing new objectives?

4. The preservation of the mobilization base: Questions were raised at the hearings relative to decisions which were designed to protect and strengthen the Nation's mobilization base. These actions were taken in accordance with the declaration of policy included by the Congress in the Stockpiling Act; namely, "to encourage the conservation and development of sources" of strategic and critical materials and in accordance with the objective of the Defense Production Act of 1950; namely, to bring about "the expansion of production capacity and supply beyond the levels needed to meet the civilian demand." Obviously, such expansion where needed to assure the national security, cannot help but also benefit some segment of business and industry. But our domestic business and industry is our essential mobilization base.

The lead and zinc industry, for example, was and is an important part of this base. I believe that President Eisenhower was on sound ground from a national security point of view when he directed me to put into effect policies which would help preserve the then existing mobilization base in lead and zinc. If the Government, at any time, fails to take the actions necessary to preserve and strengthen our mobilization base, it would certainly be guilty of weakening our national security position. This is why, I am sure, that, according to a New York Times story of November 20, 1962, the present Atomic Energy Commission decided to purchase \$200 million of uranium ore in the latter part of this decade even though, according to the New York Times story, it is already committed to buy more uranium than it probably could use in this decade either for atomic weapons or civilian atomic power. The Atomic Energy Commission desires, and properly so, to maintain the uranium mining industry as a part of our mobilization base.

5. Deferral of stockpile purchases: The Stockpiling Act states that "purchases were to be made so far as is practicable from supplies of materials in excess of the current industrial demand." In conformity with this mandate, I did from time to time defer deliveries for example, of copper and nickel, to the stockpile, I did it at times when, as a reading of the annual reports of the Joint Congressional Committee on Defense Production will show, the industrial demand—including defense production needs—was far in excess of available supplies. At the hearings I was asked why I did not accept deliveries and then resell the material at the market price. I decided against making the Government a speculator in the metal markets of the Nation.

Prior to the outbreak of hostilities in Korea, this Nation had done virtually nothing to build stockpiles of strategic and critical materials. As a result, our ability to achieve military objectives in both World War II and the Korean War was impaired. When President Eisenhower made me responsible for this program, he stressed his desire to make sure that our Nation be prepared at last in this area. From the outset, he was determined, so far as he was able, not to allow our Nation to be caught short again in this crucial area.

I am glad that when the Eisenhower administration left office our Nation finally did have substantial stockpiles of strategic and critical materials. In addition, it had the strongest mobilization base in our history.

Our strategic and critical materials resources should not be dissipated until determinations have been made, by competent

authorities, as to what our present objectives should be. This has not yet been done.

Mr. HUMPHREY. Mr. President, I gather there is no further morning business.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Is there further morning business? If not, morning business is closed.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1964

Mr. HUMPHREY. Mr. President, what is the unfinished business?

The PRESIDING OFFICER. The unfinished business is the agricultural appropriation bill, but, under the rules, it will not come before the Senate until 2 o'clock.

Mr. HUMPHREY. I move that the agricultural appropriation bill, H.R. 6754, be laid before the Senate as the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

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

MINE ENEMY—THE FOLK SINGER

Mr. KEATING. Mr. President, it will come as a shock to many Senators, but according to a resolution of a certain Los Angeles civic organization the Communists have developed a new secret weapon to ensnare and capture youthful minds in America—folk music.

No one who serves in Congress could reasonably entertain any illusions, no matter what might be the thrust of Soviet policy at any given time, about any possible letup in the intensity and earnestness of the Soviet pursuit toward its ultimate goal of world domination. Nor, based on our experiences with and knowledge of Soviet tactics, can one ever safely underestimate the capacity of communism for devising and employing whatever techniques are necessary to accomplish its long-range ends, from outright military takeover and occupation and the violent coup d'état, to espionage, sabotage, subversion, propaganda, economic warfare, and perversion of the political and social processes of free societies to its own evil purposes. Nevertheless, I am stunned by the revelation that folk music is part of the Communist arsenal of weapons.

The resolution adopted by this organization, called the Fire and Police Research Association of Los Angeles, Inc., describes folk music as—and I quote from the resolution—"an unidentified tool of Communist psychological or cybernetic warfare."

For the benefit of any Senators who may not be fully familiar with the term "cybernetics," I looked it up in the dictionary, and it means "a comparative

study of the control system formed by the nervous system and brain and mechano-electrical communication systems, such as computing machines."

I ask unanimous consent that the text of the resolution be printed in the RECORD following my remarks.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. KEATING. Mr. President, this amazing document maintains that "the dialectics of the Communist movement have successfully used, and are now using all modes and media of communication with young people, including the subtleties and the verbal subterfuges of applied dialectics in both poems and songs" and that "it is becoming more and more evident that certain of the 'Hootenannies' *** in this country and in Europe have been used to brainwash and subvert"—and now, listen to this—"in a seemingly innocuous but actually covert and deceptive manner, vast segments of young people's groups." It closes with a fervent plea for a congressional investigation of this "unidentified tool of Communist psychological and cybernetic warfare" which is being used "to ensnare and capture youthful minds in the United States as it has so successfully and effectively captivated them abroad."

I had always had the impression that if anything was thoroughly American in spirit, it was American folk music. To be sure, I was perfectly aware of certain un-American influences in it, like Elizabethan balladry, English Protestant hymns and spirituals, and, with respect to jazz and in some cases the Negro spiritual, native African rhythms. But in my naivete I had never considered these un-American influences to be of a sinister nature and simply passed them off as part and parcel of the melting-pot tradition which has contributed so much in the way of variety and interest to the American cultural heritage.

In the light of this resolution, however, I have given this subject renewed attention. Have we ever considered, for example, that the music of our national anthem, the Star-Spangled Banner, is based upon an English folk melody—a drinking song, no less—"To Anacreon in Heaven"?

Of course, I realize that folk music tradition is grounded in movements of political, economic, and social unrest and I did not expect to find in music which originated among sharecroppers, miners, union organizers, factory workers, cowboys, hill folk, wanderers, and oppressed Negroes—a pattern of tribute and praise to such symbols of orthodoxy as the gold standard, the oil depletion allowance, and the standing rules of the U.S. Senate.

I knew that in reviewing the evidence I would be in for a share of lyrical protest against war, depression, economic exploitation, the plight of the Negro, the farmer, the worker, the railroaded convict, and, generally, the poor and downtrodden. I knew I would also come across music, as I actually did, dedicated to Robin Hood folk heroes like Jesse

James, Pretty Boy Floyd, and Billy the Kid. And so I made allowances for the basic cultural factors operative in the folk music field. No one could possibly imagine the members of the board of directors of General Motors sitting around a conference table composing ditties in honor of defense contracts, while it is not surprising that coal miners should have come up with a protest song, "Sixteen Tons," crying "Saint Peter, don't call me, 'cause I can't go; I owe my soul to the company store."

I might interject at this point that the reason I recite rather than sing these words is that I know I would be breaking the Senate's rules if I did anything to provoke a Senate "hootenanny."

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

Mr. KEATING. I yield.

Mr. HUMPHREY. I have examined the rules of the Senate, knowing of the Senator's speech. I do not recall seeing anything in the rules which would prohibit the Senator from singing, except his own good judgment.

Mr. AIKEN. Are there any other reasons?

Mr. KEATING. My voice is not of the best. Some of the citations bearing out this thesis are better sung than said. There is in the gallery an old friend and associate of my office who could sing them. But I think it best that I do not sing them.

Mr. HUMPHREY. Particularly without musical accompaniment.

Mr. KEATING. I would not be able to do that, anyway. If I used a guitar, I would have to use a left-handed guitar.

Mr. HUMPHREY. Let us not do anything "left" here.

Mr. KEATING. No; let us do everything right.

But when I began to look into the folk music business, I began to find that where there is smoke, there is fire—which perhaps explains how the Fire and Police Research Association gets into the act, too.

The first significant discovery I made was that from this Nation's very beginnings folk music had indeed been used, "in a seemingly innocuous but actually covert and deceptive manner, to incite violations of the laws of the United States." Why, even "Yankee Doodle" has fallen victim to misuse in this fashion, as it did during President Jefferson's embargo of 1808 imposed to prevent our embroilment in the Napoleonic wars. Just listen to this plea to run the embargo:

Attention pay ye bonny lads
And listen to my Fargo
About a nation deuced thing
Which people call Embargo

Yankee doodle, keep it up
Yankee doodle, dandy
We'll soak our hide in home-made rum
If we can't get French brandy

I've got a vessel at the wharf
Well loaded with a cargo
And want a few more hands to help
And clear the cursed Embargo

Yankee doodle, keep it up
Yankee doodle, dandy
We'll soak our hide in home-made rum
If we can't get French brandy

Now it seems perfectly obvious to me that if people went around singing this today, we would be in a pretty fix with our shipping ban against Castro. Before we knew it, we would have rumrunning out of Cuba in American bottoms.

While we are on the subject of the whisky trade, this is another area for grave concern. Apparently, some of our folk music takes a pretty cavalier attitude toward the enforcement of our Internal Revenue laws and could easily brainwash our young people into total disrespect for all law and order. The song, "Darlin' Cory," is a prime example of this:

Wake up, wake up, darlin' Cory
What makes you sleep so sound?
The revenue officers a-comin'
Gonna tear your still house down

Or, for another example, the now very popular, "Copper Kettle," which contains the lines:

My daddy he made whisky
My granddaddy did, too
We ain't paid no whisky tax
Since 1792.

If enough people went around singing this at hootenannies, Americans might soon get the idea that they don't have to pay their taxes. After all, the family in the song got away without paying them for 171 years. And if the Government loses its ability to collect taxes to pay for our defense effort, we would be wide open for a Communist takeover, would we not?

This sinister folk music plot for disarmament takes more direct form than merely inciting Americans not to pay their taxes. Consider, for example, this pacifist Negro spiritual:

Gonna lay down my sword and shield
Down by the river-side
Down by the river-side
Down by the river-side
Gonna lay down my sword and shield
Down by the river-side
And study war no more.

It should be especially noted that this song tells us not only to lay down our arms, but also—in the words of the Fire and Police Research Association—it uses "the subtleties and the verbal subterfuges of applied dialectics" by implying, by the words "And study war no more," that we should close down West Point, Annapolis, the Air Force Academy, and the War College, get rid of our ROTC program in our Nation's colleges and universities, and thus cut off our supply of trained military officers to lead us in our defense against communism. If we do not realize that this "seemingly innocuous" Negro spiritual is "actually covert and deceptive," we have obviously been duped.

Now the Communists have also been known to sow the seeds of dissension in capitalist countries by turning people against their own political leaders. There's an Ozark folk song—and perhaps one of the Senators from Arkansas can enlighten me as to its origin—that goes like this:

Yes, the candidate's a dodger, yes, a well-known dodger
Yes, the candidate's a dodger, and I'm a dodger, too

He'll meet you and greet you and ask you
for your vote
But look out, boys, he's dodging for a note.

To be quite honest, I am not sure I understand all the "subtleties and verbal subterfuges" of these "applied dialectics." For example, what does the fellow mean when he sings, "And I'm a dodger, too"? Is he saying he is a draft-dodger and advocating resistance to the enforcement of the selective service laws? And then, what is meant by the words that the candidate is "dodging for a note"? Is he trying to undermine American faith and confidence in America's political leaders by implying that all they are interested in are "notes," that is to say, campaign contributions? I hope Senators will read the Record carefully tomorrow and fill me in on what may be an example of subtle regional dialectics.

These examples must give pause to every patriotic American who may have taken folk music for granted in the past. But there is one concern I still have about a congressional investigation of folk music such as proposed by the Fire and Research Association of Los Angeles. What I fear is that such an investigation would stimulate the writing of new folk music making fun of congressional investigations. This shows how devious the Communists really are. First they subtly use the verbal subterfuges of applied dialectics in folk music, knowing full well that organizations like the Fire and Police Research Association of Los Angeles are always on guard against them and sooner or later will demand a congressional investigation. Then, once a congressional investigation of folk music is held, the Communists set about composing new folk music impugning the integrity of congressional investigations, like this folk song of a few years ago:

Who's gonna investigate the man who investigates me?
I don't doubt my loyalty
But how about what his may be?
Who'll check the record of the man who checks the record of me?
Seems to me there's gonna be an awfully long line.

One more problem puzzles me
Pardon my strange whim
But who's gonna investigate the man who investigates the man who investigates him?

This shows that there may be no logical stopping place once an investigation of folk music goes forward. Any such investigation would ultimately have to be extended ad infinitum, to take in a study of the folk songs composed in response to the investigation itself, which can go on indefinitely. But perhaps all this simply shows how devious the Communists are, perpetually tying up the valuable time of our elected officials and diverting their attention from other subversive activities which they engage in.

It all boils down to a gigantic plot, one that has been brought to our attention before, most notably, by the assistant minority leader, the senior Senator from California [Mr. KUCHEL], based on letters he has received from constituents whose keen alertness to matters involving our national security is fully equal to that of the Fire and Police Association

of Los Angeles, Inc. And so, now, to the list of subversive individuals, institutions, and ideas, which presently includes the United Nations, the income tax, the Chief Justice of the United States, the Girl Scouts of America, fluoridation of the water supply, the last four Presidents of the United States, beatniks, Harvard University, civil rights demonstrations, expenditures for mental health, the Arms Control and Disarmament Agency, coffee houses, every Secretary of State since William Jennings Bryan, professors of anthropology, back-door spending, metro government, Jews, Time magazine, the Council on Foreign Relations, firearms registration, the Protestant clergy, the two United States Senators from New York plus between 77 and 83 of their colleagues and proposals for Federal aid to mass transportation—to this list of Communist-inspired persons and ideas we must now add, merciful heavens, American folk music. And who knows what lies ahead?

Already there are signs that the Communists are going beyond folk music in their plot to subvert America, but I shall not dwell on that. Consider for a moment the inroads which have been made into the popular music field by such songs as "The Moon Belongs to Everyone/The Best Things in Life Are Free."

Mr. President, we ought to be grateful that we have a Constitution—that it protects the right of everyone to sing out as well as speak out whenever the spirit moves him. There is a fire of freedom in this document called the Constitution which no amount of researching by organizations such as the Fire and Police Research Association of Los Angeles will ever succeed in putting out.

This resolution is but another demonstration of the absurd lengths to which the amateur ferrets of the radical right will go in their quixotic sallies against the Communist menace. As the great FBI Director J. Edgar Hoover has often warned, vigilante charges such as these can breed the atmosphere of suspicion and confusion which tends not only to undermine free institutions but, of equal concern, to divert our energies from tackling the real threats posed by international communism to our liberty and security. With devotion to our freedoms, with trust in the American ideal of cultural diversity, with, above all, a sense of proportion and discernment in meeting the challenges of our times, I for one have every faith that—in the words of that inspiring song—we shall overcome.

EXHIBIT 1

Whereas there is increasing and cumulative evidence indicating a deep interest in, and much activity by the Communist Party, U.S.A., in the field of folk music; and

Whereas folk music has been successfully used in the past by great political movements in history, particularly in the U.S.S.R.; and

Whereas the dialectics of the Communist movement have successfully used, and are now using all modes and media of communication with young people, including the subtleties and the verbal subterfuges of applied dialectics in both poems and songs; and

Whereas it is becoming more and more evident that certain of the hootenannies and other similar youth gatherings and festivals, both in this country and in Europe have been used to brainwash and subvert, in a seemingly innocuous but actually covert and deceptive manner, vast segments of young people's groups; and

Whereas the youth of our nation is acknowledged to be a major target of the Communist conspiracy; and

Whereas there is much evidence indicating an accelerated drive in the folk music field is being made on or near the campuses of a number of high schools and colleges by certain individuals of questionable motivation, including members of the Communist conspiracy: Therefore, be it

Resolved, That the Fire and Police Research Association of Los Angeles in its regular monthly meeting of August 1963, hereby formally requests the Congress of the United States, through its House Committee on Un-American Activities, to investigate Communist subversive involvement in the folk music field, that the continued, effective misuse of this media may not be made, and that it may not be further used as an unidentified tool of Communist psychological or cybernetic warfare to ensnare and capture youthful minds in the United States as it has so successfully and effectively captivated them abroad.

Adopted by the board of directors August 7, 1963.

Mr. RUSSELL. Mr. President, will the Senator from New York yield?

Mr. KEATING. I yield to the Senator from Georgia.

Mr. RUSSELL. The remarks just made by the Senator from New York are a valuable contribution to the permanent record of the Senate. They bring to the attention of the American people the deep tolerance of these days and also show that the sense of humor has not been entirely extinguished by the complexities of the age in which we live.

But having paid tribute to the Senator's tolerance, I must express regret that he did not include in his magnificent defense of some of the things we have known in years gone by the song "Dixie." I did not hear him include that song in the list of things he defended. I am sure he would not desire to conclude his remarks without extending the mantle of Keating tolerance to overlap "Dixie" because it was written by a constituent of one of his predecessors in the Senate.

Mr. KEATING. That is my understanding. "Dixie" was written by a New Yorker and is, of course, one of the great songs of the folk tradition. I am happy to include it in the engulfing embrace of these remarks. I am sure the Fire and Police Research Association of Los Angeles would find something subversive in it, but I fail to see how "Dixie" could undermine our security in any way.

Mr. PELL. Mr. President, I wish to congratulate the Senator from New York [Mr. KEATING] on his spoof of the charges that folk music is a subversive wing of the Communist conspiracy.

The past summer we had the most successful music festival in the form of a folk festival that we have ever had in Newport. More people came to it, they were better shaved, and more enjoyment was received by our local citizens than had ever before been the case in any form of public entertainment.

When it is suggested, because of political reasons, that we should clamp down on forms of art expression, I think we are treading dangerously close to totalitarianism. This approach is very akin to that of the Kremlin with regard to impressionist artists and jazz musicians. Certainly it is not an approach that we should emulate.

Accordingly, I am very glad indeed that the Senator from New York has spoken as he has.

PLIGHT OF THE BASEBALL GLOVE INDUSTRY

MR. KEATING. Mr. President, today American manufacturers of baseball gloves and mitts are facing a deepening crisis because of foreign, mainly Japanese, imports. A sense of its harmful proportions can be gained from the fact that, of what once was a large and flourishing industry, only four producing companies are now left. Just since the past May 2, two companies—Clydebank, of Fort Plain, N.Y.; and Marr, of Osage, Iowa—have gone out of business.

May 2, 1963, is a significant date for the baseball glove industry. It was then that the American Embassy in Tokyo announced a Japanese decision to establish a voluntary export quota of 2.3 million gloves and mitts for the Japanese fiscal year 1963. These 2.3 million did not include gloves classified as toys. Moreover, they represented an increase of 200,000 over the same voluntary quota of 2.1 million which was set for the Japanese fiscal year April 1, 1962, to March 31, 1963; and an increase of 400,000 over the voluntary quota level of 1.9 million for the previous April–March fiscal year.

At a time when the voluntary Japanese quota was at 1.9 million, President Kennedy rejected a recommendation by the U.S. Tariff Commission to increase import duties on baseball gloves and mitts. In my judgment, this decision was questionable at the time when it was made. However, whether right or wrong at the time, intervening events have demonstrated what a mistake it was to overrule the Tariff Commission decision, for since 1961 not only have the Japanese established higher quotas, in two successive annual rounds, but, even worse, Mr. President, the so-called voluntary quotas have been exceeded by actual imports to such an extent that any relief which might have been expected to flow from export quotas on the other side of the Pacific has proved nonexistent and illusory.

Thus, during the period from April 1, 1961, to March 31, 1962, when the voluntary Japanese quota had been set at 1.9 million, actual total imports in this category from Japan amounted to 2,787,142. In the following fiscal year—April of 1962 to March of 1963—although the quota had been set at 2.1 million, actual total imports came to 3,276,269. In the 2 years under consideration, therefore, actual exports exceeded the period quotas by 47 percent and 56 percent, respectively. Even the most conservative projection of this appalling record of ineffective Japanese export control would lead to the conclusion that under the

current annual export quota of 2.3 million, actual imports are likely to exceed that figure by 60 percent or more, meaning—if the past is any criterion—imports on the order of 3.7 million. This is a far cry—in fact, it is almost double—from the 1.9 million voluntary quota which was in force at the time when the President turned down the Tariff Commission's recommendations for duty increases on these gloves and mitts. As I have said, Mr. President, the reason then given for rejection of the Tariff Commission recommendations was the fact that the Japanese had voluntarily imposed the quota.

No American, no matter how strong his sympathies might be toward forging ahead with trade expansion as a tool for improved foreign relations—which certainly I have always favored—can view with equanimity any such flood of imports, which threatens to wreck the livelihood of the few remaining businessmen and their employees engaged in our domestic manufacture. It is a great tragedy, Mr. President, for communities such as Johnstown and Gloversville, N.Y.; also Fort Plain, N.Y.; and Osage, Iowa, where, as I have said, two companies “folded” this year.

These and other communities where baseball gloves have been made are not wealthy. In fact—unfortunately—the opposite is true, for most have been depressed areas for a number of years. Further import inroads in the domestic market for these goods would be only the last straw, inasmuch as the major damage has already been done. In my judgment, the situation is already well-nigh intolerable, and the prospects of its worsening require prompt attention.

Two alternatives to letting this industry die and having more workers on unemployment rolls and in the breadlines are now open. It is quite clear to me that the President's rejection of an increased tariff, as recommended several years ago by the Tariff Commission, was premised upon a Japanese pledge of adequate and effective export controls. This pledge has not—for whatever reason—been fulfilled. The record shows that the self-imposed export quotas adopted by the Japanese have been exceeded every year in which they have been in force—and have been exceeded to such an extent that, for all practical purposes, the quotas are nonexistent.

Today, I have urged the State Department to look into this problem and to do everything possible in the way of gaining firm and solemn assurances of effective export controls by the Japanese.

Lacking a reversal of the action of the Japanese in exceeding their voluntary quotas, the only other course, it seems to me, would be for the President to reconsider the recommendations of the Tariff Commission which he earlier rejected. I hesitate to urge such reconsideration before the first alternative—which certainly is less complicated, and holds out prospects for quick remedial action—is exhausted. But I state in no uncertain terms that if the Japanese cannot be persuaded, by whatever means, to police their voluntary export quotas more assiduously than they have in the

past, I shall have no reluctance in pressing for a Presidential review of the tariff situation, and in urging an appropriate tariff adjustment, as was recommended by the Tariff Commission.

INCREASED RATES OF BASIC PAY FOR MEMBERS OF THE UNIFORMED SERVICES—CONFERENCE REPORT

MR. RUSSELL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5555) to amend title 37, United States Code, to increase the rates of basic pay for members of the uniformed services, and for other purposes. I ask unanimous consent for the present consideration of the report.

THE PRESIDING OFFICER. The report will be read, for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of October 1, 1963, pp. 18400–18404, CONGRESSIONAL RECORD.)

THE PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

MR. MILLER. Mr. President, will the Senator from Georgia yield for a brief question?

MR. RUSSELL. I am glad to yield.

MR. MILLER. I wish to have a yeas-and-nays vote taken on the question of agreeing to the conference report. I wonder whether we may now request that the yeas and nays be ordered.

MR. RUSSELL. If there are enough Senators on the floor, I shall be glad to have the request for the yeas and nays made at this time.

MR. MILLER. Then, Mr. President, I now request the yeas and nays.

THE PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

MR. RUSSELL. Does the Senator from Iowa desire a quorum call at this time?

MR. MILLER. No—although I thank the Senator just the same.

MR. RUSSELL. Mr. President, a parliamentary inquiry.

THE PRESIDING OFFICER. The Senator will state it.

MR. RUSSELL. Did the Chair declare that the yeas and nays had been ordered?

THE PRESIDING OFFICER. The Senator is correct.

MR. RUSSELL. I thank the Chair.

The distinguished Senator from Nevada [Mr. CANNON] is unavoidably absent today, and I am submitting the conference report in his behalf. The Senator from Nevada served as chairman of the subcommittee which conducted the hearings on the bill and handled the bill on the floor of the Senate. I cannot pay too high a tribute to him for an excellent piece of legislative craftsmanship in preparing the bill and handling it on the floor of the Senate, and for his work in the conference with conferees on the part of the other body.

I should like to set forth the principal changes in the report as finally agreed to by the conference, as compared with the version of the bill, H.R. 5555, which the Senate passed on August 6.

First, I shall advert to the substantial concession that was required of the Senate in order to produce a report in which, of course, we demanded concessions from the other body.

The conference report contains no increase in basic pay for military personnel with less than 2 years of service. As it originally passed the House, the bill provided no basic pay increases for personnel with less than 2 years of service. The Senate increased the basic pay of all officers with less than 2 years' service and enlisted grades E-4 and E-5. The Senate increases ranged from 9 to 12 percent for officers and 5.5 percent for the affected enlisted grades.

We were unable to persuade the conferees on the part of the House to accept the Senate amendment, which granted modest increases for those in the less-than-2-year pay brackets, and the Senate was compelled to recede from that amendment.

I was disappointed in the fact that the conferees of the House did not accept the increase in basic pay which the Senate adopted for those grades with less than 2 years of service. The military basic pay bill for those with less than 2 years of service has not been increased since 1952, when a 4-percent increase was authorized.

The Senate version of the bill would have authorized a \$20-a-month increase, raising the pay from \$222 a month to \$242 a month for the 35,000 second lieutenants with less than 2 years of service, and the first lieutenants of whom I believe there are 7,700, would have been allowed a \$30-a-month increase, raising their pay from \$260 a month to \$290 a month. The increase of \$40 a month for captains and the increase of \$50 a month for majors with less than 2 years of service were not very significant, because there are very few in those grades who have not served more than the required 2 years.

With respect to the enlisted grade E-4, with less than 2 years of service, the Senate provided a \$6.70 increase, raising their pay from \$122.30 a month to \$130 a month, and for the grade of E-5, an increase of \$7.76 increasing their pay from \$145.24 a month to \$153 a month.

I should likewise point out that the cadets and midshipmen—that is, those who are in the service academies—will receive no increase, since by law they receive one-half of the pay of an O-1 second lieutenant with less than 2 years of service.

The first 2 years of military service represent obligated service, and that has been assigned as a reason for not increasing those in that pay bracket over the years since 1952. The Senate position was that personnel in the high enlisted grades and in the commissioned grades could no longer be considered to be in a training status and during this period of obligated service, because they are carrying out the normal duties of the grade for which others of the same grade with greater service receive increases in

compensation. The Senate committee was of the opinion, therefore, that an increase in the under-2-year pay bracket for these grades was fully justified.

Personnel in the lower enlisted grades are, of course, for the most part in a training status for the first 2 years of service. Because of the lack of increases in the pay scale for the second lieutenant with less than 2 years of service, we have reached a point, under the conference report, at which enlisted men in grade E-5 with more than 3 years of service, will receive \$220 a month or an amount within \$2 of the amount the second lieutenant receives, and beginning at the over-4-year point, the E-5 enlisted man will receive \$230 in basic pay. With greater service the bill provides a maximum of \$280 monthly for the E-5.

Mr. President, all of the enlisted grades with more than 2 years of service above E-5 will receive a greater amount of basic pay than would a second lieutenant.

We did not believe that could be justified, and we maintained the position of the Senate as earnestly as we knew how, but in the last analysis, to get the proposed legislation, we were compelled to yield.

Mr. President, the conference report contains a provision that military personnel retiring between April 1, 1963, and October 1, 1963, the effective date of the bill, will be entitled to recompute their entire pay under the new 1963 rates in the bill. The bill, as it was passed by the House, would permit all persons retiring between January 1, 1963, and October 1, 1963, to recompute under the 1963 rates. The Senate version did not allow recomputation for any military personnel retired during the calendar year 1963 and before the effective date of the act but, instead, provided a flat 5 percent increase for that group.

It is interesting to note that the amount of the complete bill, in all grades and all increases, and including all benefits, is approximately \$30 million below the amount of the bill as prepared by the Department of Defense and sent to us by the President of the United States.

Mr. President, there is another provision of considerable interest that was a matter of compromise between the two bodies. The conferees agreed that professors at the Military and Air Force Academies, after completing 36 years of service, will receive additional pay in the amount of \$250 a month. That amount will not be used, however, in the computation of their retirement pay. The bill as passed by the House contained provisions, which were deleted by the Senate, providing for additional increments in basic pay after the completion of 31 and 36 years of service by permanent professors.

In addition, there were several minor saving clauses which would affect very few people, and which are ordinarily carried in bills of this nature. The report as adopted by the conference will involve an annual additional cost of \$1,213 million, as compared with \$1,227 million, which would be the cost of the bill as passed by the Senate. The reduction occurs principally because of the dele-

tion of increases for those with less than 2 years of service.

I have spoken in some detail in relation to the pay for second lieutenants, because I wished to emphasize the committee's position, and, I believe, the position of the Senate in that regard, and with the further thought that we might consider the subject in subsequent legislation.

A large sum of money is involved in the bill; it means \$1.2 billion of permanent addition to the budget of the United States, so long as the Military Establishment is maintained at its present level.

We could not blind ourselves to the fact that we had allowed two substantial pay increases to civilian employees of the Government, who are at liberty to come and go at will, to seek new jobs and to lay down those they had with the Government, since we had allowed any increase whatever in the compensation of military personnel. Military personnel do not have that freedom. If they undertook to exercise it, they would be court-martialed.

If the Congress continues to enact bills to increase the pay of civilian employees of the Government, of whatever rank or station, we may be sure it will be necessary for us to follow with further increases for the military personnel. It is not fair to overlook those on whom we depend for the security of this country, when we have been allowing increases for those who are not in their country's uniform.

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

Mr. RUSSELL. I yield to the Senator from Florida.

Mr. HOLLAND. I thank the Senator for his fine report. I am sure the conferees from the Senate have rendered excellent service in conjunction with the conferees from the other body. As the Senator knows, there are in the State which I represent in part many thousands of retired personnel from the military services.

Mr. RUSSELL. That is correct.

Mr. HOLLAND. They have been deeply concerned in connection with this bill because of the fact that those who retired prior to a certain date—it occurs to me that the date is 1958—

Mr. RUSSELL. The Senator refers to the Pay Act of 1958.

Mr. HOLLAND. At any rate, they were not permitted to recompute their retirement pay on the basis of the increase granted by the 1958 act as those who retired later were permitted to do.

Mr. RUSSELL. The Senator refers to the Pay Act of 1958. Prior to that time, in connection with each pay increase there had been a provision which permitted retirees to recompute their retirement pay on the basis of the pay increases that were included in the Pay Act. In 1958 that was not done. Instead of providing for a recomputation, those who were retired were allowed a flat 6-percent increase in their retirement pay, except for those of three and four star rank who received 16- and 26-percent increases respectively. In many instances the 6 percent was more than the recomputation would have allowed, but in a number of other instances it

was less than the recomputation would have allowed. Those individuals have ceaselessly agitated since that time—and I can understand it, completely—for the privilege of recomputation. The bill would permit them to recompute their pay on the basis of the 1958 act.

I wish to make it perfectly clear that for the future the bill does not contemplate recomputation of retirement pay. We permit those retired prior to June 1, 1958, and receiving pay under the current pay laws to recompute under the 1958 pay scales. These are those to whom the Senator from Florida refers, but it is our intention, for the future, to apply the cost-of-living standard to increases in their retirement pay, as we do in the case of civil service employees.

Mr. HOLLAND. I thank the distinguished chairman.

Mr. RUSSELL. The Senator can assure all of his constituents that they will now be able to compute the recomputation, and that they will find, if they are in the categories to which I think the Senator refers, they will receive rather substantial increases in their retirement pay.

Mr. HOLLAND. I thank the Senator. I am deeply concerned because of the numerous inquiries which have been received. Generally they have come from the more elderly officers, who retired some time ago.

Mr. RUSSELL. Yes.

Mr. HOLLAND. As I understand the Senator's remarks, they would be those who retired prior to 1958.

Mr. RUSSELL. They will be able to recompute their pay on the basis of the Pay Act of 1958. That is what they have sought to do, and what they have been trying to have done ever since the act was passed in 1958.

Mr. HOLLAND. What will be the effect of the bill for retirees who are enlisted personnel?

Mr. RUSSELL. The recomputation provision will apply to them as it does to commissioned personnel.

Mr. HOLLAND. I thank the Senator warmly. He is going to play a distinct part in reducing the volume of mail of the two Senators from Florida by this action.

Mr. RUSSELL. I assure the Senator that my mail on the subject is not limited to the State of Florida. In view of the fact that I have been undertaking to serve as chairman of the Subcommittee of the Committee on Armed Services, I have received mail from every section of the country. Not a single one of these retirees failed to feel that he had been done a wanton injustice, in that he was not allowed to recompute his retirement on the basis of the 1958 act.

Mr. HOLLAND. I thank the distinguished Senator.

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

Mr. RUSSELL. I yield now to the distinguished Senator from Massachusetts, the ranking minority member of the Committee on Armed Services, who has served with distinction as chairman of that committee in those years in which the American people, in a lapse of good

judgment, elected a majority of Republicans to the Senate of the United States.

Mr. SALTONSTALL. I thank the Senator for his comment. I would make only one distinction. The Senator says they were lacking in commonsense; I would say that they showed good commonsense.

As a conferee on the pay bill, I am heartily in accord with what the Senator from Georgia has said. I was on the subcommittee which worked on the pay bill in 1958. Under the leadership of the Senator from Mississippi [Mr. STENNIS] we worked out that bill. Then we had a problem about the officers who retired prior to the time of passage of the bill. As the Senator from Florida and the Senator from Georgia have said, there has been great concern by those gentlemen as to why the custom which had grown up over the years was not followed in that act.

We have now done so. The bill, as the Senator from Georgia and I both said with respect to the Defense Department appropriation bill, would increase the cost this year for military personnel by some \$900 million. On a full year's basis, that cost would be a little more than \$1.2 billion. We believe this is a proper increase with relation, as the Senator from Georgia said, to the civilian increases which have been granted in recent years.

There were 5 differences between the House and the Senate. I believe the most important one involved the question of "recomputation or 5 percent." That was the way the Senate bill stated it—"recomputation or 5 percent." The House had provided "recomputation and 5 percent." We felt that this would be unfair and should not be adopted. The House finally agreed to our amendment, to "recomputation or 5 percent." This means that under the 5 percent provision that generally those who are majors or below will benefit more by the 5 percent than by the recomputation. Those from lieutenant colonel up to 4-star general or admiral will benefit more by recomputation. We did not think they ought to receive both. The House finally agreed.

The second major difference was that the House language applied to officers retiring "since January 1, 1963." The House would have given them the full benefit of the act. We did not feel that we should apply it backward, or that the officers who had retired "since January 1, 1963" should get benefits after the act was passed, so we compromised that in what I believe was a very fair way by making it "since April 1, 1963." This date was picked because it was near the time at which the House committee reported the bill.

Another difference was that the House would have given the Commandant of the Coast Guard the same pay status as a member of the Joint Chiefs of Staff. Although we respected the Commandant of the Coast Guard, we did not feel he was quite in the same category. The House yielded on this provision and adopted the Senate's position, which did not change the status of the Commandant of the Coast Guard.

Another basic difference, which the Senator brought out, related to the question of basic pay for those in the first 2 years of service. The Senate conferees felt that we should increase the morale of the men during the first 2 years of service, by giving them some increase, even though a small one. The House felt that this was not a wise provision, since a man during obligated service was "green." It cost a great deal to train him, and so on. So we agreed, finally, with the House on this provision and did not increase the basic pay for those in the first 2 years of service; although I think at a future time this should be given consideration.

As the Senator has pointed out, the only other difference of any importance was on the question of the professors at West Point and at Denver. The House felt that those people should have additional pay after 31 to 36 years of service.

We gave them that by compromise, by providing that when they retired they would retire at a colonel's basic pay, but would be granted a pay supplement of \$250 a month after 36 years of service.

I think these were the main differences between the House and the Senate. I think it is a good bill. The conferees of the House and the Senate unanimously approved the bill that the chairman, the Senator from Georgia [Mr. RUSSELL], has now presented to the Senate. I hope the Senate will adopt it as quickly as possible, because the bill applies to October 1 of this year, and we should permit the President to have the bill in his hands as soon as possible. It must go to the House after it is considered in the Senate. I hope the conference report will be adopted.

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

Mr. RUSSELL. I yield.

Mr. STENNIS. I commend the Senators from Georgia and Massachusetts and other Senators who handled the bill. They have done a good job.

Directing my question to the question of the group that are permitted to recompute, under the bill, according to the standards of pay in the 1958 act and this year's, I heartily agree with that provision in the bill, and am glad it is written into a comprehensive bill.

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

Mr. STENNIS. I yield.

Mr. SALTONSTALL. The Senator from Mississippi deserves a great deal of credit for his perfectly clear position on this very difficult matter over the past few years. He agreed, as I did, as a member of the subcommittee, that we should take care of this question as soon as we could, and we have done it now. I commend him for his efforts.

Mr. STENNIS. I thank the Senator. As a result of the law enacted in 1958, there developed a situation for a small group that was somewhat unfair to them, but we still took the position that it should be corrected in a comprehensive bill, and that a permanent system should be adopted at the same time, for which this bill provides.

I highly commend the Senator. I am glad to see this matter settled on a sound

basis. I heartily support and approve the bill. I wanted to make this statement because, unfortunately, I was not able to be present when the bill was passed.

Mr. RUSSELL. I thank the Senator from Mississippi. The distinguished Senator has a long record of activity and beneficial interest in the matter of pay for military personnel, and I appreciate his contribution today.

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

Mr. RUSSELL. I yield to the Senator from Alabama.

Mr. SPARKMAN. I commend the able Senator from Georgia and other members of the Armed Services Committee for arriving at what I think is a fair solution of the problem. I used to know a great deal more about this subject than I do now. When I was in the House of Representatives, I was on the Military Affairs Committee and was chairman of the Subcommittee on Pay and Allowances. I handled the pay bill in 1942, which was the first pay bill before the Congress in a long time. The question of retirement pay, as well as other related questions, has always been a perplexing problem. I think a very fine solution has been arrived at in the conference. I am very glad to see it.

I was unable to be present on the day the bill itself was voted on. I favored the bill. I am very glad to see the conferees come to this solution.

Mr. RUSSELL. I thank the distinguished Senator from Alabama.

Mr. President, I am highly gratified that this bill is now approaching a successful legislative journey to the White House for signature. When the President signs the bill, I hope the bill will not go completely into oblivion in the press, as have former efforts of the committee.

When Congress met in January, the press published the President's recommendations to Congress. Included among them was a bill to authorize procurement for the military services. Congress enacted the bill. The President signed it. Appropriations have been made thereunder under the authorization law. But I have never seen the first mention of that bill after it was taken off the list of the President's legislative requests and was enacted. Congress has not received any notice or recognition for the enactment of the bill.

The bill to extend the selective service law was in the same category. It was for a long time on the list of requests to Congress for legislation. It was passed. The President signed it. But when the action of this Congress is labored, there is never any reference to the fact that it was passed and has become law.

Up to this day the military pay bill has been dutifully set forth among the recommendations of the President which have not been considered by the Congress, stating that Congress had been derelict, or at least slothful, in not enacting the bill. I hope when the bill is finally signed, it will not go into complete oblivion as did bills which for a

long time were a part of the President's program but did not receive any mention when they were enacted and signed by the President. I hope this action will receive recognition as at least a minute contribution of the Congress to the enactment of the President's legislative program.

Mr. President, may we have action on the conference report?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HOLLAND. Mr. President, before the vote is taken I wish to say, representing in part the State that probably has as large a proportion of retirees, both commissioned personnel and enlisted personnel of the armed services, as any other State, I believe that the interests of the persons who have served in the armed services are in most excellent hands, indeed, in the personnel of the Armed Services Committee, particularly with respect to the chairman of that committee and the ranking minority member, one a veteran of the Navy, and the other a veteran of the Army, one a former Governor of Georgia, and the other a former Governor of Massachusetts, both of them men who have spent many years in protecting the interests of those who serve our country in uniform.

Speaking for those in my State who are so interested in this legislation, of which I am a cosponsor and which I have strongly supported, we are grateful to these two fine Americans and to all members of the committee who have contributed to this fine result.

Mr. RUSSELL. I wish to express my appreciation, and that of the distinguished Senator from Massachusetts, to the Senator from Florida. I wish that his compliment to me might have been more deserved. However, I will say that I doubt that any apprentice seaman in the U.S. Navy has ever been paid as fine a compliment by a Senator as that just paid to me by the Senator from Florida.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MANSFIELD], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Nevada

[Mr. BIBLE], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MANSFIELD], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Tennessee [Mr. WALTERS] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Hawaii [Mr. FONG], and the Senator from Nebraska [Mr. HRUSKA] are absent on official business.

The Senator from Kansas [Mr. CARLSON] and the Senator from California [Mr. KUCHELL] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] and the Senator from Utah [Mr. BENNETT] are detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON] the Senator from Kentucky [Mr. COOPER], the Senator from Hawaii [Mr. FONG], the Senator from Nebraska [Mr. HRUSKA], and the Senator from California [Mr. KUCHELL] would each vote "yea."

The result was announced—yeas 79, nays 0, as follows:

[No. 174 Leg.] YEAS—79		
Aiken	Hartke	Neuberger
Anderson	Hayden	Pearson
Bartlett	Hickenlooper	Pell
Bayh	Hill	Prouty
Beall	Holland	Proxmire
Boggs	Humphrey	Randolph
Brewster	Inouye	Ribicoff
Burdick	Javits	Robertson
Byrd, Va.	Johnston	Russell
Byrd, W. Va.	Jordan, N.C.	Saltonstall
Case	Jordan, Idaho	Scott
Church	Keating	Simpson
Clark	Kennedy	Smathers
Cotton	Lausche	Smith
Curtis	Long, Mo.	Sparkman
Dirksen	McCarthy	Stennis
Dominick	McClellan	Symington
Douglas	McGovern	Talmadge
Eastland	McIntyre	Thurmond
Edmondson	Mechem	Tower
Ellender	Miller	Williams, N.J.
Ervin	Monroney	Williams, Del.
Fulbright	Morse	Yarborough
Goldwater	Morton	Young, N. Dak.
Gore	Mundt	Young, Ohio
Gruening	Muskie	
Hart	Nelson	

NAYS—0

NOT VOTING—21

Allott	Engle	Mansfield
Bennett	Fong	McGee
Bible	Hruska	McNamara
Cannon	Jackson	Metcalf
Carlson	Kuchel	Moss
Cooper	Long, La.	Pastore
Dodd	Magnuson	Walters

So the report was agreed to.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1964

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes.

UTILIZATION RESEARCH AND DEVELOPMENT

Mr. RUSSELL. Mr. President, last year, in Senate Resolution 415, the Senate asked the Department of Agriculture—

To submit to the Director of the Budget and to the Congress *** the most effective program available for research to discover new uses for agricultural commodities; and *** to limit this program to items costing not in excess of \$35 million per annum above current allowances for 1963 for utilization research to discover new uses for agricultural commodities.

The Department submitted its report under the title, "Strengthening Research on the Utilization of Agricultural Commodities", and included within the Department's report was a plan for strengthening utilization research and development, prepared by the Agricultural Research Service. The committee believes this plan should be implemented, and it has included in the bill a provision to authorize use of Commodity Credit Corporation funds to institute the expanded program of utilization research and development embodied in the plan. Utilization research would be increased at once across a broad front. Since there is very limited room for expansion in the Department's present facilities, approximately half of the new funds in the first 2 years would be used by the Agricultural Research Service to collaborate with universities and other public and private institutions, through contracts, grants, and other cooperative arrangements. This would both intensify the research effort and broaden the base of participation in this vitally important field of agricultural research.

The first year's increase would be devoted to nearly 200 different projects. Special emphasis would be placed on cereals, cotton, and animal products. Substantial increases would be allotted to work on wool, oilseeds, fruits and vegetables, tobacco, sugar, naval stores, and new replacement crops. In subsequent years, additional opportunities for developing expanded markets for these and other commodities would be exploited.

Let me state a few examples of what an expanded utilization research program will lead to. These gains will help us find markets for our surpluses here at home, and new U.S. agricultural markets abroad.

The first great opportunity lies in wider industrial uses for cereal grains. Our utilization research scientists see real possibilities, for example, in diverting 170 million bushels of cereal grains from feed and food uses to new industrial uses.

They are already finding out that new materials derived from grains can be used by our great paper industry to add both wet and dry strength, where needed in paper products, at competitive prices. They are well along in developing a new

type of corn that yields a now-rare starch which is valuable for use in a great variety of films, fibers, adhesives, plastics, coatings, and other products.

Market studies show that consumers want greater resilience and strength in cotton products; they want cotton garments that truly require no ironing at all; they want cottons with stretch for some uses, and cottons that better resist soiling and staining. All these attributes, our scientists believe, can be built into cotton, through chemical modification of the fiber or the fabric; but a great deal more research will be required, in order to make this possible.

However, if just these improvements can be made in cotton goods, they will add at least another million bales a year to the demand for cotton.

Similar prospects are in sight for oilseeds and for a variety of animal products.

The development of a stable, full-flavored, dry whole milk could so decrease milk costs to consumers that it might well increase our use of milk by 10 percent—thus providing new markets worth \$1 billion.

New frozen, dehydrated, or processed meat and poultry products would lower the retail price and would boost the consumption of meat and poultry. This could increase the demand for feed grains by an amount equal to 240 million bushels of corn a year—more than the annual addition to our feed-grain stocks.

Today, our farm abundance is based squarely on the results of 100 years of farm production research. This research has given us the great variety and the high quality of our agricultural products. Because of research, less than one-tenth of our total labor force, working on the land, can feed all our people. Largely because of farm-production research, the average family in this country enjoys a varied and healthful diet at a cost of only about one-fifth of the family's take-home pay.

But research to find new uses and wider markets for our agricultural abundance—or what we call utilization research—has lagged far behind the production research that has made our abundance possible.

In the first place, utilization research did not begin in earnest until about 1940—or some 80 years after the need for farm production research was recognized, through the establishment of our great Department of Agriculture. And over the last 20 years, utilization research, to find new uses and wider markets for farm products, has received only a fraction of the support which we have continued to give to production research.

I do not mean to suggest that we have been doing too much production research. But I do submit that it is high time we were doing more utilization research. The reasons for this are two-fold:

First, in spite of the limited effort devoted so far to utilization research, it has clearly demonstrated its value. The benefits of this research to the Nation have already far exceeded its cost.

Second, our scientists engaged in this effort clearly see opportunities that additional utilization research can exploit for the benefit of the national economy and all our people.

The current benefits of this research, as measured by an Agricultural Research Service estimate, amount to a return of \$25 for each dollar spent on research. This return has occurred in spite of rising costs; but benefits tend to multiply as the storehouse of knowledge accumulates.

Mr. HOLLAND obtained the floor.

Mr. HARTKE. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I ask unanimous consent that I may yield to the Senator from Indiana, provided that in doing so, I do not lose my right to the floor.

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

LEGISLATIVE SPEEDUP ON TAX CUT NEEDED

Mr. HARTKE. Mr. President, the other body has just completed action on the measure which will reduce taxes on individual incomes and corporations. I congratulate those in the House who have led this fight for a measure which will go a long way toward eliminating the ills which are keeping the brakes on our economy.

Mr. President, it is now the turn of the Senate to attend to this urgent matter. I say that tax relief and tax adjustment are urgent, because the future of our economy may well depend upon them, and also because such a change to release us from the shackles of a wartime tax structure is long overdue.

We are now in the longest period since World War II without a recession. The answer to the question of whether this period will continue indefinitely, or whether we shall once more find ourselves engulfed in a recession, depends upon what we do to unshackle our economy and allow it to expand.

Today, America is prosperous—far more prosperous than during the last administration, and, in fact, more prosperous than during any other peacetime period in our history. Yet, we suffer from unemployment that is too high.

The reasons for this are that we have a rapidly growing labor force, for which new jobs constantly have to be found, and we have growing automation which is eliminating jobs. Obviously, something has to be done to give momentum to the economy for the kind of expansion which will create a sufficient number of jobs to soak up the unemployment and employ the new people coming into the job market.

Last year we gave relief to businesses seeking to modernize and to expand. The minimum assistance given has proven a great factor in today's bright picture of high wages, high employment, high dividends, and high profits. But that was not a complete job; no one ever claimed it would be.

A general tax cut is needed. For several years, I have been an advocate of this, as my statements in the Senate and in the Finance Committee attest.

I believe the hills and valleys of "boom and bust" must be ironed out and flattened. We must create the thrust our economy needs in order to be able to expand itself, in order to give us anti-recession insurance. A general tax cut, with the most emphasis on low incomes, will do that.

I believe there is nothing to be gained by delay. Indeed, any good which a tax cut would bring diminishes as we delay.

Therefore, it is my intention to move, in the Finance Committee, to set an early date for the beginning of hearings on this measure. I shall further move, Mr. President, that a closing date of not more than 30 days after the beginning of the hearings be set.

In order that our committee may be able to meet this stringent timetable, I shall urge that the records of the hearings conducted by the House Ways and Means Committee, and other related documents, be submitted en toto. In this way, I believe it will be possible for the Senate to act finally on the tax measure this year.

In addition, I intend to request that testimony of the Secretary of the Treasury and others in the Government be submitted in advance to all members of the committee. In this way, we shall be able to go over these statements well in advance, and thus waste no time during the precious days of hearings.

I believe we should make it possible for the 4.3 million jobless citizens, who today cannot pay their back taxes, and who owe no present taxes because they are not working, to have this chance to get jobs. It is my judgment that 3 million of them could be put to work if this tax measure were enacted.

This, Mr. President, will retain in the Treasury money which would be lost by the cutting of rates. Experience has shown that a rate cut is made up in a matter of months by increased revenues from expansion of the economy and from the jobs so created.

Mr. GORE. Mr. President, will the Senator from Florida yield, so that I may reply to the statement just made by the Senator from Indiana?

Mr. HOLLAND. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Tennessee, provided that in doing so, I shall not lose my right to the floor.

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

Mr. GORE. Mr. President, the distinguished senior Senator from Indiana has just served notice of his move in the Senate Finance Committee on matters of procedure. The chairman of a Senate legislative committee has certain traditional responsibilities and prerogatives. In the office of each Senator is a notice from the Senator from Virginia [Mr. BYRD], chairman of the Finance Committee, calling a meeting of the committee, next Tuesday, to complete the consideration of several bills, minor

in some respects, but important in others. I dare say that at that time the committee will have an opportunity to decide whether the tax bill will be given the orderly consideration which it deserves and which the public interest requires, or whether the Senate Finance Committee will yield to the administration's pressure for a rush job.

Mr. President, I shall resist a rush job. The other body has taken more than 8 months to consider and pass this bill, which is set forth in a document of more than 300 pages of technical language. Surely the Senate Finance Committee will need some time for staff work, so as to be able to understand the contents of the bill, before the public hearings begin. Furthermore, the committee has before it written requests from more than 60 citizens who wish to testify. I realize that pressure is being applied on some of them to withdraw their requests to testify; but it has been the traditional policy of the Senate Finance Committee, under the chairmanship of the Senator from Virginia [Mr. BYRD] and under the chairmanship of the late Senator George—in fact, even further back than that, I believe—to afford every American citizen an opportunity to testify on a tax bill, if he so requests in writing.

Mr. President, I suggest to my distinguished friend, the senior Senator from Indiana, that this bill is too important to be rushed through either the Finance Committee or the Senate.

The public interest requires careful consideration of the bill. I should like to know what the rates are and what will be the amount of the benefits to be received by the taxpayers in the various income brackets, under the bill. I am informed by staff assistants that the bill which passed the other body yesterday would bring about tax rates which would increase the take-home pay, after income tax deductions, of the average American citizen by about 4 or 5 percent, but that some in the high income brackets would gain a 100-percent increase in after-taxes income, and some would gain a 200-percent increase.

No wonder Mr. Henry Ford is active in support of the bill. No wonder certain people are very strong for a bill which would leave loopholes intact, widen some, and provide special benefits at the same time. Yet the bill deserves careful consideration, and I shall vote against the motion of my distinguished friend, the able senior Senator from Indiana.

Mr. HARTKE. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield under the same conditions to the Senator from Indiana, with the hope that debate on the subject will be completed. I hope to complete consideration of the appropriation bill today if it is possible to do so.

Mr. HARTKE. I thank the Senator.

Mr. President, I should like to make plain to the Senator from Tennessee and also the chairman of the Finance Committee, the Senator from Virginia [Mr. BYRD], that I have no intention of destroying the prerogatives of the chairman.

However, I feel that I have the right to tell the Senate that I intend to make a motion before the Senate Committee on Finance to take up that bill in an orderly procedure and not dillydally around in the Finance Committee about a tax cut. So far as I am concerned, I do not propose a rush job. A great deal of material is ready for anyone who wishes to read it. The senior Senator from Tennessee seems to be very well informed on the subject already and indicates that he intends to proceed upon some of these very important subjects. If there are any loopholes in the bill, I might join him in closing the loopholes he wishes to have closed.

I am interested in the welfare of the working people. We talk about the importance of this subject and the fact that the bill is too important to rush through. I say that the economy of the country is more important to me than fooling around and delaying a tax bill in the Finance Committee. The Senate can move much faster than the House moved.

Mr. DOUGLAS. Mr. President, I wonder if the Senator from Florida would permit me to trespass upon his time for a few minutes to make some comments.

Mr. HOLLAND. I promised the senior Senator from Illinois, who approached me in such a gentle manner as to disarm me, that I would be happy to yield to him on the same condition that I have yielded heretofore. I yield to the Senator.

Mr. DOUGLAS. I appreciate the Senator's yielding. I did not intend to get into the discussion publicly until it was precipitated.

I must differ with my good friend, the Senator from Tennessee, with whom I am generally in agreement. The Senator from Tennessee is a great battler for a progressive system of taxation, and he follows very faithfully in the steps—and, indeed, improves upon them—of his predecessor, Cordell Hull, who is really the father of the American income tax. I regard him as one of the most valuable Members of the Senate, and one of the most valuable members of the Committee on Finance.

However, I detected an undercurrent in his plea for deliberate consideration of undue delay. I hope that undue delay will not be used as a means of defeating the measure. When we come to closing loopholes and effecting reforms, the Senator from Tennessee and I will be in very close unity on most subjects. But I do not believe that consideration of this all-important measure should be postponed. I have as much opposition to filibustering in committee as I have to filibustering on the floor of the Senate. The Senator from Tennessee is a strong-minded gentleman. He has apparently made up his mind that he wants deliberate consideration. But I know the double sense in which those terms are used. I strongly suspect that what the Senator from Tennessee wants to do is to kill the bill by bottling it up in the committee for as long as possible.

We are facing, in general, a slowdown legislatively—a slowdown on appropriation bills, a slowdown in civil rights, a

slowdown on the tax bill. Certain Senators desire to tie the Senate up so that the administration program cannot get through. I am not one of those. I differ with some features of the bill as it came from the House. If it were held in its present form, I would expect to vote for it. If it is made much worse, I may vote against it. But I do believe that we should proceed to consider it. The Secretary of the Treasury is ready to testify tomorrow. I see no reason why we should not get on with the business. As I have said, I apologize to the chairman of the Finance Committee for mentioning the subject on the floor of the Senate. I had hoped to do this in a much more gentlemanly fashion. But since the Senator from Indiana has precipitated the discussion, I did not feel that I should remain silent.

Mr. GORE. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. With the same understanding, I yield very briefly to the Senator from Tennessee.

Mr. GORE. Mr. President, if the country could afford a \$11 billion reduction in revenue, there would be a type of tax reform and tax revision bill which I could and would support. But when we have a national debt of more than \$300 billion, when we have the second largest peacetime deficit in history, and when the President is on an across-the-nation tour advocating larger and not lesser expenditures for next year and the year after, I believe it is fiscal irresponsibility, if I may use that term, to reduce the Government revenue by \$11 billion.

If we could afford it, the big reduction in rates provided for in the bill should be accompanied by much-needed reforms, which have been jettisoned in the process.

Mr. DOUGLAS. I agree.

Mr. GORE. How do we bring about a wise and adequate tax measure? Not by a rush-up job, permitting the Secretary of the Treasury to start to testify tomorrow. It seems to me that members of the Finance Committee deserve an opportunity to understand the contents of the bill in order that we may carefully and adequately examine the witnesses who come before the committee. If the Senator suspects that I desire to delay the bill, I shall remove his suspicion. I wish to kill it in its present form. It is unsound. The country cannot afford it. In my opinion it would shock international confidence in the soundness of the dollar. It would increase the budget deficit and we would have to borrow the necessary money to provide for tax cuts.

What sense does that make?

Moreover, instead of stimulating the economy in the most effective way, the proposed legislation would be a hit-or-miss, ineffective way.

If I could support that kind of reduction in governmental revenue as a necessary means of stimulating the economy, I would want to reduce taxes in areas in which consumer demand would be increased and expenditures would be greater by consumers. So if it is insisted that

we quickly reduce revenue by the amount proposed, I shall offer as a substitute an increase in the personal exemption for each taxpayer and for each dependent from \$600 to \$800 or \$900.

Mr. President, that is the most unrealistic provision in our tax code. The personal exemption was \$800 in 1940, when the cost of living was less than half what it is now.

Ask any parent who has tried to educate a child if it can be done for \$600 a year.

Senators should understand that I would vote against this monumental reduction in Government revenue in whatever form it came, because I think it would be dangerous to our national economy, dangerous to our international prestige, and dangerous to the soundness of our currency. But if we must have it, I want to give tax relief where it is needed most, to the parents who have the greatest number of children. This would actually stimulate the economy.

What good will it do to give Henry Ford an extra \$1 million a year income after taxes? He might build another yacht in Holland.

This proposal deserves careful consideration. I do not want to vote for any motion to set an arbitrary limit on the careful consideration of this measure by the Senate Finance Committee.

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

Mr. HOLLAND. Mr. President, I am sorry to say, having heard some discussion of an 8-month delay which might be possible when we begin the tax reduction debate, that I shall have to decline to yield further on the subject of taxation.

Mr. HARTKE. Mr. President, will the Senator yield for one-half minute?

Mr. HOLLAND. I am very sorry, but I must decline.

The PRESIDING OFFICER (Mr. NELSON in the chair). The Senator declines to yield.

Mr. HOLLAND. I think I have been reasonably considerate of all Senators concerned.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1964

The Senate resumed the consideration of the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes.

Mr. HOLLAND. Mr. President, my distinguished friend, the senior Senator from Delaware is, as usual, in his seat in the Senate during this debate.

Yesterday I asked for unanimous consent on a certain matter. I am about to renew that request. As I understood, it was objected to only by the distinguished Senator from Delaware. I shall renew it, in the hope that the Senator may have changed his mind.

Mr. President, I ask unanimous consent that the committee amendments be

agreed to en bloc; that the bill as thus amended be considered as original text for the purpose of amendment; and that no points of order be waived.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Florida?

Mr. WILLIAMS of Delaware. Mr. President, reserving the right to object, I assure the Senator from Florida that I wish to cooperate, and I will cooperate in agreeing to his unanimous-consent request if there is no further misunderstanding on the point which I raised yesterday.

If the Senator will bear with me, I should like to repeat the argument which I was making yesterday. If there is no exception being taken to my statements, then I shall withdraw any objection to considering the amendments en bloc.

The reason I objected yesterday was because I thought there was a matter which deserved to be straightened out in the Congress in order that we could give to the American taxpayers the true picture as to the actual cost of operating this program.

I emphasize again that in making this statement that the true picture was not being given to the taxpayers, I am in no way reflecting upon the chairman of the committee or upon the committee itself, because I find no fault with the bill or with the report made by the Appropriations Committee. What I find fault with is the false claim of this administration that it has reduced the cost in fiscal 1964 of administering the agricultural program by \$928 million. I insist that that is a false claim and cannot be supported by the facts.

I objected to this same point in January. I am renewing my objection again today, because this is the place to document it or to prove that it is correct. We now have before us the agriculture appropriations bill.

On January 14 of this year, President Kennedy presented before a joint session of Congress his state of the Union message. I wish to quote from that message:

In submitting a tax program * * * and in recognition of the need to control expenditures—I will shortly submit a fiscal 1964 administrative budget which, while allowing for needed rises in defense, space, and fixed interest charges, holds total expenditures for all other purposes below this year's level.

Three days later, on January 17, he submitted to the Congress the budget, which I have in my hand, for the fiscal year ending June 30, 1964.

On page 41 of that budget Senators will find that the President, in listing appropriations for the Department of Agriculture and comparing the fiscal year 1963 appropriations with the budget request for this year, claims a reduction of \$928 million. I said at the time that that claim was false. To prove that it is false I refer to the report which is before the Senate on the bill now pending.

On page 1 of Report No. 497, Calendar No. 476, accompanying the bill, H.R. 6754, information in this regard is given. I ask unanimous consent that the front page

of this report may be printed in the RECORD at this point.

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

MR. HOLLAND, FROM THE COMMITTEE ON APPROPRIATIONS, SUBMITTED THE FOLLOWING REPORT (TO ACCOMPANY H.R. 6754)

The Committee on Appropriations, to which was referred the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made:

Amount of bill as passed

House (direct appropriations)----- \$5,979,457,000

Amount of increase by Senate committee (net)----- 67,281,340

Amount of bill as reported to Senate----- 6,046,738,340

Amount of appropriations, 1963----- 6,007,599,910

Amount of estimates for 1964----- 6,368,755,000

The bill as reported to the Senate:

Over the appropriations for 1963----- 39,138,430

Under the estimates for 1964----- 322,016,660

Mr. WILLIAMS of Delaware. I quote from the report:

Amount of bill as reported to Senate, \$6,046,738,340.

The committee further states that the amount of appropriations last year was \$6,007,599,910, and that the bill which is before the Senate compared to last year carries an increase of \$39,138,430, which is in direct contradiction to the budget claim that there has been a \$928 million reduction.

The difference in the figures arises because of the fact that the Bureau of the Budget did not submit to the Appropriations Committee and the Congress a request for the restoration of the full loss that has been sustained by the Commodity Credit Corporation. This is not an unusual practice. That figure has been omitted in previous years, but it is unusual for an administration to distort these facts for the deliberate purpose of deceiving the voters.

The total accumulated unrestored losses, as I pointed out yesterday, approximate \$7,799 million. This is described on page 10 of the Commodity Credit Corporation's report of May 31, 1963, as unrestored, realized losses. These are losses which have actually been sustained on commodities sold by the Commodity Credit Corporation. They have been disposed of. They are gone. The losses are sustained. The fact that this appropriation bill does not embrace all of the funds necessary to write off the cost of the program in no way means that the taxpayers have saved that money.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in just a moment.

What I am trying to do here today is to establish beyond any contradiction the fact that contrary to what the Bureau

of the Budget said and contrary to what the President is saying in his political speeches the appropriation bill to cover the appropriations for the Department of Agriculture this year will cost the taxpayers more money than it did last year.

I yield to the Senator.

Mr. HOLLAND. Mr. President, I yield to the ranking minority Member of the committee, the Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. I thank the Senator.

The figure the distinguished Senator from Delaware uses of \$7 billion does include some programs which really are not agricultural programs, such as the school lunch and milk programs, and our giveaway programs of food for foreign countries and sales for foreign currencies under Public Law 480. I believe these and other similar programs make up about half of the \$7 billion.

Mr. WILLIAMS of Delaware. I do not know the exact figure, but the analysis by the Senator from North Dakota is correct. The figure of unrestored but realized losses does include many programs which should not be charged to the American farmers. The school lunch program cost is included. Certainly the school lunch program should not be charged to the farmers. Likewise, there is a charge for all the free food which is given away under our welfare programs. That is charged up to our farmers. There are many sales under Public Law 480. There is an argument as to how much of that is really foreign aid or an agricultural program.

I agree fully that it is not correct to say that all of this \$7 billion accumulated loss should be charged to the American farmer. I am glad the Senator has raised that point.

The point I am making is that, so far as the taxpayers are concerned, dollars have been spent, and losses have been sustained. For proper accounting they should be included as a part of the expenses as we go forward; otherwise it will be giving a false impression to the taxpayers—I suspect with an eye on the voters—when they say, "See how we are reducing expenditures for the agricultural programs because we are not asking for appropriations as big as last year."

The reason why they were not asking for appropriations as big as last year is that they are not paying the bills, but the bills must be met. They have been contracted for, the losses have been sustained, and it is only postponing the day of reckoning.

If there is no contradiction to my charge that the Budget Bureau and the administration have been making a false claim in this connection and if no Senator raises objection to the point I am making, I will agree to allow the amendments be considered en bloc. But if any Senator says that this represents a \$928 million saving, I will go through the bill piece by piece and try to find this imaginary savings. I have not found it. I do not think anyone else can find it.

The Senator from Florida has never asserted that there was such a saving. He frankly reported that the bill calls

for an increase of some \$39 million. He made a very proper report.

It is the administration which has been trying to fool the American people.

I complimented the Senator on being factual in reporting the bill to the Senate, but I want the Budget Bureau, the President, and other administration officials to be equally factual when telling the voters what they are spending. They cannot get away with these false claims when every single department of Government is asking for more money than last year.

The Department of Agriculture is asking for more, as everybody now seems to agree.

The Department of Commerce is asking for \$150 million more this year. The Department wants to add 3,497 new employees.

The Department of Health, Education, and Welfare is asking for \$694 million more than last year and an increase in their payroll of 5,931 employees.

The Justice Department asked for an increase of \$20 million over last year and, in addition, 765 new employees.

The Labor Department wants \$194 million extra money and 1,293 new employees.

The General Services Administration wants \$62 million more than last year and wants to add 3,208 new employees.

The Housing and Home Finance Administration wants 802 more employees.

The Treasury Department wants to add 4,149 new employees with an additional appropriation of \$421 million.

The President asked for \$111 million over and above last year appropriations for the Department of the Interior, and that Department wants to add 3,999 new employees.

Altogether, the Budget Bureau is asking Congress to give them extra money to enable them to add 36,429 additional employees to the Federal payroll. Prior to this they had already added 152,291 extra employees.

I take strong exception to the President's backhanded claim that he has not increased the Federal payroll. That statement cannot be supported by the facts. The President has said there are fewer civilian employees on the payroll today than there were 10 years ago, in 1953. What does that prove? In early 1953 a war was in progress in Korea, and the Government had an unusually large number of civilian employees in the Defense Department. Certainly the President is not going to compare the number of employees today with the number during war years; 152,291 employees were added to the payroll in the first 30 months of this administration, and they are still being added at the rate of around 5,000 a month. I do not intend to let the administration get by with false assertions that it is making great strides in economy when it is spending more money in every single Department of Government.

There were 2,509,028 employees on the Federal payroll on June 30, 1963. On January 1, 1961, there were 2,356,737.

That means that in the first 30 months President Kennedy had been in office

he has added 152,291 employees, or an addition of 5,000 a month. That is 1,250 every week. On the basis of a 5-day, 40-hour workweek, he is adding 250 employees every day. Or, reducing the figure still further, for every 2 minutes he has been in office, on the basis of a 5-day, 40-hour workweek, he has been adding 1 additional employee.

Yet he says, "See how we are reducing expenditures." They are not reducing expenditures. This is the most extravagant administration ever to hold public office. No man who operates a business would ever operate in that way. I never had the opportunity to go to Harvard but the school I attended, the School of Hard Knocks, taught me that I cannot conduct my business by continually spending more than my income. Neither can the Federal Government.

This administration for fiscal 1964 has the highest budget that has ever been submitted in the history of the Congress of the United States. This year it exceeds the record budgets during World War II. This is the most spendthrift administration that has ever been in Washington.

I shall be glad to yield to anyone who claims that the administration is saving money. But if Senators accept the statement which I have just made I will not object to the Senator from Florida's obtaining consent, in the interest of orderly procedure, to approve the amendments en bloc, with the full explanation that the bill, when passed, calls for increases in appropriations over last year. The Senator from Florida has made a fair report to the Senate, and I compliment him on it. I hope the President as well as other administrative officials will take due notice of it.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. HOLLAND. Mr. President, I wish to yield first to the distinguished ranking minority member of the subcommittee.

Mr. YOUNG of North Dakota. Mr. President, I have no disagreement with the Senator from Delaware when he talks about increased expenditures by the Government. The Subcommittee on Agricultural Appropriations, under the leadership of the Senator from Florida [Mr. HOLLAND] did as good a job as it possibly could. The Senator from Florida did a painstaking job on the bill. He is one of the most able and conscientious Members of the Senate. I do not know of any more capable Senator.

One of the problems is that Congress has piled additional functions on the Department of Agriculture. For example, in years past billions of dollars were appropriated under the foreign aid program for foreign countries to buy food from us. Now all this expenditure is piled on the Agriculture Department, and it comes to Congress as a charge to the Commodity Credit Corporation and price support program, when actually such expenditures should be charged to the foreign aid program.

I am sure the Senator from Delaware will agree with that statement.

Mr. WILLIAMS of Delaware. I fully agree with it. I have been looking forward to the time when we could separate some of the costs. I talked with the Senator from North Dakota about it and expressed the hope that we could, as a private project if nothing else, break the costs down.

I join the Senator from North Dakota in complimenting the Senator from Florida, as chairman of the subcommittee, for the work he has done, not only

this year, but in past years. I compliment him particularly for his factual report of what is being done.

Perhaps increases for some of the programs can be justified. But all I am saying is that I expect the President, the Budget Bureau, and all the other officials to tell the truth when they speak to the American taxpayers. They should admit that this program and every other program is costing more than they did last year.

Let no one be under any illusions—this is the most extravagant and spendthrift administration that has ever had control of our Government. They appear to have very little conception of sound economics.

Mr. HOLLAND. Mr. President, I appreciate the kind statements of both my colleagues.

I note standing on his feet the dean of the legislative Committee on Agriculture and Forestry on the minority side, the senior Senator from Vermont [Mr. AIKEN].

Mr. YOUNG of North Dakota. Mr. President, I wanted to get an insertion into the RECORD.

Mr. HOLLAND. I yield, then, to the ranking minority member of the Appropriations Subcommittee.

Mr. YOUNG of North Dakota. I ask unanimous consent to have inserted in the RECORD at this point a table giving a breakdown of the various programs of the Department of Agriculture, indicating various programs having multiple benefits to the public. There are also data showing programs predominantly beneficial to the farmer.

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

Budget expenditures of U.S. Department of Agriculture (based on 1964 budget)

[In millions of dollars]

	Fiscal year 1962	Estimated fiscal year 1963	Estimated fiscal year 1964 ¹		Fiscal year 1962	Estimated fiscal year 1963	Estimated fiscal year 1964 ¹
Programs having multiple benefits and not directly chargeable to the farmer:				Programs predominantly for the benefit of the farmer:			
Programs having foreign relations and defense aspects, including Public Law 480.	2,051	1,856	2,016	Agricultural conservation program.....	269	231	214
Food distribution programs, including the program for removal of surplus agricultural commodities, school lunch, and special milk	460	480	499	Conservation reserve program.....	344	308	294
Investment in REA and FHA loans, which are subject to repayment.	499	611	448	Land-use adjustment program.....	6	19	
Long-range programs for the improvement of agricultural resources, including research, meat inspection, disease and pest control, education, market development and services, protection of soil and water resources, and forest and public land management.....	849	939	994	CCC price support, supply and related programs, and National Wool Act, acreage allotments and marketing quotas, and special agricultural conservation and adjustment programs.....	2,117	2,980	1,987
Total.....	3,859	3,886	3,957	Sugar Act program.....	80	82	84
				Total.....	2,810	3,607	2,598
				Grand total.....	6,669	7,493	6,555

¹ Reflects budget amendment in H. Doc. 81.

Mr. HOLLAND. I now yield to the Senator from Vermont.

Mr. AIKEN. I merely wish to remind the Senator from Delaware and the distinguished Chairman of the Subcommittee on Agricultural Appropriations that when Mr. Benson was Secretary of Agri-

culture he submitted a breakdown of agricultural appropriations to the House Appropriations Committee. At that time agricultural appropriations were about \$6 billion a year. Mr. Benson's breakdown showed that approximately half of that amount, or \$3 billion, was prop-

erly chargeable to the general public instead of to American agriculture. Nevertheless, the custom had grown up through the years of attaching everything that could possibly be added to the agricultural appropriation bill, with the assurance that everything would prob-

ably be accepted by Congress. In that way approximately half of the agricultural appropriations of today could very properly be charged to the Armed Services, the State Department, the Department of Health, Education, and Welfare, and perhaps many other departments of the Government.

Mr. HOLLAND. I thank the Senator. The Senator's comment is absolutely correct. The proportion is probably more than half.

Mr. AIKEN. Yes.

Mr. HOLLAND. Out of a total bill of about \$6 billion, more than half is chargeable to objectives that all of us agree are commendable and in the national interest.

Mr. AIKEN. Over the years, as the appropriations for research have been increased, the increase has been used for consumer research and for processing and marketing research, rather than production research.

Mr. HOLLAND. That is correct.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Florida [Mr. HOLLAND]?

Mr. HOLLAND. In reply to my distinguished friend from Delaware, all I can say is that the facts developed by our committee are truthfully stated in the report. We are under the budget estimate for this fiscal year by \$322 million plus. We are over the entire appropriations for 1963 by \$39 million plus. The remaining figures with reference to the bill—and we believe them to be completely correct—are stated on page 1 of the report.

As to the point made by the distinguished Senator from Delaware, I believe he is talking about expenditures in the last fiscal year as compared with proposed expenditures in the next year. Our committee does not deal with that subject. It deals with appropriations. It deals with the budget request, and that part of the request that we find to be justified and which we recommend to the Senate as being appropriate to be the subject of the appropriation bill; also a few additional items not to be found in the budget, but which we added to the bill.

We shall have to stand on our report, in which it is very clearly stated that we are over the entire appropriations for 1963 for these various objectives by \$39 million plus.

I do not care to go into the subject of comparative dollar expenditures, first, because we do not have mastery of those figures, next, because the estimate of the expenditures that will be made in 1964 will be completely beyond the grasp of the committee, inasmuch as we do not know what proportion of the funds it is proposed to spend in the remaining 9 months of the year; nor do we know what proportion of the funds that still remain in the various agencies within the Department is proposed to be expended.

Therefore, I hope the Senator from Delaware will be satisfied with this statement, and will permit the Senate to proceed in the method that is regularly fol-

lowed in connection with appropriation bills.

First I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I should like to have the Senator from Delaware repeat the figures which he has given about the number of new employees that will go on the Federal payroll if the budget of the Government is accepted, and also what the increased cost will be, not only for the employees but also for other expenditures of the Government.

Mr. WILLIAMS of Delaware. The additional employees that are asked for in the fiscal 1964 budget, as submitted to Congress on January 20, is 36,492 over and above the employees already on the payroll. As I pointed out before, the administration has already added 152,291 additional employees between January 1, 1961, and June 30 of this year. I do not have the figures as to what has been done since June 30.

When the President, in his speeches, is claiming that the payroll has been reduced as compared to 1953, he is going back 10 years, to a period when we were engaged in a war in Korea.

That is no basis for a comparison, and it is interesting to note that even to get that comparison he had to go back to an earlier Democratic administration.

I am comparing today's situation with what it was when the President took office. He has added extra Federal employees at the rate of 5,000 per month for every month he has been in office.

Anyone who goes through the budget line by line will find that there is a request for increased appropriations in every department of the Government, from top to bottom.

In the face of this record the President claims that he is saving \$928 million on agriculture. That is a false claim. The Senator from Florida frankly states that he is asking for an appropriation which is \$39 million above last year's appropriation and thereby disproves the President's claim. The Senator from Florida has been honest and fair in presenting the report and I shall withdraw my objection to considering the amendments en bloc.

The only reason why I objected yesterday was that the President had made this false claim and I intended to prove it false. Had there been any difference of opinion or had any Senator taken exception to my statement that the \$928 million claimed saving was false I would insist on going through the bill item by item, to have him show me where that saving was. I could not find it, and neither can anyone else. I withdraw my objection to the consideration of the amendments en bloc. As I said before, the Senator from Florida has confirmed that the requested appropriations are above last year's appropriation. That is true of every agency of the Government.

The fact that now the administration is asking for a tax cut on top of these large deficits is absolutely ridiculous and irresponsible. However, I will not take the time of the Senate to start a tax argument.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Florida?

Mr. LAUSCHE. Mr. President, may I ask another question?

Mr. HOLLAND. I yield to the Senator from Ohio.

Mr. LAUSCHE. I wish to explore this subject. To obtain a correct figure on the number of new employees placed on the payroll since January 1, 1961, and the number that will be employed by the end of fiscal year 1964, it is necessary to take the figure of 152,291, the number that was placed on the payroll up to June 30 of this year, and add to that figure the figure of 36,492, which is the figure envisioned by the money asked for in the 1964 budget. Is that correct?

Mr. HOLLAND. That is correct.

Mr. LAUSCHE. That would make a total of 188,783 additional employees.

Mr. HOLLAND. That is correct.

Mr. LAUSCHE. With reference to the 36,492 that are intended to be added in fiscal year 1964, what is the present average salary? Has the Senator made that calculation?

Mr. WILLIAMS of Delaware. I have not calculated it to see what it would amount to in dollars. Of course, it will call for additional appropriations; there is no doubt about that.

Mr. LAUSCHE. I calculate it in this way: I assume the average salary is \$6,000. That means an additional \$202 million for the next fiscal year alone.

Mr. WILLIAMS of Delaware. I have not calculated it. The point I was making is that it was not possible to increase expenditures in every department of Government, add additional employees over and above the number that were employed previously, keep spending more and more money, and then say, "We are cutting down expenditures." I do not intend to sit back and let anyone—either the President or any other official—get away with creating that false impression.

I appreciate the tolerance of the Senator from Florida. I am sorry to have caused him delay.

Since no Senator has taken exception to my remarks here today, since Senators are willing to accept the fact that the Bureau of the Budget was erroneous in its earlier claim, I withdraw my objection to the consideration of the amendments en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida that the committee amendments be agreed to en bloc? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are, as follows:

On page 2, line 6, after the word "utilization", to strike out "marketing"; in line 24, after the word "for", to strike out "five" and insert "two", and in line 25, after the word "exceed", to strike out "\$40,000" and insert "\$50,000".

On page 3, line 8, after the word "products", to strike out "agricultural marketing and distribution, not otherwise provided for, including related cost and efficiency evaluations"; in line 14, after the figures "\$100",

to strike out "\$94,045,000" and insert "\$91,811,700"; in line 15, after the amendment just above stated, to strike out ";" plus \$400,000, to remain available until expended, for construction, alteration, and equipping of facilities; in all \$94,445,000: *Provided*, That, in addition, not more than \$5,000,000 may be transferred from the Commodity Credit Corporation to this appropriation, in accordance with the Act of June 29, 1948 (15 U.S.C. 714b), for cost of production and other research designed to decrease the present or future investment of the Commodity Credit Corporation in agricultural commodities, such research to be conducted through contracts and grants as authorized by the Act of August 14, 1946, as amended" and in lieu thereof, to insert a colon and "Provided, That, in addition, not to exceed \$35,000,000 may be transferred from the Commodity Credit Corporation to this appropriation, in accordance with the Act of June 29, 1948 (15 U.S.C. 714b), for utilization research and development, cost of production research, and other related research designed to reduce surplus commodities held or to be held by the Commodity Credit Corporation, and such amounts as are required for the construction, alteration, and equipping of research facilities for utilization research and development shall remain available until expended:".

On page 5, line 2, after "(21 U.S.C. 114b-c)", to strike out "\$59,505,000" and insert "\$66,821,500", and in line 9, after "per centum", to insert a colon and "Provided further, That no funds shall be available for carrying out the screwworm eradication program that does not require minimum matching by State or local sources of at least 50 per centum of the expenses of production, irradiation, and release of the screwworm flies".

On page 6, line 6, after the word "butter", to strike out "\$27,638,000" and insert "\$28,126,250".

On page 6, after line 15, to insert:

"SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

"For purchase of foreign currencies which accrue under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), for market development research authorized by section 104(a) and for agricultural and forestry research and other functions related thereto authorized by section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(a)(k)), to remain available until expended, \$2,500,000: *Provided*, That this appropriation shall be available, in addition to other appropriations for these purposes, for the purchase of the foregoing currencies: *Provided further*, That funds appropriated herein shall be used to purchase such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph, and such foreign currencies shall, pursuant to the provisions of section 104(a), be set aside for sale to the Department before foreign currencies which accrue under said title I are made available for other United States uses: *Provided further*, That not to exceed \$25,000 of this appropriation shall be available for purchase of foreign currencies for expenses of employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a)."

On page 7, line 21, after the word "including", to strike out "\$38,113,000" and insert "\$40,613,000", and on page 8, line 14, to strike out "\$40,383,000" and insert "\$42,883,000".

On page 8, at the beginning of line 22, to strike out "\$63,020,000" and insert "\$68,430,-

000", and on page 9, line 3, after the word "all", to strike out "\$64,590,000" and insert "\$70,000,000".

On page 9, line 13, after the word "employees", to strike out "\$7,110,000" and insert "\$7,435,000".

On page 10, line 10, after "(7 U.S.C. 1621-1627)", to strike out "\$1,195,000" and insert "\$1,201,000".

On page 10, line 23, after the word "aircraft", to strike out "\$97,480,000" and insert "\$99,000,000".

On page 12, line 10, after the word "expended", to strike out "\$63,222,000" and insert "\$63,992,000".

On page 13, line 10, after "(16 U.S.C. 590p)", to strike out "\$12,994,000" and insert "\$14,640,000".

On page 15, line 10, after the word "products", to strike out "\$9,832,000" and insert "\$9,965,700".

On page 16, line 8, after the word "laws", to strike out "\$11,079,000" and insert "\$11,486,000".

On page 16, after line 12, to strike out:

"MARKETING SERVICES

"For expenses necessary to carry on services related to agricultural marketing and distribution as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith and for administration and coordination of payments to States; and this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), and not to exceed \$25,000 shall be available for employment at rates not to exceed \$75 per diem under section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), in carrying out section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291) and section 203(j) of the Agricultural Marketing Act of 1946; \$37,061,000."

And in lieu thereof, to insert:

"MARKETING RESEARCH AND SERVICE

"For expenses necessary to carry on research and service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith; research and development, including related cost and efficiency evaluations, and services relating to agricultural marketing and distribution, for carrying out regulatory acts connected therewith, and for administration and coordination of payments to States; and this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), and not to exceed \$25,000 shall be available for employment at rates not to exceed \$75 per diem under section 15 of the Act of August 2, 1946 (5 U.S.C. 55a) in carrying out section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291) and section 203(j) of the Agricultural Marketing Act of 1946, \$44,514,100, of which \$1,600,000 is to remain available until expended for the construction of a peanut quality research facility and the acquisition of the necessary land therefor by donation: *Provided*, That research investigations undertaken at the national peanut quality evaluation laboratory must be truly national in scope and must give equivalent treatment to the different types of peanuts produced and marketed in the major peanut producing areas: *Provided further*, That appropriations hereunder shall be available pursuant to 5 U.S.C. 565a for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of erecting any

one building during the fiscal year shall not exceed \$20,000, except for one building to be constructed at a cost not to exceed \$50,000, and the cost of altering any one building during the fiscal year shall not exceed \$7,500 or 7.5 per centum of the cost of the building, whichever is greater."

On page 18, line 19, after "(7 U.S.C. 1623 (b))", to strike out "\$1,425,000" and insert "\$1,500,000".

On page 19, line 23, after the word "than", to strike out "\$40,000,000" and insert "\$51,500,000", and on page 20, line 1, after the word "Program", to strike out the comma and "and (5) not more than \$25,000,000 for transfer to the Commodity Credit Corporation to be used to increase domestic consumption of any farm commodity or farm commodities determined by the Secretary of Agriculture to be in surplus supply and hereafter such sums as may be approved by the Congress shall be available for such purpose."

On page 20, line 17, after "(7 U.S.C. 1766)", to strike out "\$18,505,000" and insert "\$19,039,000".

On page 21, line 7, after "(7 U.S.C. 1-17a)", to strike out "\$1,093,000" and insert "\$1,095,000".

On page 21, line 24, after the word "Corporation", to strike out "\$105,737,000" and insert "\$107,091,400", and on page 22, line 7, after the word "appropriation", to insert a colon and "Provided further, That no part of the funds appropriated or made available under this Act shall be used, (1) to influence the vote in any referendum; (2) to influence agricultural legislation except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations."

On page 23, line 17, after the word "farmers," to strike out "Provided further, That no portion of the funds for the 1964 program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetland types 3 (III), 4 (IV), and 5 (V) in United States Department of the Interior Fish and Wildlife Service Circular 39, Wetlands of the United States 1956" and insert "Provided further, That no portion of the funds for the 1964 program may be utilized to provide financial or technical assistance in any State of the Union for drainage of wetlands, except as subject to the same conditions as are provided by Public Law 87-732, approved October 2, 1962."

On page 26, line 21, after "(76 Stat. 606)", to strike out "\$10,000,000" and insert "\$12,150,000".

On page 27, line 16, after the word "service," to strike out "\$3,953,000" and insert "\$3,987,000".

On page 28, line 22, after the word "Library", to strike out "\$1,420,000" and insert "\$1,426,140".

On page 29, line 13, after the word "Agriculture", to strike out "\$3,735,000" and insert "\$3,760,550."

On page 30, line 24, after "(5 U.S.C. 55a)", to strike out "\$11,162,000" and insert "\$11,287,000".

On page 31, after line 13, to insert:

"RURAL HOUSING LOANS

"For rural housing loans, \$25,000,000, to be made available in addition to and in the same manner and under the terms and conditions applicable to funds provided under section 511 of the Housing Act of 1949, as amended."

On page 31, line 23, after word "amended", to strike out "\$1,000,000" and insert "\$1,350,000".

On page 32, line 7, to strike out "\$2,000,000" and insert "\$3,500,000".

On page 32, line 16, after "(40 U.S.C. 440-444)", to strike out "\$38,367,000" and insert "\$39,367,000".

On page 33, line 16, after the word "expenses", to strike out "\$6,950,000" and insert "\$7,210,000".

On page 33, line 19, after the word "exceed", to strike out "\$3,530,000" and insert "\$3,480,000".

On page 34, line 2, after "(15 U.S.C. 713a-11, 713a-12)", to strike out "\$2,500,000,000" and insert "\$2,699,400,000".

On page 35, line 13, after the word "Act", to strike out "\$1,452,000,000" and insert "\$1,252,000,000", and in line 17, to strike out "\$52,515,000" and insert "\$79,000,000".

On page 35, line 22, after "(7 U.S.C. 1641-1642)", to strike out "\$86,218,000" and insert "\$92,356,000".

Mr. HOLLAND. Mr. President, I appreciate the courtesy of the Senator from Delaware.

I call the attention of the distinguished Senator from Ohio to the fact that the figures stated as those being added this year will be reduced from those totals to be added this year in considerable amount, due to the fact that the bill as reported recommends an amount of \$322 million under the total of the budget request. It will not be a large diminution of the requested amounts; but for fear the RECORD might not reflect that fact, I thought this was the appropriate time to make the statement.

Mr. President, I yield the floor.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. SPARKMAN. Have the committee amendments been agreed to en bloc?

The PRESIDING OFFICER. The committee amendments have been agreed to en bloc.

Mr. HOLLAND. Mr. President, the committee amendments have been agreed to en bloc under the customary arrangement by which no points of order are waived, and any Senator who disagrees with any substantive amendment will not be precluded from making objection.

Mr. SPARKMAN. I so understand.

Mr. President, yesterday the Senator from Mississippi [MR. STENNIS], the Senator from Colorado [MR. ALLOTTI], and I had a colloquy with respect to the rural housing program. I said I would speak at greater length on the subject today. I shall not take much time, but I wish to present some pertinent facts for the RECORD.

A little more than 14 years ago after traveling through many of the rural areas of this Nation, talking to many farmers and seeing the deplorable housing in which rural people of this country live, I, on January 27, 1949, introduced a bill, S. 685, to provide assistance to farmers in securing farm housing and other farm buildings. This bill was referred to the Banking and Currency Committee and, after due consideration by the committee, the provisions of S. 685

were included in title V of the Housing Act of 1949.

In many circles, the 1949 Housing Act is considered one of the most outstanding pieces of housing legislation ever passed by the Congress.

The majority of people remember the act because of title I; that is, the title that established the modern-day program of urban renewal which has been so beneficial to our cities. There are many others, however, who remember it—namely, the farmers of this Nation—because it provided, for the first time, a financial means for them to secure for their families, their tenants, lessees, sharecroppers, and laborers, safe and decent housing and sanitary living conditions.

It is true that other programs were enacted prior to the 1949 act which were supposed to help farmers with their housing needs. These programs, however—and I refer particularly to the Bankhead-Jones Farm Tenant Act—were geared to the purchase and development of family-size farms—housing was secondary—and they were of little help to the farmer who owned his land and needed decent housing.

In general, title V of the 1949 act provided for:

First. Loans for housing and buildings on adequate farms up to 33 years at not more than 4 percent interest.

Second. Similar loans for housing and buildings on potentially adequate farms, supplemented by annual contributions applied as a partial credit on interest and principal payments to owners of farms which, through enlargement or improvement, can be made self-sustaining within a period of not less than 10 years.

Third. Loans and grants for minor improvements and minimum repairs to farm housing and buildings to assure decent, safe, and sanitary housing and buildings, and loans to enlarge or develop farms.

The 1949 act authorized the Secretary of Agriculture to loan through fiscal year 1953, \$250 million for the construction of farm homes and buildings.

The program got off to a fine start. During fiscal year 1950, more than 3,700 loans, aggregating in excess of \$17 million were made.

I remember very vividly being at the ground-breaking ceremonies of the first house to be built with the proceeds of a title V housing loan. This occurred almost 14 years ago in Jackson County, Ala. The loan was made to a Mr. Jones. I well remember how delighted he and Mrs. Jones were that they were to have decent housing in which to live. I might add, parenthetically, that within the last year or so Mr. Jones paid his loan in full.

Mr. HOLLAND. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. Is it not true, as a matter of history, that the repayment of these loans has been phenomenal and that the venture has been an excellent

one for the Government to engage in from that point of view?

Mr. SPARKMAN. The Senator is correct. A little later, I intended to state that the total principal writeoffs and judgments outstanding amount to less than \$99,500 or two one-hundredths of 1 percent. This is an excellent record and speaks very well for the farmers of the country who sought to have decent housing.

The program continued to progress and, in fiscal year 1951, the Farmers Home Administration made over 5,000 loans, aggregating more than \$24 million. By 1952 when an additional 4,051 loans, aggregating over \$20 million, were made, the Farmers Home Administration had made loans under the title V program in all but one of the then 48 States. Rhode Island was the exception.

When the new administration took over in 1953, it was decided that the title V program should be administered on a very limited basis and the program would be phased out. Thus, in fiscal year 1953, the number of loans dropped to 3,272 and in fiscal 1954 to 2,676.

The Congress saw matters somewhat differently, however, and in 1954 continued the program by authorizing \$100 million for farm housing loans for each of the fiscal years 1954, 1955, and 1956.

Notwithstanding, no title V loans were made during fiscal year 1955.

Early in calendar year 1956 when the general economy began to slump, it was decided that the farm housing loan program might be helpful in bolstering the economy in rural and farm areas, and the program was reactivated. Simultaneously in 1956, Congress again extended the program with an additional \$450 million lending authority to expire on June 30, 1961.

During the remainder of fiscal year 1956, some 500 loans, aggregating about \$3.6 million, were made and the program continued on a very limited basis through fiscal year 1960.

The 1961 Housing Act significantly amended the title V housing program. The President's housing message of that year pointed out a housing gap—the rural resident—and Congress was quick to act.

Title V was extended by the 1961 Housing Act to rural nonfarm families. Thus, the program became a tool, not only for farmers, but also for all rural families to provide the decent housing they needed. The loans under the amendment are the same as originally provided in the title V program, they bear 4-percent interest and are repayable over periods up to 33 years.

The 1961 act also authorized the Farmers Home Administration to make small home improvement loans without taking a mortgage on the farm for security. This action was taken to cut down loan closing costs and speed up loanmaking.

Domestic farm labor benefits from the legislation, too, since the 1961 act authorized for the first time the Farmers Home Administration to insure loans

which will provide such laborers with housing and related facilities. These loans may be made to farmowners, associations of farmers, State and local government units, and nonprofit associations. Under this insured loan program, funds are provided by private lenders. The Farmers Home Administration deducts an administrative charge for making and servicing the loans and guaranteeing their repayment to the private lender.

In addition, the 1961 legislation authorized up to \$250,000 per year for research in farm housing needs, design, and construction. I understand that the Farmers Home Administration has moved rapidly to do these things: first, analyze the housing information contained in the agriculture census of 1959 and the population census of 1960 to determine the adequacy of existing farm housing; second, study the economic problem faced by low-income farmers and other persons who need better housing and are eligible under the law but who cannot afford the price; and third, investigate ways to improve the design,

utility, comfort, and construction of farm housing, including the use of new building materials.

Under the 1961 act, the county committees of the Farmers Home Administration continue to determine eligible loan applicants. Because these men have lived in the community for years, they know the needs for housing and they make certain that the benefits of the act go only to those for whom the benefits are intended. The county committee fills an important gap here because the law requires that rural housing loans be made only to those who are unable to obtain adequate financing from other sources.

As I stated a moment ago, in 1956 Congress continued the farm housing program through fiscal year 1961 by adding an additional \$450 million loan authority to the program. In 1961, there was an unused balance of approximately \$200 million of the 1956 authorization. The 1961 Housing Act extended the program by making available the unused balance and by supplementing it with an additional \$200 million.

Since the 1961 amendments, activity under the program has increased sharply.

In the past 2½ years, more loans have been made for rural housing than in the previous 11 years of the program's existence. Since 1949 when the program began, a total of \$606,518,000 has been loaned to help improve the housing conditions of some 77,500 farmers and rural families. Approximately \$326.5 million, or 54 percent, of this amount has been loaned since January 1961.

The vast bulk of the funds to date, approximately \$606 million, have been loaned to individuals to build, remodel or repair their homes.

Mr. President, I ask unanimous consent to have printed at this point in my remarks tables showing the total number and amount of farm housing loans made, by States, from 1950 through May 31, 1963.

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

Rural housing loans made during 1950 and 1951 fiscal years

State	1950 fiscal year			1951 fiscal year			
	Number initial	Total amount	Number			Total amount	
			(1)	(2)	(3)		
U.S. total	3,791	\$17,229,474	5,154		142	5,296	\$24,104,841
Alabama	226	1,150,270	232	7	239	1,184,410	1,496,304
Alaska	0	0	1	0	1	1,000	1,000
Arizona	20	112,000	28	1	29	175,580	175,580
Arkansas	83	276,190	232	4	236	703,871	703,871
California	128	672,880	118	0	118	602,708	602,708
Colorado	30	139,160	67	2	69	393,555	393,555
Connecticut	3	6,027	9	0	9	32,490	32,490
Delaware	0	0	2	1	3	13,540	13,540
Florida	59	267,355	92	7	99	461,246	461,246
Georgia	260	1,042,530	329	14	343	1,182,015	1,182,015
Hawaii	21	179,940	25	1	26	692,989	692,989
Idaho	87	518,450	119	4	123	296,908	296,908
Illinois	83	293,610	87	2	89	329,168	329,168
Indiana	54	235,165	97	0	97	431,957	431,957
Iowa	43	194,915	65	2	67	260,605	260,605
Kansas	53	203,300	86	1	87	422,363	422,363
Kentucky	80	342,342	102	9	111	480,509	480,509
Louisiana	123	518,210	185	3	188	890,086	890,086
Maine	49	164,834	80	4	84	296,908	296,908
Maryland	35	145,475	22	0	22	97,155	97,155
Massachusetts	2	6,200	5	0	5	28,796	28,796
Michigan	85	386,069	149	6	155	705,634	705,634
Minnesota	53	196,667	79	0	79	299,014	299,014
Mississippi	151	530,750	277	3	280	1,072,109	1,072,109
Missouri	180	550,380	220	2	222	734,276	734,276
Montana	48	296,345	47	2	49	221,670	221,670
Nebraska	101	456,865	130	2	132	516,927	516,927
Nevada	6	44,300	7	1	8	49,100	49,100
New Hampshire	1	500	3	0	3	8,895	8,895
New Jersey	23	82,574	33	0	33	143,515	143,515
New Mexico	54	244,329	58	5	63	279,350	279,350
New York	35	128,110	47	0	47	216,857	216,857
North Carolina	115	535,565	194	3	197	947,916	947,916
North Dakota	15	67,830	64	0	64	348,241	348,241
Ohio	25	98,815	60	2	62	278,780	278,780
Oklahoma	256	1,165,174	303	17	320	1,385,425	1,385,425
Oregon	49	344,066	67	0	67	421,258	421,258
Pennsylvania	89	333,813	130	1	131	443,199	443,199
Rhode Island	0	0	0	0	0	0	0
South Carolina	104	552,390	177	2	179	954,967	954,967
South Dakota	48	237,964	70	0	70	332,401	332,401
Tennessee	137	606,340	192	3	195	966,182	966,182
Texas	338	1,567,099	309	2	311	1,647,013	1,647,013
Utah	75	469,012	100	2	102	574,186	574,186
Vermont	1	3,170	7	1	8	25,175	25,175
Virginia	80	448,484	93	12	105	518,362	518,362
Washington	49	371,125	64	1	65	402,954	402,954
West Virginia	63	347,005	76	8	84	485,689	485,689
Wisconsin	58	234,650	90	4	94	355,997	355,997
Wyoming	45	218,810	45	1	46	240,980	240,980
Puerto Rico	67	240,920	77	0	77	333,684	333,684
Virgin Islands	1	1,500	3	0	3	8,830	8,830

Rural housing loans made during 1952 and 1953 fiscal years

State	1952 fiscal year			1953 fiscal year			Total amount				
	Number		Total amount	Number		Total					
	Initial	Subsequent		(1)	(2)	(3)		(4)	(5)	(6)	(7)
U.S. total	4,051	204	4,255	\$20,776,854		3,272	173		3,445		\$19,110,020
Alabama	208	4	212	1,170,701		219	1		220		1,357,098
Alaska	0	0	0	0		0	0		0		0
Arizona	25	1	26	189,623		14	0		14		122,897
Arkansas	323	12	335	979,353		195	13		208		714,927
California	91	6	97	532,778		60	1		61		470,204
Colorado	53	6	59	303,963		46	1		47		303,646
Connecticut	12	0	12	37,850		9	0		9		56,970
Delaware	3	0	3	12,750		0	0		0		0
Florida	107	9	116	648,163		60	2		62		405,013
Georgia	267	19	286	1,347,002		168	13		181		692,231
Hawaii	31	1	32	265,640		19	1		20		161,674
Idaho	47	7	54	294,352		51	3		54		338,860
Illinois	58	2	60	253,413		64	2		66		252,044
Indiana	72	7	79	354,220		52	3		55		315,315
Iowa	115	1	116	527,870		75	1		76		389,469
Kansas	62	3	65	356,936		48	4		52		289,897
Kentucky	67	6	73	387,005		121	4		125		721,295
Louisiana	132	4	136	703,117		121	4		125		698,402
Maine	58	3	61	233,255		44	8		52		205,233
Maryland	34	0	34	187,981		32	3		35		201,085
Massachusetts	7	0	7	38,452		4	0		4		18,010
Michigan	69	13	82	321,214		62	6		68		322,039
Minnesota	70	1	71	314,913		68	0		68		305,961
Mississippi	301	9	310	1,227,004		251	11		262		1,176,620
Missouri	205	5	210	804,094		179	2		181		779,964
Montana	33	3	36	186,900		33	3		36		227,208
Nebraska	69	0	69	323,258		39	2		41		210,760
Nevada	6	1	7	43,295		3	0		3		19,612
New Hampshire	4	0	4	12,125		4	0		4		18,950
New Jersey	32	1	33	178,621		37	1		38		243,198
New Mexico	52	5	57	340,557		41	1		42		266,353
New York	32	1	33	171,465		27	3		30		202,859
North Carolina	167	4	171	909,275		150	5		155		1,090,111
North Dakota	39	1	40	239,363		46	2		48		324,694
Ohio	47	2	49	205,595		49	3		52		227,700
Oklahoma	208	13	221	1,084,014		121	9		130		777,766
Oregon	53	2	55	323,919		25	2		27		168,226
Pennsylvania	73	2	75	394,023		56	8		64		302,713
Rhode Island	0	0	0	0		2	0		2		5,570
South Carolina	145	3	148	845,963		94	2		96		653,090
South Dakota	28	0	28	140,340		39	5		44		250,524
Tennessee	57	4	61	323,709		106	1		107		633,334
Texas	234	6	240	1,506,133		147	7		154		977,685
Utah	40	4	44	230,649		31	1		32		226,699
Vermont	5	0	5	17,650		3	1		4		18,280
Virginia	64	13	77	457,670		64	9		73		480,093
Washington	41	5	46	265,079		34	3		37		216,528
West Virginia	45	8	53	262,653		35	4		39		288,717
Wisconsin	61	3	64	310,034		53	9		62		275,278
Wyoming	27	4	31	162,895		16	8		24		117,092
Puerto Rico	65	0	65	319,720		53	1		54		271,626
Virgin Islands	7	0	7	30,300		2	0		2		16,500

Source: Farmers Home Administration, USDA.

Rural housing loans made during 1954 and 1956 fiscal years

State	1954 fiscal year			1956 fiscal year ¹			Total amount				
	Number		Total amount	Number		Total					
	Initial	Subsequent		(1)	(2)	(3)		(4)	(5)	(6)	(7)
U.S. total	2,676	129	2,805	\$16,014,793		506	40		546		\$3,699,297
Alabama	177	0	177	880,022		31	6		37		273,998
Alaska	0	0	0	0		0	0		0		0
Arizona	16	0	16	145,462		3	0		3		23,956
Arkansas	153	14	167	601,066		35	4		39		198,284
California	60	1	61	536,621		8	0		8		83,764
Colorado	30	0	30	188,963		1	0		1		9,353
Connecticut	1	1	2	8,745		0	0		0		0
Delaware	0	0	0	0		0	0		0		0
Florida	48	1	49	379,978		20	2		22		162,066
Georgia	146	7	153	874,496		29	6		35		204,086
Hawaii	7	0	7	48,950		4	0		4		45,830
Idaho	37	1	38	265,361		5	0		5		42,462
Illinois	66	5	71	293,373		7	1		8		45,592
Indiana	42	8	50	300,780		3	0		3		21,007
Iowa	67	3	70	352,002		0	0		0		284
Kansas	33	4	37	261,757		4	0		4		20,963
Kentucky	33	4	37	26,1757		4	0		4		20,963
Louisiana	84	1	85	533,185		28	0		28		213,983
Maine	36	7	43	179,093		6	0		6		51,037
Maryland	24	0	24	185,325		4	1		5		33,410
Massachusetts	4	0	4	26,350		0	0		0		0
Michigan	66	2	68	359,937		13	1		14		93,643
Minnesota	53	0	53	230,051		4	0		4		35,469

See footnotes at end of table.

Rural housing loans made during 1954 and 1956 fiscal years—Continued

State	1954 fiscal year					1956 fiscal year ¹				
	Number			Total amount	Number			Total amount		
	Initial	Subsequent	Total		Initial	Subsequent	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
Mississippi	184	5	189	\$958,195	73	0	73	\$396,605		
Missouri	151	3	154	540,132	23	5	28	124,420		
Montana	30	3	33	244,542	3	0	3	10,243		
Nebraska	30	1	31	184,961	2	0	2	24,456		
Nevada	2	1	3	13,147	0	0	0	324		
New Hampshire	4	0	4	25,000	2	0	2	7,950		
New Jersey	36	1	37	179,186	4	0	4	30,923		
New Mexico	36	0	36	241,785	1	0	1	18,288		
New York	28	0	28	218,691	0	0	0	6,214		
North Carolina	134	7	141	882,086	34	3	37	272,708		
North Dakota	35	0	35	273,594	4	0	4	53,444		
Ohio	23	2	25	151,357	2	0	2	18,561		
Oklahoma	93	3	96	571,960	16	4	20	121,778		
Oregon	14	0	14	97,955	1	0	1	6,570		
Pennsylvania	20	4	24	133,630	3	0	3	32,280		
Rhode Island	0	0	0	0	0	0	0	0		
South Carolina	99	5	104	641,983	34	2	36	262,661		
South Dakota	51	2	53	301,096	0	0	0	506		
Tennessee	113	3	116	662,518	25	0	25	132,726		
Texas	136	6	142	1,026,137	24	0	24	212,157		
Utah	23	7	30	181,270	5	1	6	44,815		
Vermont	2	0	2	7,100	0	0	0	0		
Virginia	47	7	54	358,117	8	0	8	56,333		
Washington	26	3	29	206,409	2	1	3	18,105		
West Virginia	39	3	42	270,316	5	1	6	52,962		
Wisconsin	42	3	45	233,426	4	1	5	32,539		
Wyoming	10	1	11	88,951	2	1	3	22,717		
Puerto Rico	38	0	38	227,978	11	0	11	80,398		
Virgin Islands	4	0	4	31,051	1	0	1	5,037		

¹ Amount in 4 States showing no number is loan costs advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc.

Source: Farmers Home Administration, USDA.

Rural housing loans made during 1957 and 1958 fiscal years

State	1957 fiscal year					1958 fiscal year				
	Number			Total amount	Number			Total amount		
	Initial	Subsequent	Total		Initial	Subsequent	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
U.S. total	3,105	196	3,301	\$20,881,763	4,502	349	4,851	\$32,395,294		
Alabama	204	14	218	1,423,916	294	19	313	1,970,589		
Alaska	0	0	0	0	3	0	3	8,780		
Arizona	5	0	5	34,600	14	0	14	203,836		
Arkansas	114	15	129	551,190	184	14	198	846,946		
California	67	2	69	636,212	83	11	94	864,957		
Colorado	9	0	9	59,262	7	1	8	61,060		
Connecticut	2	0	2	20,000	2	0	2	12,150		
Delaware	4	0	4	31,500	2	0	2	7,525		
Florida	167	5	172	1,398,857	246	12	258	2,309,637		
Georgia	201	16	217	1,208,277	291	28	319	1,893,304		
Hawaii	16	2	18	139,150	14	2	16	147,060		
Idaho	38	3	41	374,479	55	6	61	550,752		
Illinois	43	2	45	251,402	44	5	49	276,180		
Indiana	26	5	31	171,993	32	4	36	206,984		
Iowa	35	4	39	199,056	77	6	83	486,217		
Kansas	37	0	37	213,538	39	3	42	209,228		
Kentucky	59	2	61	377,959	85	12	97	657,805		
Louisiana	124	12	136	896,358	134	8	142	999,457		
Maine	59	4	63	407,333	124	27	151	987,305		
Maryland	24	3	27	219,820	35	5	40	316,931		
Massachusetts	6	0	6	29,665	2	0	2	17,235		
Michigan	49	8	57	334,893	93	7	100	687,394		
Minnesota	36	3	39	221,140	91	5	96	593,673		
Mississippi	398	14	412	2,097,442	461	26	487	2,458,275		
Missouri	209	9	218	1,026,601	224	22	246	1,323,861		
Montana	24	0	24	251,111	29	2	31	265,902		
Nebraska	13	2	15	96,365	31	2	33	170,249		
Nevada	2	0	2	23,602	4	0	4	30,711		
New Hampshire	2	0	2	5,360	3	0	3	13,279		
New Jersey	15	3	18	132,887	16	1	17	148,445		
New Mexico	22	1	23	182,760	25	2	27	205,439		
New York	18	3	21	108,340	40	4	44	240,300		
North Carolina	124	6	130	945,416	199	17	216	1,560,415		
North Dakota	86	3	89	866,085	101	2	103	852,379		
Ohio	37	3	40	198,586	48	3	51	358,360		
Oklahoma	91	5	96	516,322	138	9	147	803,183		
Oregon	26	3	29	229,395	59	5	64	524,360		
Pennsylvania	45	5	50	279,307	63	5	68	390,038		
Rhode Island	0	0	0	0	1	0	1	3,100		
South Carolina	73	6	79	488,049	114	10	124	1,013,077		
South Dakota	18	1	19	157,479	38	6	44	311,383		
Tennessee	180	8	188	1,038,337	245	12	257	1,584,567		
Texas	107	6	113	846,900	207	11	218	1,822,861		
Utah	46	5	51	355,756	65	6	71	648,951		
Vermont	3	0	3	33,600	4	0	4	16,725		
Virginia	33	2	35	298,140	28	2	30	201,444		
Washington	36	0	36	329,773	93	5	98	802,488		
West Virginia	31	7	38	216,354	73	8	81	617,773		
Wisconsin	57	2	59	318,932	132	11	143	958,440		
Wyoming	25	1	26	249,792	32	2	34	260,095		
Puerto Rico	58	0	58	371,478	77	1	78	419,609		
Virgin Islands	1	1	2	14,000	1	0	1	10,500		

Source: Farmers Home Administration, USDA.

Rural housing loans made during 1959 and 1960 fiscal years

State	1959 fiscal year						1960 fiscal year					
	Number			Total amount	Number			Total amount				
	Initial	Subsequent	Total		Initial	Subsequent	Total					
U.S. total	7,589	496	8,085	\$59,885,594	4,904	383	5,287	\$40,282,161				
Alabama	508	23	531	4,007,224	304	17	321	2,545,267				
Alaska	3	0	3	12,720	4	0	4	39,620				
Arizona	13	0	13	214,608	7	0	7	73,844				
Arkansas	352	18	370	1,812,443	280	24	304	1,792,544				
California	104	9	113	1,128,902	73	10	83	894,045				
Colorado	25	0	25	238,353	22	2	24	218,334				
Connecticut	5	0	5	33,430	2	0	2	8,800				
Delaware	0	0	0	0	2	0	2	6,800				
Florida	405	19	424	3,987,495	173	18	191	1,850,031				
Georgia	455	37	492	3,234,153	253	25	278	1,797,312				
Hawaii	14	3	17	163,390	16	0	16	189,000				
Idaho	75	5	80	673,141	70	5	75	642,876				
Illinois	50	8	58	332,375	37	3	40	246,471				
Indiana	60	4	64	513,348	34	1	35	285,531				
Iowa	152	7	159	1,150,034	99	5	104	820,132				
Kansas	89	6	95	618,590	80	6	86	600,325				
Kentucky	176	14	190	1,387,659	150	10	160	1,215,178				
Louisiana	185	12	197	1,498,566	91	2	93	705,967				
Maine	121	30	151	1,086,919	74	38	112	767,264				
Maryland	33	4	37	374,444	11	4	15	114,160				
Massachusetts	9	2	11	96,738	3	0	3	35,629				
Michigan	124	16	140	961,698	113	9	122	961,048				
Minnesota	142	5	147	888,855	85	5	90	556,828				
Mississippi	720	42	762	4,599,567	497	26	523	3,178,642				
Missouri	387	33	420	2,470,597	256	24	280	1,577,336				
Montana	91	3	94	820,410	64	4	68	605,000				
Nebraska	56	5	61	420,670	42	0	42	342,687				
Nevada	4	0	4	34,400	4	0	4	39,640				
New Hampshire	3	0	3	11,900	1	0	1	850				
New Jersey	24	3	27	264,962	14	1	15	166,050				
New Mexico	41	8	49	442,508	24	1	25	231,376				
New York	48	6	54	394,710	39	3	42	306,841				
North Carolina	244	20	264	2,096,641	162	10	172	1,582,383				
North Dakota	101	6	167	1,520,688	106	4	110	1,120,463				
Ohio	84	3	87	617,272	51	4	55	455,044				
Oklahoma	276	14	290	2,100,041	231	14	245	1,874,368				
Oregon	91	4	95	813,819	52	5	57	419,306				
Pennsylvania	67	9	76	455,666	64	13	77	473,544				
Rhode Island	2	0	2	6,420	0	0	0	0				0
South Carolina	312	9	321	2,855,019	172	14	186	1,647,172				
South Dakota	111	10	121	982,343	83	11	94	717,538				
Tennessee	403	24	427	3,093,071	283	18	301	2,338,635				
Texas	537	25	562	4,823,321	235	6	241	2,184,216				
Utah	117	13	130	1,220,430	103	8	111	1,152,484				
Vermont	8	0	8	49,350	2	1	3	14,625				
Virginia	76	5	81	761,180	48	3	51	465,332				
Washington	125	11	136	1,170,110	98	13	111	958,028				
West Virginia	157	8	165	1,228,633	62	3	65	503,508				
Wisconsin	167	10	177	1,237,562	142	9	151	1,038,157				
Wyoming	47	0	47	369,211	23	2	25	187,464				
Puerto Rico	128	3	131	646,618	63	2	65	334,466				
Virgin Islands	2	0	2	23,400	0	0	0	0				

Source: Farmers Home Administration, USDA.

Rural housing loans made during 1961 and 1962 fiscal years

State	1961 fiscal year						1962 fiscal year					
	Number			Total amount	Number			Total amount				
	Initial	Subsequent	Total		Initial	Subsequent	Total					
U.S. total	8,032	728	8,760	\$68,990,418	10,706	641	11,347	\$96,375,952				
Alabama	653	54	707	5,721,969	706	21	727	6,384,214				
Alaska	6	1	7	79,600	46	0	46	778,116				
Arizona	15	1	16	222,044	38	0	38	445,440				
Arkansas	408	52	460	2,619,409	461	24	485	3,104,273				
California	83	8	91	1,007,181	115	12	127	1,535,016				
Colorado	39	3	42	341,687	127	13	140	1,369,947				
Connecticut	5	1	6	37,208	13	0	13	137,377				
Delaware	9	0	9	56,000	14	0	14	153,900				
Florida	252	22	274	2,459,901	331	15	346	3,308,204				
Georgia	456	54	510	3,546,343	601	25	626	5,172,368				
Hawaii	29	6	35	396,220	55	5	60	696,840				
Idaho	83	13	96	836,955	140	7	147	1,384,222				
Illinois	71	6	77	603,726	87	8	95	849,672				
Indiana	90	9	99	757,596	145	7	152	1,426,977				
Iowa	149	7	156	1,409,795	199	14	213	1,896,585				
Kansas	141	8	149	1,070,330	198	13	211	1,771,631				
Kentucky	189	17	206	1,624,460	200	8	208	1,900,021				
Louisiana	166	7	173	1,478,296	183	17	200	1,659,718				
Maine	142	40	182	1,504,071	214	47	261	1,302,390				
Maryland	48	11	59	594,347	70	3	73	799,000				
Massachusetts	8	2	10	57,748	4	1	5	23,605				
Michigan	178	17	195	1,786,029	205	21	226	2,098,302				
Minnesota	162	10	172	1,187,791	226	8	234	1,600,064				
Mississippi	656	41	697	4,570,816	772	53	825	5,899,527				
Missouri	365	47	412	2,731,901	557	48	605	4,483,212				

Rural housing loans made during 1961 and 1962 fiscal years—Continued

State	1961 fiscal year						1962 fiscal year					
	Number			Total amount	Number			Total amount				
	Initial	Subsequent	Total		Initial	Subsequent	Total					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)					
Montana	119	5	124	\$1,152,873	145	11	156	\$1,287,940				
Nebraska	56	4	60	421,520	79	1	80	699,618				
Nevada	4	0	4	47,756	11	0	11	114,221				
New Hampshire	4	3	7	40,970	25	1	26	185,015				
New Jersey	24	3	27	215,428	106	5	111	988,744				
New Mexico	42	1	43	396,276	93	3	96	754,382				
New York	73	7	80	650,260	106	7	113	925,801				
North Carolina	401	35	436	3,770,106	604	18	622	5,986,178				
North Dakota	185	9	194	1,879,117	228	16	244	2,297,538				
Ohio	72	9	81	630,081	106	10	116	1,029,397				
Oklahoma	336	18	354	2,716,911	346	17	363	3,154,627				
Oregon	76	16	92	688,270	95	7	102	870,772				
Pennsylvania	135	27	162	1,112,429	126	21	147	1,175,031				
Rhode Island	1	0	1	5,101	1	0	1	7,239				
South Carolina	317	22	339	2,990,253	362	18	380	3,508,626				
South Dakota	109	15	124	971,819	184	18	202	1,558,222				
Tennessee	511	33	544	4,563,530	614	37	651	5,683,084				
Texas	305	13	318	2,650,161	483	12	495	4,764,899				
Utah	115	10	125	1,317,364	164	9	173	2,005,708				
Vermont	19	1	20	188,520	6	0	6	41,880				
Virginia	101	7	108	919,621	181	5	186	1,749,300				
Washington	124	11	135	1,224,346	161	26	187	1,619,123				
West Virginia	90	9	99	714,681	163	3	166	1,497,425				
Wisconsin	233	23	256	1,962,013	278	22	300	2,067,002				
Wyoming	22	1	23	217,480	67	1	68	637,157				
Puerto Rico	154	9	163	843,966	243	3	246	1,306,312				
Virgin Islands	1	0	1	7,200	22	0	22	280,000				

Source: Farmers Home Administration, USDA.

Rural housing loans made during 1963 fiscal year through May 31 and cumulative from beginning of program in 1950 through May 31, 1963

State	1963 fiscal year through May 31						Cumulative through May 31, 1963					
	Number			Total amount	Number			Total amount				
	Initial	Subsequent	Total		Initial	Subsequent	Total					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)					
U.S. total	18,661	675	10,336	\$181,750,010	76,949	4,156	81,105	\$601,505,471				
Alabama	1,266	26	1,292	12,180,325	5,028	192	5,220	40,250,003				
Alaska	53	7	60	889,855	116	8	124	1,809,691				
Arizona	57	0	57	695,054	255	3	258	2,658,944				
Arkansas	900	36	936	6,022,983	3,720	230	3,950	21,123,479				
California	131	6	137	1,682,596	1,121	66	1,187	10,650,864				
Colorado	187	20	207	2,047,935	643	48	691	5,675,238				
Connecticut	11	3	14	134,720	74	5	79	525,767				
Delaware	18	0	18	208,555	54	1	55	490,570				
Florida	533	15	548	5,543,408	2,493	127	2,620	23,181,354				
Georgia	1,198	32	1,230	11,920,767	4,654	276	4,930	34,729,173				
Hawaii	104	3	107	1,197,700	355	24	379	3,813,409				
Idaho	187	8	195	2,275,902	994	62	1,056	8,890,801				
Illinois	216	9	225	2,403,815	913	53	966	6,424,841				
Indiana	188	2	190	2,304,014	895	50	945	7,324,887				
Iowa	332	8	340	3,727,415	1,408	58	1,466	11,414,379				
Kansas	311	15	326	2,908,025	1,181	63	1,244	8,946,883				
Kentucky	521	15	536	5,604,436	1,838	101	1,939	15,289,702				
Louisiana	467	8	475	4,331,787	2,023	78	2,101	15,136,132				
Maine	322	47	369	1,914,681	1,329	255	1,584	9,100,323				
Maryland	136	1	137	1,587,950	508	35	543	4,857,083				
Massachusetts	16	1	17	72,127	70	6	76	450,555				
Michigan	272	15	287	3,175,700	1,478	121	1,599	12,193,600				
Minnesota	451	17	468	3,946,272	1,520	54	1,574	10,376,698				
Mississippi	1,442	48	1,490	12,615,622	6,183	278	6,461	40,781,174				
Missouri	789	37	826	7,582,071	3,745	237	3,982	24,728,845				
Montana	139	7	146	1,344,460	805	43	848	6,914,604				
Nebraska	184	6	190	1,679,929	832	25	857	5,548,265				
Nevada	16	0	16	174,295	69	3	72	634,403				
New Hampshire	40	1	41	347,650	96	5	101	678,444				
New Jersey	146	8	154	1,457,212	510	27	537	4,231,745				
New Mexico	127	7	134	1,119,536	616	34	650	4,722,939				
New York	144	2	146	1,514,286	1,416	55	1,471	5,084,734				
North Carolina	1,566	23	1,589	15,949,006	4,094	151	4,245	36,527,806				
North Dakota	346	12	358	3,816,176	1,416	55	1,471	13,659,612				
Ohio	139	10	149	1,456,440	743	51	794	5,705,982				
Oklahoma	516	9	525	5,170,637	2,931	132	3,063	21,532,206				
Oregon	92	13	105	1,002,100	700	57	757	5,910,016				
Pennsylvania	127	24	151	1,326,733	998	119	1,117	6,852,456				
Rhode Island	1	0	1	2,600	8	0	8	30,030				
South Carolina	688	18	706	6,047,721	2,691	111	2,802	23,380,971				
South Dakota	271	25	296	2,199,432	1,050	93	1,143	8,161,047				
Tennessee	1,211	29	1,240	11,420,892	4,077	172	4,249	33,010,925				
Texas	841	12	853	8,715,158	3,903	106	4,009	32,743,740				
Utah	248	9	257	3,162,366	1,132	75	1,207	11,589,780				
Vermont	11	3	14	87,250	71	7	78	503,325				
Virginia	340	7	347	3,306,311	1,163	72	1,235	10,050,387				
Washington	168	16	184	1,935,439	1,021	95	1,116	9,519,507				
West Virginia	284	7	291	2,856,234	1,123	69	1,192	9,341,050				
Wisconsin	313	34	347	2,838,677	1,630	131	1,761	11,862,707				
Wyoming	90	6	96	988,890	451	28	479	3,771,534				
Puerto Rico	473	8	481	2,529,365	1,507	27	1,534	7,926,143				
Virgin Islands	32	0	32	418,500	77	1	78	846,818				

* In addition, 8 insured farm labor housing loans for \$254,510 were made in 1962 and 1963; and 2 insured rental housing loans for \$117,000 were made in 1963.

Source: Farmers Home Administration, USDA.

Mr. SPARKMAN. Mr. President, during the discussion of the farm housing program yesterday, a question was asked as to whether rural housing loans under the title V program were made in the areas of subdivisions, towns, and cities. This question was propounded by the senior Senator from Colorado [Mr. ALLOTT] and appears on page 18025 of yesterday's RECORD. I should like to clarify the RECORD on this point.

The Housing Act of 1961 broadened the program to the extent of enabling the Farmers Home Administration to make loans to people who are not farmers so long as they meet the other eligibility requirements and live in rural areas.

The Farmers Home Administration has interpreted rural areas to include the open country that exists among farms and to include country villages that have a population of not more than 2,500. The 2,500 level is the level the census has set to distinguish rural communities from communities that are not rural.

The Farmers Home Administration does not make loans to people to build homes in subdivisions near cities. The Farmers Home Administration does not consider such subdivisions to be rural areas.

In 1962, the title V farm housing program was again amended to help provide housing for elderly people in rural areas. Under the 1962 amendments, the Farmers Home Administration may:

First. Make loans to elderly persons—those who are 62 years of age or older—for the purchase of existing homes or the construction, improvement, alteration or repair of dwellings and related facilities in rural areas for their own use.

Second. Make loans to private non-profit corporations and consumer cooperatives to provide housing and related facilities for elderly persons and families in rural nonfarm areas.

Third. Insure loans made by private lenders to individuals, corporations, trusts or partnerships providing rental housing and related facilities to elderly persons on farms and in nonfarm rural areas.

The 1962 amendments increased the existing loan fund by \$50 million. This additional amount was especially earmarked for loans to elderly persons. The 1962 amendments also established a \$50 million revolving fund for making loans to nonprofit corporations and consumer cooperatives.

In addition, proper authority was provided the Farmers Home Administration to utilize the agriculture credit insurance fund established under sections 308 and 309 of the Consolidated Farmers Home Administration Act of 1961 to insure elderly persons rental housing in farm and nonfarm rural areas.

Mr. President, my remarks thus far have dealt in general with the chronological development of the title V rural housing program.

The need for the rural housing today is just as great as it was in 1949 when the title V program was first established.

Let me make the record clear.

I believe in the private enterprise system as much as any Senator in this

body. At the same time, I believe that farmers and rural nonfarm families have just as much right to have decent housing as any group in this Nation.

I have often stated during my tenure in the Congress that if private enterprise will provide for the housing needs of certain groups of our people—the low and middle income groups, veterans living in remote and rural areas, the low income elderly in both rural and urban areas, farmers and rural nonfarm families—I would be one of the first to advocate an end to the Federal programs which have been established to care for these needs. To date, no effective solution has been offered by private enterprise.

Perhaps the title V housing program is an excellent example to use in order to show the reluctance of lenders to enter into mortgages for these specific groups. It is the policy of the Farmers Home Administration to require that any applicant for a title V housing loan show that he is unable to secure credit from other sources before the applicant's loan application can be considered. This, of course, requires the potential borrower to contact local lending institutions in order to determine whether credit will be made available to him. In some cases, his credit is approved and he obtains a conventional mortgage loan, but it is clearly seen, I believe, from the number of loans already made and the number of applicants still awaiting a title V loan that the vast majority of farmers and rural nonfarm families cannot obtain mortgage financing through conventional private sources.

There are some who argue "why title V housing loans?" Why not use the insured loans as provided by the Consolidated Farmers Home Administration of 1961 or some other insurance program that would parallel the Federal Housing Administration insurance programs.

First, under the title V loan program, all rural people, whether farmers or otherwise, if they own the property on which the housing is to be constructed, are potential borrowers. By contrast, the Consolidated Farmers Home Administration Act of 1961 specifically limits loans to persons who first, are citizens of the United States; second, have a farm background and either training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations; third, are or will become owner-operators of not larger than family farms; and fourth, are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms, in the community in or near which the applicant resides, for loans for similar purposes and periods of time.

Thus, those who suggest that the insurance program under the Consolidated Farmers Home Administration Act should replace the title V program would preclude all rural nonfarm families from obtaining decent housing.

Second, to those who suggest supplanting the Title V loan program with a mortgage insurance program, I urge

them to review the reasons why the Federal Housing Administration has consistently refused to insure mortgages secured by housing located on farms and in rural areas. I also urge them to review the reasons why the majority of private lenders have consistently refused to make mortgage loans in these areas.

Anyone who even casually studies the mortgage market will immediately find that little, if any, mortgage credit flows into rural areas regardless of the overall supply of mortgage money. Anyone who casually studies national income levels, will immediately find that rural incomes are notoriously low, and rural people cannot afford to pay the price needed to attract private capital into the rural areas.

Everyone knows that mortgage insurance programs depend upon the investment of private capital to make them workable, and even though Federal insurance would remove a substantial portion of the risk involved, private capital would still demand a higher return than rural people can pay.

To prove these points, one need look no further than the Federal Housing Administration's section 203(i) program which was established specifically to help finance housing in rural areas. Even though special provisions have, from time to time, been written into this section in an attempt to make it workable, it has never been successful in supplying housing for farm families or for other rural families on scattered sites.

Mr. President, as I stated earlier to the senior Senator from Florida [Mr. HOLLAND], there are few Federal programs that have as enviable a repayment record as does the title V loan program. Since the establishment of this program in 1949, some 77,500 loans, aggregating in excess of \$606.5 million, have been made to our farmers and rural families. As of December 31, 1962, some 13,699, or 19.5 percent, of the borrowers had satisfied their accounts in full. The total principal writeoffs and judgments outstanding on the same date amounted to less than \$99,500. Thus represents less than two one-hundredths of 1 percent of the cumulative amount loaned.

This fine record is very gratifying to those of us who have supported the title V loan program over the years and, indeed, it proves the confidence we placed in the farmers and rural people of this Nation. Certainly this is a remarkable record for any group of borrowers, but it becomes especially significant considering the fact that these families were unable to obtain credit from other sources.

The vast bulk of the funds to date, some \$606.5 million, have been loaned to individuals to build, remodel or repair their homes. The scope of this phase of the program was increased tremendously when the 1961 Housing Act made rural nonfarm residents, as well as farmers, eligible to participate in the program. About 70 percent of the loans made this past year were to rural nonfarm residents.

The homes built with these loans are modest in size, design, and cost. They customarily have three bedrooms, are

equipped with modern kitchen and bathroom facilities. They average about 1,200 square feet of living space and cost about \$11,000.

Although the primary benefits of expenditures for housing accrue to the families who receive the loans, the secondary economic benefits for expenditures for housing materials and labor have been significant and widespread.

The Department of Agriculture estimates that the more than \$606 million advanced to date has resulted in 166,000 man-years of employment and a total economic impact of about \$3.6 billion. About one-third of this employment has been direct on-the-site employment for carpenters, bricklayers, plumbers, painters, and other construction workers; one-third has been employment in the local community to suppliers of such building materials as concrete, masonry, plaster, paint, and home furnishings; and about one-third has been employment in the more remote areas which produce building materials.

Or, stated differently, this program has provided approximately 52,000 man-years of employment directly involved in the construction of homes; required 800 million board feet of lumber; provided a market for \$107 million worth of plumbing, heating, electrical materials and equipment; \$160 million worth of other construction items such as concrete, masonry, millwork, plaster, and paint; and at least \$37 million worth of home furnishings.

Since the rural housing program operates in areas where families are in low and moderate income levels and the opportunity to save is relatively low, the economic effect of the more than \$606 million spent for housing has probably been multiplied six or seven times.

Although the rural housing program for our senior citizens is relatively new—the first loan being made last November—some 544 loans aggregating in excess of \$3.3 million have been made since enactment of the program September 28, 1962.

In addition, during fiscal year 1963, more than 1,378 destitute families received grant assistance totaling \$1,029,655 to make improvements to their housing urgently needed to remove hazards to their health and safety. I might add that this type of assistance goes primarily to elderly couples.

The first loans for the construction of rental housing for senior citizens in rural areas were closed in fiscal 1963. One of these loans provided \$100,000 for the construction of 20 apartments in Ocean County, N.J. Another made available \$17,000 for four apartments in Clark County, Mo.

Currently seven more dockets for rental housing in North Dakota, Kentucky, California, Arizona, and New York are being reviewed by the Farmers Home Administration.

The farm labor housing program is also gaining momentum. To date insured farm labor housing loans totaling \$274,000 have been made in Florida, New Jersey, North Dakota, Washington, Wis-

consin, and Idaho. Currently five dockets for approximately \$1,500,000 are being processed by the Farmers Home Administration.

Rural housing loans mean many things to many people. For example, to Mr. and Mrs. C. H. Montgomery, both 64, of Attala, Ala., the Nation's first title V loan under the senior citizens program, it meant comfort they had not enjoyed for years. A \$6,210 title V loan made it possible for Mr. Montgomery, a retired steel construction worker, and his wife to move from their former 100-year-old residence—part of an old country post-office—into a modern, 24- by 48-foot structure with water and electrical systems. Their former home was in such condition that further repairs were no longer practical. Their new house includes a combined kitchen and family room, two bedrooms, bath, living room, and carport with storage area.

To Clarence Sprinkle, a Jackson, N.J., businessman, a \$100,000 title V insured loan made it possible for him to construct a 20-unit rental housing apartment for retired farmers and rural residents in Jackson Township, Ocean County, N.J. Here more than 15 percent of the residents are over 65 years of age.

To the 75-member Gem County, Idaho, Cooperative Labor Council a \$50,000 farm labor housing loan helped improve living conditions for badly needed migratory workers who harvest the area's fruit and vegetable crops.

To the Dennis F. Thompsons, Gray, Ga., a rural housing loan meant needed repair of their house after a car's brakes failed to hold a hill and sent the vehicle crashing into the side of the house. Loan funds also covered renovation of the Thompson's home so they could add a new bedroom and bathroom upstairs and enlarge their house to fill the needs of a growing rural family.

To the rural Mio community in northern Michigan, nearly \$150,000 in rural housing money not only solved the housing problem for 12 families, but also provided work for at least six different contractors and their work force.

And there are literally thousands of other cases where individual and community rural housing needs were met by the expanded title V program.

During fiscal year 1963, applications for rural housing loans under the title V program were received at the rate of 3,000 per month. On the assumption that this rate of applications will continue during fiscal 1964, it would require some \$400 million to carry the program through fiscal 1964. This is the amount recommended by the President in his budget message to the Congress this year.

On July 1, 1963, the unused balance in the farm housing loan authorization was \$148 million. At the same time, there were some 16,005 pending applications for loans under the program.

Mr. President, I ask unanimous consent to place in the RECORD at this point in my remarks a table showing the number of rural loan applications by States.

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

Rural housing applications on hand as of June 30, 1963	
Alabama	988
Alaska	79
Arizona	47
Arkansas	890
California	118
Colorado	155
Connecticut	9
Delaware	22
Florida	381
Georgia	981
Hawaii	58
Idaho	183
Illinois	125
Indiana	184
Iowa	294
Kansas	209
Kentucky	432
Louisiana	401
Maine	214
Maryland	159
Massachusetts	17
Michigan	236
Minnesota	438
Mississippi	1,091
Missouri	637
Montana	124
Nebraska	149
Nevada	36
New Hampshire	27
New Jersey	58
New Mexico	110
New York	221
North Carolina	1,215
North Dakota	497
Ohio	168
Oklahoma	509
Oregon	53
Pennsylvania	181
Rhode Island	1
South Carolina	563
South Dakota	221
Tennessee	630
Texas	899
Utah	217
Vermont	24
Virginia	305
Washington	110
West Virginia	373
Washington	292
Wyoming	60
Puerto Rico	564
Virgin Islands	50
Total	16,005

Source: Farmers Home Administration, USDA.

Mr. SPARKMAN. Mr. President, it is obvious that the funds presently available for the title V program are entirely inadequate to take care of the housing needs of our rural families. It is obvious, too, that if we are to continue this program additional funds must be provided.

Of course, it is assumed that all of the existing authorization, as well as the amount by which it may be increased, will be released by the Bureau of the Budget to the Farmers Home Administration to meet the need of applications as they are received.

In this connection, I repeat the point I made in yesterday's discussion of this program. There is nothing in the 1961 Housing Act—nor was it congressional intent—requiring the farm housing loan authorization to be spread over a 4-year period and I am hopeful that the Bu-

reau will correct its position in regard to this matter.

There is no doubt that the title V rural housing loan program should continue to have the support of Congress. I certainly will continue to work for it.

Mr. STENNIS. Mr. President, I wish to commend the Senator from Alabama [Mr. SPARKMAN] for the very fine recitation he has made here on the rural housing program.

One of the most significant and beneficial programs of the Federal Government ever adopted began in 1949 with the institution of the rural housing program of the Farmers Home Administration. Since that time, over \$606 million has been loaned to help improve the housing conditions of some 77,500 farmers and rural residents of this Nation. These loans are made to finance the construction or improvement of dwellings and farm service buildings that are modest in size, design, and cost. They are made on farms, in open country, and in small country towns and villages with populations of not more than 2,500 that are not near to, or closely associated, with an urban area; and only families who cannot obtain adequate financing from other sources are eligible for these loans.

The availability of these loans is necessary, Mr. President, because of the low income of many families in our rural areas and the lack of adequate commercial housing credit at reasonable rates and terms in many of these areas. These conditions have been reflected in the fact that the quality of rural housing historically has been inferior to that of urban housing. Of the 3.5 million homes on farms and the 14 million nonfarm rural homes, 20 percent need major repairs and 8.5 percent are in such a dilapidated condition that they endanger the health, safety, and wellbeing of the families. This is a condition which we cannot allow to continue, Mr. President.

Before analyzing the history and success of this program, it should first be emphasized that this is not a program of grants or giveaways by the Federal Government; this is a loan program under which every dollar advanced carries with it an obligation of repayment with interest at the rate of 4 percent per annum. The economic soundness of these loans is proven by an examination of the repayment record. As of December 31, 1962, 13,699, or 19.5 percent, of the borrowers had satisfied their indebtedness in full. The total principal writeoffs and judgments outstanding as of that date amounted to only \$99,494; this represents less than two one-hundredths of 1 percent of the cumulative amount loaned since the inception of the program in 1949. In my own State of Mississippi, not a single penny has ever been lost on any of the loans.

Although the primary benefits of this program for housing accrue to the families who receive the loans, the secondary economic benefits for expenditures for housing materials and labor have been significant and widespread. It is esti-

mated, for example, that the more than \$606 million advanced to date has resulted in 166,000 man-years of employment and a total economic impact of about \$3.6 billion. The value of this stimulation in many of our economically depressed rural areas cannot be overlooked.

I think these statistics graphically illustrate, Mr. President, the significance of this program since it was instituted in 1949. But what is the present need for rural housing funds, and what is the present status of available funds? Let me present the need for these funds by first citing a few facts with reference to the program in Mississippi. During the month of August, the Bureau of the Budget released \$30 million for use in the Nation during the first quarter of fiscal year 1964. Of this amount, Mississippi received an allotment of \$1,700,000; but at that time the State director had received loan dockets totaling \$2,700,000. In addition, there were an undetermined number of dockets in the county offices which were ready for approval, and for which all the preliminary work had been done. There was also a minimum of 150 applications on which no work had been done. To summarize the situation in my State, I am advised by the director that a minimum of \$2 million a month could be used in Mississippi for an indefinite period of time. Viewed nationally, 16,005 applications were on hand as of June 30, 1963; and new applications are being received at the rate of almost 4,000 a month.

A total of \$183,031,156 was loaned during the fiscal year 1963; but because of the tremendous need for this program and its outstanding success over the years, the President, in his budget message to Congress, anticipated that the need for these funds would reach a level of \$400 million annually. He recommended legislation to establish an insured loan program in order to carry out this increased activity; but it is apparent, Mr. President, that during this session of Congress no action will be taken on this recommendation.

Under the provisions of title V of the National Housing Act of 1949, as amended, the Secretary of Agriculture is authorized to borrow from the Treasury, in order to carry out this program. At the beginning of the current fiscal year, however, there remained only approximately \$148 million in this authorization, which expires at the end of fiscal year 1965.

It is therefore necessary, Mr. President, that this Congress take action if this program is to continue during the current year at a level at least approximating the total amount of funds advanced during the fiscal year 1963.

Because of my deep interest in this program and my firsthand knowledge of what it has meant to the rural areas of the Nation, I offered an amendment, during committee consideration of the agricultural appropriations bill, to increase the existing borrowing authorization of the Secretary by the sum of \$25 million. This would provide a total of approximately \$175 million for use in this activity of the Farmers Home Ad-

ministration. The committee approved this amendment. Mr. President, and stated in its report:

This additional amount, together with approximately \$150 million carried forward into fiscal 1964, will only provide about one-half of the loan authorization required for this program, if it is carried out in accordance with the President's program. The committee directs the Department to utilize this new authorization, and the remaining borrowing authority as expeditiously as required to meet the demand for rural housing building loans.

Mr. President, I know the need for this type of program in many of the rural areas of our Nation. There is no question that many families are now living in substandard housing because they are unable to qualify for commercial financing. But they are ready, willing, and able to repay loans made under this program to enable them to live in modest, but suitable, homes. Experience proves this, Mr. President; and I strongly urge the approval of this program as recommended by the committee.

EQUALIZATION OF SALARIES OF EXPERIMENT STATION AND EXTENSION SERVICE WORKERS WITH SALARIES OF OTHER FEDERAL EMPLOYEES

Mr. President, two of the most valuable functions of the Department of Agriculture are those rendered, in cooperation with the various States, through the Extension Service and the Cooperative State Experiment Station Service. In my opinion, outstanding progress has been made throughout the Nation as the result of the services performed by these two agencies in association with the land-grant institutions of this country.

The employees of the Extension Service and the experiment stations are actually employed by the respective States. A portion of the salaries of these people is provided by the Federal Government, however; and I want to address myself to the importance of equalizing the salaries of these employees with those of classified civil service employees of Federal agencies, as provided by Public Law 87-793, the Pay Act passed by the Congress last year.

Testimony presented to the Senate Appropriations Subcommittee revealed that both of these agencies are experiencing difficulty in recruiting and retaining competent scientists and workers, because employees of other agencies, of comparable professional and technical rating, receive considerably more salary and greater retirement benefits. Dr. E. T. York, the former Administrator of the Extension Service, stated, for example, that in some States the salaries of county extension workers are, on the average, \$1,000 to \$1,500 below the salaries of classified civil service workers with essentially the same training, experience, and responsibility. He further stated that the Extension Service's position had "worsened considerably in this regard since the passage of the Pay Act last year." The same statement can be made with reference to the experiment station workers; and, in my opinion, Mr. President, the services of these employees are too valuable to lose.

Under the existing arrangements, the Federal Government contributes approximately 38 percent of the funds to pay the salaries of the Extension Service workers, and the States provide the remaining 62 percent. So far as the experiment station employees are concerned, the States contribute approximately \$3.50 for every dollar provided by the Federal Government. We are advised that the several States either have provided or will immediately provide the additional funds to match the Federal money. Approximately 14,500 Extension Service workers and 9,600 experiment station workers will be affected by this action.

I cannot urge too strongly, Mr. President, that the Senate take action this year to equalize the pay levels of those workers with those of Federal employees in other agencies. It is only just and right that this be done. It was promised last year, and funds for it were included in the supplemental appropriations bill; but, of course, that bill was never enacted. I sincerely hope the Senate will approve the recommendation of the Appropriations Committee, and will provide funds for the Federal share of this equalization.

COTTON RESEARCH FUNDS

Mr. President, one of the most significant items in this bill is the provision for a sharply increased, across-the-board research attack on the problems facing American agriculture. The House had included in the bill a special provision aimed at increasing the appropriation for research to reduce the cost of production of surplus commodities. This was a gratifying acknowledgment of the importance to agriculture of cost-cutting research. Of course, I was pleased that our committee saw fit to increase the amount in the bill, and that these additional funds were also available for research to reduce production costs. In my judgment, a dollar invested in a sound agricultural research program is the wisest expenditure this Government can make to improve the economic position of farmers and to reduce the cost of Government programs.

This is particularly true in the case of cotton, which contributes immeasurably to the Nation's economy. Unfortunately, cotton is losing markets daily, and under present conditions is incapable of coping with its competition in its markets. In addition, American mills are forced to pay one-third more for their cotton than do foreign mills. During the 2 years ending July 31, 1963, first, cotton has suffered a direct competitive loss to competing fibers of about 1½ million bales; second, exports have dropped from 6.6 million bales to 3.3 million bales; third, stocks of cotton on hand in the United States increased from 7.2 to 11.2 million bales; fourth, imports of cotton in the form of textiles are up from 414,000 bales to 645,000 bales; fifth, the national acreage allotment has been cut from 18.5 to 16.2 million acres; sixth, annual storage and handling charges on Government cotton have increased from about \$25 million to about \$70 million; and seventh, Government investment in cotton stocks has gone up from about \$300 million to about \$1¼ billion.

During the current season, the Department of Agriculture estimates that farmers will produce, on the minimum acreage allotment, 600,000 bales more than will be used. On next August 1, stocks will be almost 12 million bales, the largest since the record level of August 1, 1956. Obviously, we must reverse this trend. The way to do so is to make cotton competitive in its markets.

Under present conditions, the cost of production is so high that farmers cannot take a sufficiently lower price to accomplish this objective. Testimony presented to the Appropriations Committee, and supported by the Department of Agriculture, showed that a dynamic research program can in a few years reduce the cost of growing cotton to a point where cotton can be fully competitive both at home and abroad. This can be accomplished at less cost to the Government; and, at the same time, farm income can be increased as markets expand.

Cotton is an industrial raw material. Its competition stems in large measure from products developed through research by our great chemical companies. These manmade fibers are taking away markets traditionally held by cotton. They are doing so primarily on a price basis. The only way in the long run for cotton to regain its dominant position is to get its costs down and its price competitive.

Mr. President, there can be little doubt of the value of research to agriculture. The hearing record is replete with testimony on the benefits that have been reaped by both farmers and the public from our agricultural research programs. It is because of the amazing potential service that research can render in solving many of our farm problems that the committee sharply increased the authorization for research by permitting, for this purpose, the transfer of \$35 million from the Commodity Credit Corporation.

There is much logic in this method. It seems obvious that the support of research which is intended to reduce Government costs for the cotton program is a logical and businesslike function for the CCC.

Unfortunately, in recent years, the agricultural research program, particularly that for production research, has been inadequately financed. In 1940, agriculture accounted for about 39 percent of Federal research expenditures. Today, it accounts for less than 2 percent. And even with the increase provided by the committee, it will still be under 2 percent.

Earlier, Mr. President, I mentioned the disastrous competitive position in which the U.S. raw cotton industry now finds itself. I pointed out that this situation is caused by the inability of cotton to meet its competition. And until it is made competitive, the utilization of cotton as a raw material will continue to decline. Cotton no longer occupies a monopoly position in the world fiber market, largely because the research effort in its behalf has been insufficient for it to keep pace with its competitors in the matter of costs and price.

It is vitally important to the Nation's economy that the cotton industry ex-

pand and prosper. There are more than 21 million people whose livelihood is associated with cotton. In U.S. agriculture, cotton stands as the leading cash crop. In terms of finished products, cotton has an annual average value of about \$15 billion.

As an example of cotton's place in the economy of some big local areas, the trade territory of Memphis might be examined. This 76-county area has a population of 2½ million. Cash receipts from farm sales of cotton are more than half again larger than the total manufacturing payroll of the trade territory, including Memphis, and nearly 60 percent bigger than sales of all other crops and livestock combined.

But the importance of cotton extends beyond the borders of the States that make up the Cotton Belt. Acres devoted to growing cotton are among the most productive in the country. If these areas are forced out of cotton, they will inevitably go into the production of other crops, many of which are already in surplus. The reduction in the cotton allotment of 18 million acres to 16 million acres minimum from 1962 to 1963 has already forced acres into other crops. The implication of such a development needs no elaboration.

Finally, cotton is the largest single earner of foreign exchange among U.S. exports. Over the last 6 fiscal years, cotton exports had an average value of \$800 million, nearly a fifth of total agricultural exports. Without cotton, the Nation's deficit in balance of payments, which has been \$2 to \$2½ billion the last several years, would have been substantially worse, and a much more serious outflow of gold would have resulted. Our country is in the position of badly needing more exports. It can hardly afford to lose its biggest export commodity—cotton.

Fortunately, through research we can solve the cotton problem within a relatively short period of time. The program envisioned is designed to reduce the average cost of producing a pound of cotton lint by 11 cents. The magnitude of such a reduction can be illustrated by the fact that 11 cents is equal to one-third of the current market price of cotton. The research contemplated would be directed primarily at the major items of production costs—weeds, insects, and diseases. Other areas to be covered would include mechanization costs, improved fruiting and yield, and modernization of processing operations.

About one-half of this cost reduction would be made by straight savings in labor, chemicals, machines, and other materials used in making a cotton crop. The other one-half would come by reducing the production losses farmers now experience.

The remarkable thing about the type of research program I am describing for cotton is its cost. To do this job for cotton will cost only about \$10 million a year, which is less than 30 percent of the special research fund contained in the bill. This is less than 2 percent of the amount currently being spent by the Government on the cotton program each year. We cannot fail to take advantage of such an opportunity. Cotton today is

still one of the finest, most versatile fibers in existence. Given a chance, it can compete on its own at a substantially reduced Government cost. The funds for research provided in this bill will permit a big step in the direction of that goal.

Mr. JORDAN of North Carolina. Mr. President, I wish to make a few comments about what the bill includes in the way of an appropriation of funds for research work on cotton.

Some time ago, a special cotton industry committee made a thorough study of the needs of cotton research work, and earlier this year proposed to Congress that a \$10 million crash research program be initiated.

It was generally agreed throughout the cotton industry that we must decrease the cost of producing cotton, and at the same time must improve the quality of cotton, if we are to have any hope of regaining lost markets for cotton and making the price of cotton competitive with the prices of synthetic fibers.

In recent years our export markets for cotton have dwindled; and even today the Government is paying an export subsidy on all cotton sold outside the United States. Even with the export subsidy, which is most unfair to domestic mills, we are still losing cotton markets abroad.

We are also losing to synthetic fibers, cotton markets in the United States. Unless some action is taken, we can expect the destruction of the cotton industry, as we have known it, all the way from the farm to the textile mill.

Many authorities in the field are convinced we can reduce the cost of cotton as much as 10 cents a pound, through an accelerated research program. We need very badly to increase the per-acre yield of cotton, to improve quality, and to reduce the cost of production, in order for cotton once again to become competitive.

I think we can do this through research. If we are able to reduce the cost of producing cotton by as much as 10 cents a pound, it can then stand on its own two feet, in competition with rayon and any other synthetic fiber.

I regret that neither the House committee nor the Senate committee saw fit to vote to launch a special "crash" research program for cotton; but I am glad that in the past year we have intensified our efforts in cotton research, and that there is real hope for cotton under the bill as reported by the Senate committee.

Under the Senate committee bill, a rather ambitious research program could be carried on under the provision which sets aside \$35 million for utilization research.

I think it essential that we keep this provision in the bill. So I sincerely hope the Senate will approve the committee recommendation, and that in the conference it will be possible to retain this section of the bill.

Under the utilization research section, we can begin a badly needed program which I hope in the next year or two will include the expenditure of several million dollars for work on cotton.

I think this is a modest sum indeed, in view of the very great importance of

cotton to our economy and to our position as a nation in world trade.

Mr. President, I have noted that the Senate Committee on Appropriations has recommended the inclusion in the bill of certain amendments in respect to tobacco, as adopted by the House of Representatives.

I wish to clarify these differences in respect to tobacco as between the House version of the bill and the version approved by the Senate committee; and I also wish to raise some questions about the direction in which tobacco research is going, as compared with present-day needs.

In the bill as passed by the House, an additional appropriation of \$400,000 above the President's budget was proposed for research projects in Flue-cured and burley tobacco. According to the House committee report, the \$400,000 would be equally divided between projects in North Carolina and projects in Kentucky.

The Senate committee voted to make changes on this particular point in the House version of the bill. The Senate committee version calls for the expenditure of \$50,000 above the budget recommendation, to strengthen tobacco research, with particular emphasis upon the problems of sucker control and synthetic growth regulators.

In addition, the Senate committee has recommended the assignment for agriculture research of \$35 million from Commodity Credit Corporation funds. The Senate committee's report states that, in general, this \$35 million would be used to carry out a program of utilization research as outlined in a report to Congress by the Secretary of Agriculture, in Senate Document No. 34, which has just been printed.

In this report the Secretary of Agriculture outlines a program of research which would seek to isolate and identify the various chemical components of tobacco. The Secretary recommends \$200,000 for this project.

This means that if the bill as recommended by the Senate committee is enacted into law, an additional \$250,000 over the budget recommendations will be put into tobacco research in the coming year.

There is no doubt that the sucker control work and the isolation and identification of chemical components of tobacco, which would be carried on under the provisions of the Senate committee version of the bill, would fill very urgent and immediate needs of the tobacco industry.

Quite some time ago many persons who are vitally interested in tobacco foresaw the need for a greatly accelerated research program to help meet the problem of improving quality and the problem of regaining the export markets we have been losing in recent years. As a result of the urgency of the situation, leaders in the industry presented to Congress a proposal for the establishment of a tobacco quality research laboratory which would get at the more pressing and more urgent problems facing the industry. I regret very much that neither the Senate committee nor the House committee saw fit to vote for

the establishment of a special laboratory for this purpose; but I am encouraged that both committees have recognized the seriousness of the problems facing tobacco, and have made a step in the right direction toward helping solve these problems.

I was also happy to note that the Senate committee's amendment authorizing the expenditure of \$35 million in CCC funds specifically directed the Secretary to include research work in the cost of production and other related work, as well as for utilization and new uses.

This is an essential amendment if we are to be successful in solving some of the most pressing problems in connection with tobacco and other crops. The questions of utilization, production, and quality are all closely interrelated; and the Senate committee's amendment enables the Secretary of Agriculture to carry on research projects in all three areas.

During the past 20 years, most of our research in tobacco and other crops has been concentrated on increased production and per acre yield. We have had tremendous results, with the result that American agriculture is the most productive and efficient in the world.

Therefore, I feel that it is very important that we now put new emphasis on the quality of the products we have learned how to produce in abundant quantity.

In the case of tobacco, not only must we learn more about the chemical components that make up tobacco; we must also learn what constitutes and affects quality. We must learn the effects which fertilization, irrigation, synthetic sucker controls, curing, and other cultural practices have on the quality of the leaf that is finally produced.

We must learn all of these things and must be able to identify quality factors, so farmers will not only know how to recognize and identify them, but also will know how to carry on their production practices in such ways as to produce the kind of tobacco that will result in increased markets for it.

Therefore, I am pleased that the Senate committee has voted to include in the bill language that will enable us to launch programs that embrace all aspects of increased and new uses for the crops we are now producing in abundance.

Although the committee did not use in its version of the bill the specific words "quality development," there is no doubt that it is the intent of the committee that utilization research and related work shall include work in quality development and improvement.

Mr. LAUSCHE. Mr. President, I have pending an amendment in connection with this appropriation bill. At this time, I desire to discuss the amendment.

Mr. HOLLAND. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I am glad to yield. Mr. HOLLAND. I am happy to cooperate fully with the distinguished Senator, except for the fact that I wish him to know, as I believe he already does, that when he has completed the full debate on the amendment, I expect to

make a point of order, as I believe I should. Furthermore, I shall state that I believe this is an unfavorable time for the adoption of such an amendment.

However, I am sure the amendment is well worthy of discussion; and I certainly desire the Senator to have all the time he wishes to discuss it to the fullest possible extent.

Mr. LAUSCHE. I appreciate the Senator's courtesy.

The PRESIDING OFFICER. Does the Senator from Ohio wish to call up his amendment now?

Mr. LAUSCHE. No, Mr. President, I do not. Subsequently I shall ask that my amendment be called up for consideration. I hope unanimous consent will be given for that purpose. However, the Senator from Florida has already stated that, on the basis of past practices, he will object.

Then, of course, under the authority I have—based upon the fact that I have filed in advance written notice that I shall request the consideration of an amendment which contemplates a change in the substantive law—I shall ask for a vote on the question of the suspension of paragraph 4 of rule XVI, so that my amendment may be considered; and on that question I shall request a yea-and-nay vote. I am so notifying the officials of the Senate, so they may notify Senators of what I propose to do.

Mr. HOLLAND. I should like the Senator from Ohio to understand that I shall join him in his request for a yea-and-nay vote, and I shall expedite in any way I can his presentation of his argument upon his amendment, which I know will be an excellent one. However, as chairman of this subcommittee of the Appropriations Committee, after he submits his amendment and after he has concluded his argument thereon, I wish to follow what is the unfailing precedent in connection with this matter.

Mr. LAUSCHE. Mr. President, my amendment contemplates changing the law in order that the interest rate charged by the Rural Electrification Administration will be raised from the present level of 2 percent to a new level of 3 percent. After the presentation of my argument in support of this proposal, I shall discuss, first, the history and the development of the REA within our country.

Second, I shall discuss the interest rates charged when the REA was adopted, and the interest rates charged at the present time which equal to 3 percent.

Third, I shall attempt to point out the impropriety and the unjustifiable action of the Federal Government in borrowing money at an interest rate of 4 percent, and then loaning that money to semi-commercial enterprises at a rate of interest of 2 percent.

Fourth, I shall seek to point out the great disparity between the tax rate paid by rural electric cooperatives and the tax rate paid by the commercial power companies.

Fifth, I shall seek to establish the fact that the low interest rates charged and the tax dispensations given transfer to the general taxpayers a load they should not be required to bear.

Sixth, I shall point out, and try to establish, that this program of borrowing money at 4 percent and loaning it at 2 percent, and then charging private power companies a tax rate that compels them to pay 25 percent of their revenues in the form of taxes, while the rural electrics pay 3 percent, is not justified and constitutes a subsidy that is antithetical to the very purposes of our Government and our free economy.

The Rural Electrification Administration was established in 1935 by Executive order signed by President Roosevelt on May 11; \$75,000 was authorized to be allocated, from an emergency relief appropriation of the RFC, to carry out the general program of relief of the unemployed.

On May 20, 1936, Congress enacted the Rural Electrification Act, providing for a limited tenure program of rural electrification. The act established the REA as an independent lending agency, and loan funds were authorized to be secured from the Reconstruction Finance Corporation.

In 1944 the Department of Agriculture Organic Act was passed. It established a flat rate of 2 percent on unmatured and unpaid balances of REA borrowers. At that time the Treasury Department was paying 2½ percent interest on the moneys which it borrowed.

Mr. DOUGLAS. Mr. President, I do not wish to interrupt my good friend from Ohio, who is completely sincere, and partially accurate in what he is saying. The 2½ percent was the long-time interest rate at that time. Is that not true?

Mr. LAUSCHE. That is correct.

Mr. DOUGLAS. Is it not true that the short-term interest rate was only a fraction of 1 percent?

Mr. LAUSCHE. I cannot answer that question, but I have before me a tabulation showing the interest rates paid by the Federal Government on its long-term loans throughout the period. We charged an interest rate of 3 percent to REA borrowers. At the same time we were borrowing money at 2.77 percent.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. At that time we were getting .23 cents more on a dollar on the money loaned than we had to pay on the money borrowed.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. In 1937 we charged 2.77 percent, while we were borrowing at 2.88 percent.

In 1938 we charged 2.88 percent and borrowed at 2.73 percent.

In 1939 we charged 2.73 percent and borrowed at 2.69 percent.

In 1940 we charged 2.69 percent and borrowed at 2.46 percent.

At this time I should like to point out that the rate under which we borrowed in 1 year we charged in the second year, and if in the second year we borrowed at a lower rate than we did in the first year, we then charged in the third year the rate that we paid in the second year.

I now come down to the year 1941. We loaned at 2.46 percent and borrowed at 2.48 percent.

In 1942 we loaned at 2.48 percent and borrowed at 2.57 percent.

In 1943 we loaned at 2.57 percent and borrowed at 2.67 percent. That proce-

dure continued until 1945, when the flat rate of 2 percent was fixed. The statement of the Senator from Illinois is correct in that those percentages were related to long-term borrowing.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. LAUSCHE. I would appreciate it if the Senator would permit me to finish my statement at this time.

Obviously the reason for the differential in the interest rate charged the REA borrowers as compared to the rate the Treasury was paying was intended to lend encouragement for the establishment of new REA units and the building of additional lines to serve the rural population. This plan was successful, for according to a tabulation to which I shall refer later, 1944 marked the beginning of a substantial increase in REA units and line construction.

The Rural Electrification Administration has been an outstanding asset. The program has brought much comfort, lightened burdens of the farmer, and stimulated the economy of our Nation's rural areas. However, the purpose for which the Rural Electrification Administration was created has largely been fulfilled. Its continued operation under the terms and provisions provided in the present law have permitted the REA to go far beyond the original intent of the Congress, and these activities are now in direct conflict with our basic free enterprise system. The sharp rise in REA loan authorization in 1962 over the level proposed by a previous administration has occurred in the face of the following facts:

First, 98 percent practically of all farmers already have electric service.

Second, four out of every five new customers being added to the REA system are nonfarm power users.

Third, more than half the total power sales of the systems are now being made to nonfarm users.

In other words, the purpose of the act—that electrical service shall be provided for the farmer—has been practically fully achieved. Ninety-eight percent of all farms, as I have previously stated, are now provided with electrical service. Four out of every new five customers procured by REA are nonfarmers. More than half the total power sales of the systems are now being made to nonfarm users. The expansion of the REA electrification programs, despite those factors, which should indicate a diminishing program, is due to an aggressive effort on the part of rural electric cooperatives in several areas to create their own sources of power and replace in some measure the existing sources.

Mr. President, during the first 18 years of the existence of REA's, through fiscal year 1954, about \$2.3 billion in loans were granted for distribution systems to carry power directly to rural customers. Over the same period a total of \$550 million were granted for generation and transmission purposes. This was 18.8 percent of all electrification loans granted.

During the period 1955 through 1960 the generation and transmission loans totaled \$463 million, or 35 percent of all

the electrification loans. This was an average of \$77 million a year.

In fiscal year 1961 G and T loans rose to \$152 million, or 55 percent of total loans. The sharp increase in amount and proportion of G and T loans in 1961 was accounted for by the approval on June 15, 1961, of a \$60 million generation and transmission loan which was the largest single REA loan ever granted.

Loans for generation and transmission purposes in 1962 amounted to \$155 million, or 59 percent of the total.

The estimate for the current fiscal year is \$250 million, which would be about 62 percent of the total.

I cite these figures to point out how the generation and transmission loans have risen in percentage and in actual dollar figures since 1961.

Of the \$425 million authorization request for fiscal year 1964 which is in the bill pending before the Senate, about \$290 million would be available for generation and transmission purposes. This would be 68 percent of the total authorizations.

Thus, in the 4-year period of 1961 through 1964 the funds loaned and budgeted for generation and transmission totaled \$847 million. This 4-year total is more than four-fifths of the \$1,013 million total which was granted in G and T loans for more than 24 years.

In 24 years the total was \$1,013 million, yet for the past 4 years the total was \$847 million. This indicates clearly that, at a time when nearly all the farmers have been provided with service, the rural electrification cooperatives are entering into fields that were never intended to be served by them.

If the true economic cost of power financed by generation and transmission loans were taken into account in justifying the loans, there would be few instances in which such loans could be justified on the basis of cost. The economic cost of power sold by the investor-owned utilities includes the cost of interest, operating expenses, depreciation, and taxes. The true economic cost of power sold by the G & T cooperatives includes the same elements of cost, although the cooperative itself does not bear all the cost. By having to pay only 2 percent interest to the U.S. Treasury on money which costs the Treasury 4 percent, the cooperative shifts one-half of the true interest cost to taxpayers generally. Also, by being exempt from Federal income taxes and a sizable portion of State and local taxes, the cooperatives shift to taxpayers generally the burden of the taxes they forgo.

I wish to especially direct the attention of my colleagues to the subject of taxes paid by cooperatives compared to taxes paid by the investor-operated power companies.

In 1961 the rural electric cooperatives received revenues of \$707,477,000 and paid taxes of \$23,435,000, or 3.3 percent of their revenues. What did the private power companies pay? Their revenues were \$10,666,474,000. They paid taxes amounting to \$2,437,046,000, or 22 percent of their revenues. The cooperatives paid 3 1/3 percent of their revenues

in taxes, and the privately operated companies paid 22.8 percent in 1961.

I also have figures for 1960. In 1960 the cooperatives paid 3 1/3 percent of their revenues in taxes. The private power companies paid 22.8 percent.

In 1959 the cooperatives paid 3 percent, and the private power companies paid 22 percent in taxes, for every dollar paid by cooperatives in taxes to the Federal Government, the private power companies pay \$7.

I point out at this time that, on the basis of the facts which I have heretofore related, every four of five customers newly acquired by the cooperatives are nonfarmers. If those nonfarmers were served by private power companies, the Federal Government would be receiving \$1 out of every \$5 in revenues collected by the power companies. With such consumers being served by the cooperatives, the Federal Government receives 14 cents out of \$5. How can it be asserted that this is fair?

I think I have some concept of fairness. I cannot see how it can be argued that in a free enterprise system a situation should be created whereby the private investor has to pay 22 cents out of every dollar of his revenues for taxes, while a cooperative pays 3 cents out of every dollar. Though I try with all my might to reconcile the disparity in these figures, I cannot do so.

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

Mr. LAUSCHE. Not at this time.

If there were a jury before me and I were charging them on this subject and they were to decide the issue as to whether this situation was fair, I would say to them, "You have evidence that the private power company pays in taxes 22 cents out of every dollar it takes in. The cooperative pays 3 cents out of every dollar. The issue which you have to decide is whether this is fair to the general taxpayer and whether it is fair to the investors of the private power companies."

To say that it is fair would, in my judgment, require a distortion of reason and a distortion of moral approach. There would have to be an abandonment of what one of our Federal officials has labeled as puritanical morality. That is the only ground on which one could conclude that the situation is fair.

We come now to the 2 percent money. By having to pay only 2 percent interest to the U.S. Treasury on money which costs the Treasury 4 percent, the cooperative shifts one-half of the true interest cost to the taxpayers generally. Let us ponder that fact for a moment. The Federal Government pays 4 percent for borrowed money, and lends it at 2 percent. Is that fiscally sound? Is it fair? Is it fair to the general taxpayer, who has to provide that 2-percent subsidy? I do not consider it to be fair.

The Rural Electrification Administration has been non-self-sustaining financially. It has been subsidized by the general taxpayer. There was a time when that subsidization was probably justified. It was fair at a time when we were trying to lift the farmer out of darkness, to provide for him facilities that are available when electric power

is supplied. But that day is gone. As I pointed out, 98 percent of the farmers now have electric service, and this program has changed in character from a purpose to serve the farmer to a purpose to destroy the private power companies. One cannot draw any other conclusion. Though the arch proponents will deny this to be a fact, I state with confidence that it is a penetration of socialism into our economy.

I do not believe the farmer wants it. I do not believe the farmer, with all the difficulty of sustaining himself through toil on the land and through all of the experience the farmer has in the matter of good husbandry, will subscribe to the proposition that the Federal Government can lend money at 2 percent which it has to borrow at 4 percent to make the loan.

The rural electrification enterprises are on their feet, and I know it to be a fact that they want to borrow money on the general market. In the State of Ohio there is contemplated the establishment, through a combination of the rural electrics and the Ohio Power Co., of the largest power generating plant in the country under one roof. It is my understanding that a joint investment of \$130 million is contemplated. The money will be borrowed on the general market, not through the Federal Treasury.

Yesterday on the floor of the Senate there was adopted a proposal by the Senator from Oregon [Mr. MORSE] requiring the Federal Government to pay to the railroad employees retirement fund the same rate of interest that it pays to bondholders who buy the bonds of the Federal Government. Under the existing law, the railroad retirement fund has been lending money to the Federal Government and getting only 3 percent interest. The railroad employees complained. They argued that the Federal Government has the right to borrow this money, and it has been paying them only 3 percent, whereas when the Government borrows money from the sale of bonds it pays 4 percent interest.

The Senator from Oregon made the argument that that was not fair. I agreed with him. But why is it unfair to pay the railroad retirement fund 3 percent when the Federal Government is paying 4 percent to others, and then argue that it is fair for the Federal Government to lend to rural electrics money at 2 percent when the Federal Government is borrowing it at 4 percent?

A tax cut is contemplated. I want to provide a tax cut. I have striven in the 6 1/2 years I have been in the Senate to follow a policy that would make possible a lifting of the back-bending burden of taxation upon the American taxpayer. Those efforts have been in vain. Frequently I want to throw up my hands and say, "It is gone," but I find some consolation in the fact that if others were not making this fight, conditions would be far worse than they are.

Can we not adopt the general policy of the Federal Government lending money in certain instances, but at the same rate of interest as the interest rate which is paid on borrowed money? That would be the beginning of a program of

good husbandry, prudence in the handling of taxpayers' money, and eventual achievement of a fiscal situation which would make possible a tax cut.

A moment ago I mentioned the horrifying statement, in my judgment, made by a member of the fiscal branch of our Government, that we should make a tax cut and forget puritanical morality. By that I understand he meant that morality on this subject should be cast to the winds, should be forgotten. Plain morality calls for a change in the system under which the Federal Government is lending money.

To illustrate that the REA has accomplished the mission for which it was created, I submit statistics supplied to me by the Rural Electrification Administration itself. Of the 3,818,200 farms in the United States, 3,726,850, or 97.6 percent, had central station electric service as of July 1962. Of these electrified farms, approximately 54 percent are served by REA-financed electric systems. The remainder are served by other suppliers, principally commercial power companies. Thus, I say that REA has accomplished its intended mission to fill the gap which could not profitably have been taken up by the private power companies.

In 1935, when REA was created, 743,954 farms in the United States had central station electric service. This was 10.9 percent of the farms in the country. Today 97.6 percent of the farms are being served.

I have a table which shows the percentage of revenues the rural electrics had to pay in interest charges beginning in 1941 and down to 1961. The table is important. Some rural electrics claim that if the interest rate is raised it will impair their ability to survive. In 1941 the rural electrics paid 21 1/2 percent of their revenues in interest. In 1946, 5 years later, they were paying 9.74 percent of their revenues in interest. In 1961, they were paying 7.43 percent of their revenues in interest.

I therefore submit the question: If in 1941 they were able to pay 21.52 percent of their revenues in interest, and in 1961 they were paying only 7.43 percent, how can it be argued that they will be handicapped if the rate of interest is raised to the going rate, or raised by 1 percent?

I ask unanimous consent that the table showing the percentage of the revenues that they were paying be included in the RECORD at this point.

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

Operating revenues and interest on long-term debt as reported by REA borrowers

Operating revenues and interest on long-term debt as reported by REA borrowers—Con.

Calendar year	Operating revenue	Interest on long-term debt ¹	Percent of operating revenue required to pay interest
1949	\$196,717,304	\$20,132,708	10.23
1950	241,342,540	26,110,181	10.82
1951	285,112,614	30,828,444	10.81
1952	321,407,348	35,194,683	10.95
1953	362,977,101	38,060,539	10.49
1954	408,144,564	40,397,061	9.90
1955	449,625,847	42,339,282	9.42
1956	491,184,729	43,561,023	8.87
1957	523,783,014	45,283,356	8.65
1958	563,204,367	46,814,538	8.31
1959	617,730,445	48,702,279	7.88
1960	663,788,978	50,938,764	7.67
1961	707,477,112	52,578,598	7.43

¹ For the years 1941-51 this item was reported as "interest expense."

Source: Annual statistical reports, "Rural Electrification Borrowers," published by Rural Electrification Administration.

Mr. LAUSCHE. Mr. President, I also ask unanimous consent that a table showing the comparative interest paid by the Government in borrowing the money and the interest collected by the Government in lending the money, from 1936 to 1962, be included in the RECORD.

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

Interest subsidy accruing to REA borrowers during the period of their loans

Fiscal year	Advances to REA borrowers	Interest rate charged by REA	Interest rate paid by Government	Interest subsidy
1936	\$823	3.00	2.77	\$6
1937	11,042	2.77	2.88	443
1938	48,176	2.88	2.73	1,100
1939	62,297	2.73	2.69	2,105
1940	98,949	2.69	2.46	2,668
1941	75,108	2.46	2.48	3,248
1942	58,221	2.48	2.57	2,827
1943	14,537	2.57	2.67	742
1944	18,478	2.67	2.25	871
1945	39,736	2.00	2.25	2,205
1946	87,253	2.00	2.375	7,312
1947	190,086	2.00	2.375	15,929
1948	246,236	2.00	2.375	20,635
1949	321,287	2.00	2.375	26,923
1950	286,659	2.00	2.375	24,021
1951	268,131	2.00	2.375	22,469
1952	227,574	2.00	2.375	19,070
1953	207,634	2.00	3.25	60,075
1954	181,529	2.00	3.25	52,522
1955	156,742	2.00	3.00	35,862
1956	154,740	2.00	3.00	35,404
1957	185,978	2.00	3.00	42,551
1958	205,332	2.00	3.50	71,838
1959	211,717	2.00	4.00	100,593
1960	222,621	2.00	4.25	120,161
1961	183,413	2.00	4.25	98,999
1962	195,807	2.00	4.00	93,034
Total	3,960,104			863,613

SOURCES AND NOTES

Advances to REA borrowers: Rural Electrification Administration.

Interest rate charged by REA—rate charged borrowers on loans, as provided for in Rural Electrification Act: Fiscal years 1936-44—computed by Rural Electrification Administration. Fiscal years 1945-62—2-percent rate specifically provided for in Rural Electrification Act, as amended.

Interest rate paid by Government—average rate paid on marketable securities having a maturity of 10 years or more; does not include bonds issued for advance refundings: Fiscal years 1936-44—Treasury Department. Fiscal years 1945-57—Treasury Department, rounded to nearest 1/4 of 1 percent. Fiscal years 1958-60 and 1962—computed from Treasury Department data and rounded to nearest 1/8 of 1 percent. Fiscal year 1961—no bonds having a maturity of 10 years or more were issued during fiscal year 1961 for cash or in refunding maturing securities; accordingly, the average interest rate paid during the preceding fiscal year (1960) was used.

Detail may not add to total due to rounding.

Mr. LAUSCHE. I am glad to yield to the Senator from Illinois.

Mr. DOUGLAS. Perhaps I would rather claim the floor in my own right at the conclusion of the address of the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I call up my amendment.

Mr. HOLLAND. Which amendment is the Senator calling up? I believe the Senator has two amendments.

Mr. LAUSCHE. I call up amendment No. 196, which would raise the interest charge from the 2 percent level to the new level of 3 percent.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 38, between lines 5 and 6, insert a new section as follows:

SEC. 608. (a) The second sentence of section 4 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 904), is amended by striking out "2 per centum per annum", and inserting in lieu thereof "3 per centum per annum".

(b) The third sentence of section 5 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 905), is amended by striking out "2 per centum per annum" and inserting in lieu thereof "3 per centum per annum."

(c) The amendments made by this section shall be effective with respect to loans made on and after the date of enactment of this Act.

Mr. HOLLAND. Mr. President, will the Senator yield to me for a moment?

Mr. LAUSCHE. Yes.

Mr. HOLLAND. I understand that the Senator from Illinois wishes to speak on this subject, and perhaps other Senators too, but I serve notice to all Senators concerned that when the speeches have been concluded I will raise a point of order, for myself and for the committee, against the amendment. I do not wish in any way to interfere with the presentation by any Senator of this subject matter.

Mr. LAUSCHE. I understand that the point of order that will be raised by the Senator from Florida will have to be sustained by the Chair, in conformity with the rule of the Senate. However, I note, that I have filed a notice that I proposed to offer such an amendment, and that I would ask for a suspension of the rule and a vote on the motion to suspend the rule under the authority that I now have by reason of filing the motion.

Mr. HOLLAND. The Senator from Illinois [Mr. DOUGLAS], the Senator from Ohio [Mr. LAUSCHE] and I will ask for the yeas and nays if the question comes, as it now appears it may well come, on whether the rule should be waived.

Mr. LAUSCHE. As I understand, the motion to suspend the rule is debatable. Is that correct?

The PRESIDING OFFICER. The Senator is correct; the question is debatable.

Mr. LAUSCHE. I yield the floor.

Mr. DOUGLAS. Mr. President, unlike many critics of the REA, the Senator from Ohio [Mr. LAUSCHE] is perfectly consistent in the position which he takes. Many critics of the REA, while objecting to alleged subsidies paid to the farmers, through the REA, nevertheless swallow and support subsidies to airlines, ship

Footnote at end of table.

Calendar year	Operating revenue	Interest on long-term debt ¹	Percent of operating revenue required to pay interest
1941	\$35,022,071	\$7,535,165	21.52
1942	46,927,322	8,784,262	18.72
1943	55,587,614	9,232,811	16.61
1944	64,042,574	8,750,278	13.66
1945	73,102,430	7,507,266	10.27
1946	89,089,822	8,675,204	9.74
1947	114,787,798	11,053,861	9.63
1948	151,434,594	14,803,674	9.78

lines, gas and oil interests, and many other activities. I pay tribute to the Senator from Ohio by saying that he has been opposed to all these subsidies and is, therefore, perfectly consistent in the position which he takes. I pay tribute to his character.

Nevertheless, he is ignoring many things; and I should like to answer the body of his argument.

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

Mr. DOUGLAS. I yield.

Mr. JOHNSTON. Since the Senator has named some of the interests that receive subsidies, he should certainly include the newspapers of the United States.

Mr. DOUGLAS. Yes.

Mr. LAUSCHE. I have tried to reach the newspapers through their mailing privileges, but I have never been able to succeed.

Mr. DOUGLAS. I credit the Senator from Ohio with complete sincerity and a strong desire to be consistent.

To begin with, the comparison which he draws between the rate at which the Government borrows and the rate at which the Government lends is defective. He has compared only the long-time borrowings of the Federal Government with the lendings, but not the short-time borrowings. During World War II and shortly thereafter, a large part of the borrowings of the United States were placed in the form of short-term paper—30 days, 60 days, 90 days, 6 months, and the like. The short-term issues in 1944 amounted to no less than \$70 billion and this increased in later years. In general, it can be said that private firms should not borrow short and lend long. But the short-time obligations of the Federal Government have now become an integral part of the national debt.

The short-term paper is turned over periodically—every 30 days, 60 days, 90 days, or 6 months, and so on—and while the proportion of the national debt which it constitutes has become somewhat diminished in the last three or four years, nevertheless it forms a large proportion of the national debt.

I intend to place in the RECORD later in the course of the debate statistics showing the proportion which they have formed. There is no prospect in the future that this mixture will be discontinued. At present, of the \$203 billion of marketable Government securities, \$47 billion are in the form of short-time bills running up to 90 and 120 days, \$74 billion are in certificates and notes running for between 1 and 5 years, and only \$82 billion are in bonds of over 5 years duration. In other words the short-time obligations form 60 percent of the marketable securities. Then there are approximately \$97 billion of nonmarketable bonds.

So, in general, we should remember that the short-time obligations of the Federal Government are at a much lower interest rate than the long-time obligations. For example, when the long-time obligations were being floated at a rate of 2 1/4, 2%, and 2 1/2 percent, the short-time obligations of the Federal Government were being placed at less than 1

percent. The combined interest rate on both short-time and long-time obligations for some years—and I shall submit the figures later; I do not have them at hand at this moment—was less than 2 percent. So for a few years the combined interest the Government paid was less than the interest rate which the Federal Government was charging the REA's. I do not have the figures at hand; I shall have to develop the precise nature of them later.

It is perfectly true that in recent years, as the short-time rate has risen and as the long-time rate has also risen, the combined rate, while lower than the long-time rate, has been above the rate at which the Federal Government relends to the REA. Therefore, it is true that there has been a subsidy to the REA's in later years, although over the whole life of the REA's the amount of the subsidy has been far less than what the Senator from Ohio asserts. This can easily be seen by comparing the combined interest rates as they appear in the table which I shall ask to have printed in the RECORD at the end of my speech, with the long-term rates quoted by the Senator from Ohio. But it is true that there is currently a subsidy. As of the present moment, the short-time interest rate is a little over 3 percent, and the long-time interest rate is approximately 4 percent. I would assume that the combined average cost is perhaps 3 1/2 percent. So now there is a subsidy, and I think it should be frankly admitted.

The next question is, Is this practice socially justifiable? In the beginning only a relatively small fraction of the farms of the country had electricity. The private power companies refused to extend their lines into the countryside. They refused to do so for a very simple reason: Because farms were relatively isolated, and there were relatively so few of them per mile of wire, the private power companies said it would be unprofitable for them to extend their lines into the countryside. As a result, while the people of the towns and cities had power and electricity, the people in the countryside did not.

I know something of the origin of the REA, because my friend and close political associate, Harold Ickes, was for many years the Secretary of the Interior, and it was under his direction that the rural electrification program was originated. I know that he and the initial leaders of the REA made every effort to persuade the private power companies to go into the countryside; and it was only after they were unsuccessful that the REA was developed. It was developed as an organization of cooperatives, not as a public power project, as has been the case in Ontario. REA was developed to encourage farmers to organize into cooperatives and to act as distributing agents to have power generated and transmitted to them. If it had not been that funds were provided at a relatively low interest rate—that is, low in comparison with what the cost would have been had the cooperatives been compelled to go to the commercial bond market and been compelled to pay

4, 5, or 6 percent—power would not have been extended to the countryside.

Everyone is now willing to say that in the past the REA has been a good thing. It has been the best thing that has happened to rural America. It has lifted a mighty burden of toil from the shoulders of farmers and their wives. It means not only the lighting of houses and barns, and the diminution of fires in both houses and barns; it means the electrical pumping of water; it means the electrical milking of cows; it means the electrical heating of water, so that farm families can have baths more than once a week. It means the electrical grinding of feed; it means electrical cooking, electrical refrigerators, electrical washers, and electrical irons. It means radio and television, the cooling of milk, and in some cases the heating of rooms and electric blankets.

Perhaps the best thing the REA has done has been to bring roses back into the cheeks of American farmwives. In southern Illinois, a Methodist minister once told me he thought the REA had decreased the divorce rate, because farmers and their wives were not so tired at night and did not quarrel so much with each other; thus they did not have so much recourse to the divorce courts. I do not know whether that is true, but that is what the Methodist minister said, and I am ready to trust his word.

In the meantime, the demands of farmers for power and electricity have increased. The Senator from Ohio [Mr. LAUSCHE] lifts his hands in holy horror at the fact that farmers have had power and now want more power. Of course they want more power. They started by lighting their houses and barns electrically. Now they want to refrigerate their food, wash and iron their clothes, and milk their cows electrically. Why not? Why shouldn't they have radio and television?

In return for the low interest rate, the Government made a severe demand upon REA cooperatives. It was a part of the bargain. The Government said to the REA cooperatives, "We will give you a low interest rate—2 percent—compared with the private long-time interest rate which would run close to 6 percent if you will promise to serve the entire area, including every farm, no matter how isolated or how far out it may be. You must serve the entire area. You may not skim the cream and choose only the communities or places outside the towns where large numbers of farms are close together. You must go out to the extremes of the county or the REA district and cover everyone, virtually, who wants power." That is something the private power companies always refused to do, and which they refuse to do now. But the REA agreed and does serve the entire area.

What has been the result? The average number of customers per mile of electric power of the private power companies is 33. Thirty-three to the mile. In the REA areas, it is 3.3 customers to the mile.

In other words, they have only one-tenth the depth of coverage per mile of the private companies. I believe that is worth a subsidy, and I stand by the side

of the Senator from Ohio in the fight against the other subsidies. Indeed, I was fighting those subsidies before he came to the Senate; and we shall continue to fight against them in the future.

However, I say this is one subsidy which is justifiable, because it brings mechanical aids to the people who have been loaded down with an excessive burden of toil. The need for increased power results in additional investment and the strengthening of the distribution lines. Therefore, even though 98 percent of the farms are covered, because they want more power, we have to "beef up" the lines, to serve them.

The Senator from Ohio made some animadversions—if I may use that multisyllabic word—upon the loans for generation and transmission. There have been some of those. I see nothing wrong with them. When the REA bargains with the private power companies, unless they have alternative weapons they are at the mercy of the companies which generate power, and in some cases the private companies take advantage of their monopolistic position and put the wholesale rates up very high. Therefore, we must furnish the distribution co-ops with a weapon by which they can stand up for themselves; and these are the generation and transmission loans. They also furnish a measuring rod for generation and transmission costs. May I say also that the REA co-ops have forced many private companies to reduce their rates and hence brought benefits to many who are not members of the REA.

The Senator from Ohio made a great point of the fact that four out of five new customers are nonfarmers. I believe I know why that has happened. In the beginning, the co-ops served the countryside, and the private companies served the towns. What has been happening, with the advent of automobiles and hard roads, is that a good many of the townsmen are moving out into the countryside to live, and a good many people from the countryside are moving in toward the towns to live. Close around the towns we find a number of people with 3-acre or 4-acre farm plots, garden plots, and residences. Towns people live in the country, and country people move halfway into the town; and this is the most profitable section in which to sell power, because it is the most thickly settled section of the countryside.

The REA has had this territory in the past. It has followed those who have come from the country into the town suburbs, and it wants to be able to serve those who have gone from the town into the suburbs. The private power companies want to enter and take this most profitable section away. I submit that they should not be allowed to do so.

There is room in this country for REA power, for private power, and for public power. There is room for all three of these systems. REA power covers the countryside, and I believe it covers it very well. The private power companies cover

the towns and cities, with some exceptions; on the Tennessee River and on the Columbia River, we have public generation of power and transmission lines, and in some cases cooperative districts, which then distribute the power.

I believe there must be a combination of these varying systems, operating at the same time, so that each can check the other. I do not believe in building up a big power trust, because we had too much of that during the 1920's. I then lived, as I do now, in the city of Chicago, which was dominated by the Insull power interests. I got my start in politics, let me say, by inadvertently getting into that scrap. I found that the Insull interests dominated the financial and political life of my city and State, and that they were practicing financial shenanigans and all kinds of rate abuses, by refusing to pass on to the consumers the reduced costs of generation and transmission which had come in the 1920's.

I wish to say that the utility commissions were not a great help to us in this struggle, because when there are the so-called regulatory commissions, the groups which they are supposedly regulating reach out to regulate the regulators and control the alleged controllers. The regulatory commissions, when appointed, are perhaps vigorous for a short period; but they rather quickly lose their virtue and are overpowered by the lobbyists; many of them become weak and tired; those who try to defend the public have the last detail of their private lives examined and, however virtuous they may be, encounter great trouble in being reappointed or confirmed. And so the alert defenders of the public are gradually weeded out and we get either conformists or timid people, or industry-dominated persons in their places.

Therefore, I believe we need the REA. I do not believe I obtain any political "moxie" by making this speech. I have analyzed the voting records of the precincts and counties in the State of Illinois, and I find that in the areas where the REA is the strongest, I receive the least support. The only conclusion I can draw from this is that the members of the REA vote on the basis of reasons unrelated to REA. They have voted against me overwhelmingly in those districts. I expect this antagonistic vote to continue; I do not expect to change a single vote. I believe there are irrational prejudices against me; but I do not expect to change them.

However, in spite of the fact that they are not my supporters, I am their supporters. I hope very much this amendment of the Senator from Ohio, which he submitted with the best of motives, may be defeated.

Some may properly question many features of the farm program; but I do not believe anyone can properly challenge the work of the REA in helping the families of people on the farm who have not been doing well during the last 20 years.

So, Mr. President, I hope very much the amendment of the Senator from Ohio will be defeated.

I ask unanimous consent to have printed in the RECORD tables on the short-time interest rate and the combined long-time and short-time costs of the marketable Federal debt.

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

U.S. Government marketable debt 1929-62

[Billions of dollars]

End of year or month	Short-term issues ¹	Treasury bonds
1929	3.3	11.3
1930	2.9	11.3
1931	2.8	13.5
1932	5.9	13.4
1933	7.5	14.7
1934	11.1	15.4
1935	14.2	14.3
1936	12.5	19.5
1937	12.5	20.5
1938	9.8	24.0
1939	7.7	26.9
1940	7.5	28.0
1941	8.0	33.4
1942	27.0	49.3
1943	47.1	67.9
1944	69.9	91.6
1945	78.2	120.4
1946	57.1	119.3
1947	47.7	117.9
1948	45.9	111.4
1949	50.2	104.8
1950	58.3	94.0
1951	65.6	76.9
1952	68.7	79.8
1953	77.3	77.2
1954	76.0	81.8
1955	81.3	81.9
1956	70.5	80.8
1957	82.1	82.1
1958	92.2	83.4
1959	103.5	84.8
1960	109.2	79.8
1961	120.5	75.5
1962	124.6	78.4

¹ Bills, certificates of indebtedness, and notes.

Source: Treasury Department.

Computed annual interest rate—(Total long- and short-term interest bearing securities)

[End of fiscal year]

1940	2.583
1941	2.518
1942	2.285
1943	1.979
1944	1.929
1945	1.936
1946	1.996
1947	2.107
1948	2.182
1949	2.236
1950	2.200
1951	2.270
1952	2.329
1953	2.438
1954	2.342
1955	2.351
1956	2.576
1957	2.730
1958	2.638
1959	2.867
1960	3.297
1961	3.072
1962	3.239
1963	3.361

[End of month]

January	3.299
February	3.305
March	3.332
April	3.338
May	3.345
June	3.361
July	3.375

Source: U.S. Treasury Department.

Short term—Bond yields and interest rates,
1929-62
(Percent per annum)

Year or month	U.S. Government securities	
	3-month Treasury bills ¹	9-12-month issues ²
1929	(9)	(9)
1930	(9)	(9)
1931	1.402	(6)
1932	.879	(6)
1933	.515	(6)
1934	.256	(6)
1935	.137	(6)
1936	.143	(6)
1937	.447	(6)
1938	.053	(6)
1939	.023	(6)
1940	.014	(6)
1941	.103	(6)
1942	.326	(6)
1943	.373	0.75
1944	.375	.79
1945	.375	.81
1946	.375	.82
1947	.594	.88
1948	1.040	1.14
1949	1.102	1.14
1950	1.218	1.26
1951	1.552	1.73
1952	1.766	1.81
1953	1.931	2.07
1954	.963	.92
1955	1.753	1.89
1956	2.658	2.83
1957	3.267	3.53
1958	1.839	2.09
1959	3.405	4.11
1960	2.928	3.55
1961	2.378	2.91
1962	2.778	3.02
1960: January	4.436	4.93
February	3.954	4.58
March	3.439	3.93
April	3.244	3.99
May	3.392	4.19
June	2.641	3.35
July	2.396	3.13
August	2.286	2.89
September	2.489	2.99
October	2.426	3.01
November	2.384	2.99
December	2.272	2.79
1961: January	2.302	2.70
February	2.408	2.84
March	2.420	2.86
April	2.327	2.83
May	2.288	2.82
June	2.359	3.02
July	2.268	2.87
August	2.402	3.03
September	2.304	3.03
October	2.350	2.97
November	2.458	2.95
December	2.617	3.03
1962: January	2.746	3.08
February	2.752	3.11
March	2.719	2.99
April	2.735	2.94
May	2.694	2.98
June	2.719	3.02
July	2.945	3.23
August	2.837	3.13
September	2.792	3.00
October	2.751	2.90
November	2.803	2.92
December	2.856	2.95

¹ Rate on new issues within period. Issues were tax-exempt prior to Mar. 1, 1941, and fully taxable thereafter. For the period 1934-37, series includes issues with maturities of more than 3 months.

² Includes certificates of indebtedness and selected note and bond issues (fully taxable).

³ Treasury bills were first issued in December 1929 and were issued irregularly in 1930.

⁴ Not available before August 1942.

Sources: Treasury Department, Board of Governors of the Federal Reserve System.

Mr. HOLLAND. Mr. President (Mr. McINTYRE in the chair), I believe we have heard two very interesting discussions of what is undoubtedly a complex and controversial problem.

I have enjoyed every word of both of them, and I am sure other Senators also have.

The fact is that this is a complex subject. The fact is, it is neither all white nor all black, and many approaches now being sought would keep the REA alive, functioning, happy, and prosperous, and at the same time would cure some abuses which undoubtedly have arisen.

I do not expect anyone to agree with me completely in what I shall say, but I believe there are undoubtedly abuses. I believe that under section 5 loans, there have been abuses which no Senator would seek to deny as having been abuses. I believe that in connection with some of the generation loans, there have been similar abuses—although I shall not attempt to go into them in detail. Just let me say that before the committee there appeared indisputable evidence that some such loans had led to the production of power which could not be sold to the consumers in a distribution system, except at a rate higher than that which was available from the power company serving the same area.

The record also showed that there were some instances in which REA loans for the construction of generation and transmission equipment had been indulged in with the purpose of allowing the purchase of that equipment for its later transmittal to companies that were not qualified to borrow from the REA. There is no doubt about that. But this is not the time for this subject to be dealt with. The Senator from Ohio is one of the frankest men I know, and, I believe, is one of the most honest—

Mr. DOUGLAS. The Senator means "frank" in a double sense, does he?

Mr. HOLLAND. Yes, if the Senator from Illinois insists on using a figure of speech.

The point I am making is that he has been frank enough to admit to the Senate that he is not speaking of what is the best method to correct the situation, because there are now on file in the Senate three different proposals of his to deal with what he sees as an abuse; and there is some abuse in the system.

The Senator has had printed two amendments to this bill. One would raise the interest rate from 2 to 3 percent; the other, which I shall not go into any detail to explain, would in general follow the method of requiring the payment of interest at the going rate for long-term loans. The Senator has introduced a bill, which has been referred to the Committee on Agriculture and Forestry, which would adopt much or all of the second method proposed by him in the amendment, but would go considerably further in correcting procedures in another field.

I honor the Senator for his frankness. He has made as clear as it could be made that there is a field in which there is no meeting of the minds—even the very fine mind of my distinguished friend, the Senator from Ohio [Mr. LAUSCHEL]. He has proposed three different methods of correcting what he deems to be an abuse, and what I agree is in some instances an abuse.

To go further, the Senator from Ohio has only touched upon the subject. I

find that eight bills have been introduced in the House of Representatives aimed at the correction of abuses which have become manifest in the REA. I have those bills, and if any Senator wishes to examine them, he will find that they adopt at least six different methods of approach to the subject.

In the Senate two legislative measures have been introduced addressed to the correction of those abuses. I think they exist in only a very small minority of the cases of recent loans, but they have existed, and they do exist.

It is my feeling that, first, the great number of suggestions made shows very clearly that the subject is one which requires study, the making of a good record, and the hearing of witnesses on every point of view before the legislative committee. I am chairman of the subcommittee which would hear testimony on the bills. I am perfectly ready to undertake those hearings, although I feel that now is not an appropriate time. I would not undertake it in the remaining months of this session of Congress. In the first place, efforts were made by our committee, after some minor differences of opinion, to put into the report of our committee strong directions which we feel the REA should follow to eliminate the abuses which exist.

The able committee in the House of Representatives placed in its report a set of directions which we found good and which we adopted in toto, though we went considerably further.

That is the first avenue of approach. At the end of this year we shall see what correction of the several abuses has been manifested. It seems to me that that is reasonable. I do not believe any Senator would question for a moment the fact that REA has been a great blessing, not only to the farmers, but to all rural dwellers. The Senator from Illinois and other Senators have fully recounted the many blessings. They are such things as the use of television, the hatching of eggs, the separation of milk, the churning of butter, and dozens of other uses which I need not recount. We all know that REA has been a blessing, not only in the relief of labor on the part of farm families, but in the bringing of blessings of every kind to both farm families and other families in rural areas. More than half of all of the rural dwellers in the country are now served through this beneficent system.

The trouble is that the system has gotten out of hand in some respects. We would be foolish, and not friendly to REA itself, if we did not attempt to find methods of correction of the particulars in which the system has gotten out of hand.

It is no hardship to us, other than as taxpayers, if there are some abuses; but there would be a very great hardship to the REA as a whole if a loss of confidence by more and more people in our country, including Members of the Senate and the House of Representatives, should result.

In my short time in the Senate—I have been here 17 years—it has been apparent

to me that the loss of confidence on the part of Senators and Members of the House has been a progressive factor.

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

Mr. HOLLAND. I yield gladly.

Mr. DOUGLAS. Is not a large part of the alleged loss of confidence caused by the propaganda carried on by the private power companies, which frequently violate the truth and misrepresent the facts?

Mr. HOLLAND. Of course, the Senator knows that there has been such propaganda. I believe I could say, without being misunderstood, that the REA association is itself quite capable of the use of propaganda and has engaged in some. But I do not think that this is the time or occasion to go into that. Considering the multitude of efforts to correct the situation—three separate ones having come from the able, distinguished, and conscientious Senator who offered the pending amendment—a legislative approach is indicated so clearly that I cannot see how any Senator could possibly believe that the problem could be reasonably handled other than through action by a legislative committee, and to have it make recommendations to the Senate and the House.

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

Mr. HOLLAND. I am glad to yield to the Senator from Ohio.

Mr. LAUSCHE. I have submitted two amendments to the pending bill. I have a separate amendment that was submitted about a month ago. In my own mind, the issue is clear.

There should be a reformation of this program. I submitted a proposal for a 3-percent rate. That is the mildest recommendation that I have in mind. I made that recommendation deliberately, thinking that perhaps the Senate would be willing to do a little of what ought to be done. I am not disillusioned by a belief that I shall succeed. I believe the rate of interest ought to be lifted to the going rate that the Federal Government is paying. But thinking that I might get a vote here and a vote there, I lowered the rate to 3 percent. Obviously the same argument will be made on that point which was made on the test ban treaty: "It is wrong in A, B, C, D, E, and F, but—I think it is all right."

Mr. HOLLAND. Mr. President, I say again that there is no franker man, with apologies to the Senator from Illinois [Mr. DOUGLAS], in the Senate or in the United States than the distinguished Senator from Ohio. But we have a plethora of suggestions as how to correct the manifest abuses. I say there are two ways that we could approach the question.

I suggest that it be done in the order in which our committee felt it should be done; first, by the giving of directions, which we think would go far toward correcting the abuses. If that procedure should fail, there should be hearings before the legislative committee.

So far as the Senator from Florida is concerned, he is no more fearful of attacking the problem than any other Senator. He has already been heavily criticized because he has suggested the first

method of correction, which is a friendly one. One of the big troubles about those who become enthused about the single program that they are particularly interested in is that they generally seem unable to determine who their friends are. That happens to be the case with reference to some of the leading agitators in this particular REA group.

Mr. President, I am perfectly willing either to yield to other Senators or to have other Senators express their views before I make a point of order.

I must make the point of order, not only because that is the uniform practice of the committee of which I am a member, but also because in my own mind it is so completely right not to proceed on the floor of the Senate, in discussion of an appropriation bill, to try to change the basic operations of an agency which has been as helpful to so many millions of people as this one has been.

Mr. AIKEN. Mr. President, if the Senator will yield, I shall try to be brief.

Mr. HOLLAND. I yield.

Mr. AIKEN. Mr. President, I wish to give the Senator from Ohio [Mr. LAUSCHE] credit for consistency in his desire to do away with all subsidies and things that look like subsidies. I feel that his chances of accomplishing this worthy purpose are so slim that I would not wish to see the REA selected as the first example, when, in all probability, other examples would not follow.

As has been well said, the REA was established to serve the rural areas of the country which the corporate utilities would not or could not serve at the time. In that respect, as pointed out by the Senator from Ohio, a great deal has been accomplished, in that more than 99 percent of the farms of this country are now served with electricity.

The Senator from Illinois has well pointed out that while corporate utilities have an average of 33 customers per mile of line, the REA's have an average of only 3.3 customers per mile, which means that on many miles they have probably not more than two customers, and possibly only one customer. Certainly REA's cannot be expected to serve their areas on the same basis as utilities which have an average of 33 customers per mile.

The Senator from Ohio very properly pointed out that the corporations pay much more to the Federal Government in the form of taxes than do the cooperatives, but the fact remains that they get the money from someone. They first collect it from their customers on their lines, before turning it over to the Federal Government. The REA does not operate on that basis. It must operate on a nonprofit basis, because in many of the REA areas there are not customers who can afford to pay enough so that the REA could turn over a substantial portion of its revenue to the Federal Government in the form of taxes.

Utilities are set up to make profits for their investors. Rural electric cooperatives are established to perform a service for their members.

Utility corporations in most States are protected against encroachment. They have the right of eminent domain and other rights which are not available to REA cooperatives. I believe that at

present in some 15 States both corporate utilities and cooperatives are protected by law—at least, it is undertaken to give them equal opportunities under the law, and encroachment on territory is prohibited.

There is another item of importance. So far as I know, the corporate utilities never pay off their investments. When their bonds come due they refinance. The REA cooperatives are required to pay off their investments, or their borrowings, in a period of not to exceed 35 years. Some of them have done so in a much shorter time. I believe there were several in Indiana which paid off the total amount of their loans.

The REA cooperatives pay interest. They pay on principal, as it is due. At the time the hearings were held before the Subcommittee on Appropriations on the Agriculture Department, it was brought out that there were two cooperatives in arrears at the present time. Of the \$4 billion in loans, the amount of loans in arrears was about \$150,000.

A question arises: Why, if 99 percent of the farms of this country are now served, is it necessary to continue to encourage further borrowings or to make available further funds at a low rate of interest? The reason is that when the REA's first went into these rural areas they served largely marginal farms, the poorer farms with no electrical equipment whatsoever. Millions of farmers who came into the REA's early put lights in their houses. Some put lights in their barns.

Now the farms of America have become electrified. The use of power has risen from a few hundred kilowatt-hours a month 20 years ago to somewhere between 3,000 and 4,000 kilowatt-hours a month at the present time. That means that the lines must be rebuilt. A great deal of capital is required to rebuild them. That is the reason why we continue to appropriate each year for loans, which will be paid back in full.

I am perfectly willing to go along and say that 2 percent interest may represent a subsidy. We can also point out the fact that practically every business in the United States is subsidized in one way or another. The petroleum interests have been pointed out as perhaps the most glaring example of subsidy. Tax benefits are available to them. The manufacturing companies enjoy benefits. The merchant marine is heavily subsidized.

I believe the utility companies are subsidized. The Congress enacted tax legislation last year to authorize the electric utilities a 3-percent tax deduction. I voted to give them a 7-percent deduction, the same as the pipelines had, but the Senate agreed to give them a 3-percent tax deduction.

Not so many years ago, about 1950, Congress enacted legislation to encourage the construction of industrial facilities in the United States, and authorized a complete writeoff of the cost in 5 years' time. That was a 20-percent per year writeoff. It was expected, when that law was passed, that it would be used primarily by steel companies and manufacturing plants, but the fact remains that nearly all of the benefits accrued to the

electric utilities, which were given a 20-percent writeoff on billions of dollars.

I do not think the electric utilities are in any position to complain now if the rural electric cooperatives receive a 1-percent benefit by way of interest charges. Most of the \$4 billion which was loaned to REA was loaned at a time when the Federal Government was paying 2 percent or less—from 1½ percent to 2 percent—in interest for the money it borrowed.

If the distinguished Senator from Illinois [Mr. DOUGLAS] or any other skilled economist in the Senate will take his pencil, I guarantee that he will find that the 3-percent tax benefit granted the corporate electric companies last year amount to more than 1-percent interest increase which the amendment of the Senator from Ohio would provide in the charge to the REA's.

Mr. DOUGLAS. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I will yield, with the permission of the Senator from Florida and of the Senate.

Mr. HOLLAND. Mr. President, I gladly yield to the Senator from Illinois, so that he may address a question to the Senator from Vermont.

Mr. DOUGLAS. Mr. President, since I left the Chamber I have been able to obtain the short-term interest rates of the Federal Government. I find that in 1945, when the 2-percent interest rate was adopted for REA loans, the rate on 3-month Treasury bills was three-eighths of 1 percent.

The rate continued at less than 1 percent to 1948.

From 1948 to 1953 it was less than 2 percent.

It went down to less than 1 percent in 1954.

It went up to 1½ percent in 1955.

In 1956 it was 2.7 percent.

In 1957 it went up, briefly, to 3.3 percent, and then dropped to a lower figure.

For a long period of time the short-term interest rate was below 1 percent and below 2 percent.

In a few minutes I shall have combined statistics. I believe the interest rates on long and short term will show that there were a number of years when the combined cost was less than 2 percent.

Mr. AIKEN. Mr. President, I wish to add one more comment, and then I shall be through.

I have no doubt that in some parts of the country the REA cooperatives have done things that ought not to have been done, but I point out that the Federal Government does not operate the electric lines. The Federal Government is a lending agency only and certain acts of the REA cooperatives which Members of the Senate have condemned have been done under State laws, not Federal laws. Any State in the Union that finds that an REA cooperative is not proceeding properly has full authority to amend its own laws to bring the co-ops into line.

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

Mr. HOLLAND. I yield to the Senator from Ohio in order that he may ask a question of the Senator from Vermont.

Mr. LAUSCHE. Does the Senator from Vermont care to discuss the difference in the tax rate? The rural cooperatives are paying 3 cents on the dollar in taxes, and the private power companies are paying 22 cents out of every dollar.

Mr. AIKEN. Yes. The private power companies collect that money from the users of electricity to whom they sell power and pay it to the Federal Government. The electric cooperatives are non-profit organizations, and have no income to pay on. We cannot expect someone to pay if he does not have anything to pay on.

Mr. LAUSCHE. Is it not a fact that when an investor in a power company is paying 22 cents out of a dollar in taxes, and a co-op is paying only 3 cents out of every dollar, the purchaser of the power from the power company must pay a part of the cost that the purchasers of power from the cooperatives ought to pay?

Mr. AIKEN. No. A member of an REA cooperative, by saving on the cost of electricity, pays income to the Federal Government itself. The corporation is not in business for its health. It is in business to make money. The corporations have done very well, and have done better since the REA has come into existence than they were doing before. They collect from the users of electricity the additional tax money which it has to pay to the Federal Government. That is one way to get the tax money.

Mr. LAUSCHE. I cannot agree with the Senator from Vermont in his interpretation of the facts. The investor in the power company, which is paying for taxes 22 cents out of every dollar it takes in, is paying a part of the load that ought to be borne by the user of the co-op, which is paying only 3 cents on the dollar in taxes.

Mr. AIKEN. No. The corporations flatly refused to serve the areas the REA went into. Let me remind the Senator that when the REA law was established, it was expected that low-rate interest loans would be made to the utility companies. They all refused to have anything to do with it, and that is how the cooperatives came into being. The corporations flatly declined to serve the vast rural area which has developed, one could say, almost into the heartland of America today. It is one of the most productive parts of our country.

REA cooperatives never would have come into existence had the utility companies been willing to serve those areas.

Mr. HOLLAND. Mr. President, I yield now to the Senator from Kentucky [Mr. COOPER].

Mr. COOPER. Mr. President, I agree with the Senator from Florida that the amendment should not be accepted. It is, of course, subject to a point of order. But even if it were not, it would be the proper procedure to consider this amendment in the appropriate committees, the Committees on Agriculture and Forestry of the House and Senate.

I think I can speak with objectivity on this subject, because several years ago the REA cooperatives of Kentucky, 3 or 4 years ago, in their convention, expressed the view that consideration should be given to an increase in the interest rate.

This proposal to raise interest rates to REA is not as simple as it is made to appear by private utilities who ask that the interest rate be raised.

It is extreme to say that the 2-percent interest rate is seriously affecting the private utilities. The fact is that 80 percent of the energy which is produced and sold in this country is supplied by the private utilities. They will always furnish, and properly so, this percentage or even a larger percentage of power consumed, because of the increasing demand for electric energy.

There has been much talk about the generation and transmission plants financed by REA. The fact is that only 1 percent of the energy produced in this Nation is produced by the generation and transmission plants. Appropriations to maintain that relative position—namely, 1 percent of the total power produced in the United States—have been requested. And both the House and Senate Committees on Appropriations, while establishing criteria for the proper and effective use of these funds, have not recommended that these funds for generation and transmission plants be withdrawn. They have established criteria, as I have noted, to assure the proper use of the funds by REA and also to make certain that private utilities, offering alternative sources of power—submit fair rates and do not use dual rates in dealing with REA cooperatives.

A great deal has been made of the fact that about 98 percent of the farms have been reached by electricity. That evades the issue. The question is whether all requirements for additional and necessary power can be supplied by REA to these farms. According to the evidence, the use of electricity on farms is doubling every 5 or 7 years. This requires, of course, that additional loans must be made available to local REA cooperatives for equipment and transmission lines necessary to meet the needs of farm families and farm areas.

It has been mentioned today, and argued against REA that five out of six of the new users are nonfarmers, but, giving this statistic does not give a true picture of the percentage of nonfarmers served, compared with the total number of patrons. These nonfarmers live in the areas which REA's serves; areas which private utilities would not serve.

It is more costly to provide service to rural areas with an average of 3.3 persons on 1 mile of REA lines, compared to 33 on the private utility lines of urban areas. The Congress through its proper committees should look into all these facts before raising interest rates, for we are dealing with the question of supplying adequate power to rural areas, by REA.

I can remember when there was no electricity outside the town I lived in as was the case over the United States. I could stand at the top of a hill and see the lights around my town, but if I looked beyond the town there were no lights, except lanterns and lamps. In my judgment, there would not now be any but for REA. We ought to keep those facts in mind for REA has not only brought light, and necessities and convenience to farm families, it has brought increased

income to businesses in our communities, to banks and to industry generally.

I support the position of the Senator from Florida, and the position of the Committee on Appropriation. In all fairness to REA—to farmers as well as to private utilities—the question of raising interest rates must be studied by the proper committee through hearings. I will vote against the amendment of the Senator from Ohio [Mr. LAUSCHE].

Mr. HOLLAND. Mr. President, I understand that the ranking minority member of the subcommittee, the gentleman from North Dakota [Mr. YOUNG], wished to be heard.

Mr. YOUNG of North Dakota. Mr. President, I associate myself with the comments made by the Senator from Vermont, the Senator from Kentucky, and other Senators. I think this is a matter which should be decided by the Committee on Agriculture and Forestry when appropriate hearings can be held.

Mr. HARTKE. Mr. President, I oppose the suspension of the rules for the purpose of considering the amendment being presented by the Senator from Ohio [Mr. LAUSCHE].

The matter of interest rates in the Rural Electrification Administration is a substantive matter of considerable importance. It should not be acted upon hastily. The Senator himself underlined its importance in his address to this body yesterday, when he stated that what he calls the loan subsidy from insufficient REA interest rates now exceeds \$1 billion.

The Senator from Ohio also stated that in 1961 interest repaid to the Government by REA borrowers amounted to more than \$52.5 million in 1961, consuming 7.43 cents on every dollar of the borrowers' incoming revenue. His table A introduced in the RECORD shows a Treasury interest cost in 1962 of 4 percent, or double the REA 2-percent rate. I believe we should not hastily consider by this means a move which would exactly double, to nearly 15 cents on the revenue dollar, the cost of REA loans to their borrowers.

This amendment, and the second one which the Senator from Ohio is prepared to offer if we suspend the rules, is already before the Agriculture Committee in the form of a bill. It is far more appropriate that these measures, with their complex ramifications, receive the earnest attention of the committee through its usual procedures rather than the hasty and ill-informed attention of the body as a whole at this time.

Mr. HOLLAND. Mr. President, I raise the point of order that the amendment proposed by the Senator from Ohio is legislation on an appropriation bill.

The PRESIDING OFFICER (Mr. MCINTYRE in the chair). Under rule XVI, the Chair sustains the point of order on the ground that the amendment proposed is legislation on a general appropriation bill.

Mr. LAUSCHE. By virtue of the right I acquired by filing a notice proposing to ask for a suspension of the rule, at this time I move to suspend the rule. I ask for the yeas and nays on the motion.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. The question is on the motion to suspend the rule. Is that correct?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio, to suspend the rule. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Michigan [Mr. HART], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MANSFIELD], the Senator from Wyoming [Mr. McGEE], the Senator from South Dakota [Mr. McGOVERN], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Nevada [Mr. CANNON], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MANSFIELD], the Senator from Wyoming [Mr. McGEE], the Senator from South Dakota [Mr. McGOVERN], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], the Senator from Tennessee [Mr. WALTERS], and the Senator from Virginia [Mr. BYRD] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Hawaii [Mr. FONG], and the Senator from Nebraska [Mr. HRUSKA] are absent on official business.

The Senator from Kansas [Mr. CARLSON], the Senator from New Hampshire [Mr. COTTON], the Senator from Maryland [Mr. BEALL], the Senator from California [Mr. KUCHEL], and the Senator from Iowa [Mr. MILLER] are necessarily absent.

The Senator from Wyoming [Mr. SIMPSON] is detained on official business. If present and voting, the Senator from California [Mr. KUCHEL], the Senator from Colorado [Mr. ALLOTT], and the Senator from Iowa [Mr. MILLER] would each vote "nay."

On this vote the Senator from Maryland [Mr. BEALL] and the Senator from Hawaii [Mr. FONG] are paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from

Maryland and the Senator from Hawaii would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 17, nays 57, as follows:

[No. 175 Leg.]		
YEAS—17		
Bennett	Goldwater	Pearson
Boogs	Javits	Saltonstall
Brewster	Jordan, Idaho	Scott
Case	Keating	Tower
Curtis	Lausche	Williams, Del.
Dominick	Mechem	

NAYS—57		
Aiken	Hickenlooper	Nelson
Anderson	Hill	Neuberger
Bartlett	Holland	Pell
Bayh	Humphrey	Proutry
Burdick	Inouye	Proxmire
Byrd, W. Va.	Johnston	Randolph
Church	Jordan, N.C.	Ribicoff
Clark	Kennedy	Robertson
Cooper	Long, Mo.	Russell
Dirksen	Long, La.	Smathers
Douglas	McCarthy	Smith
Eastland	McClellan	Sparkman
Edmondson	McIntyre	Stennis
Ellender	McNamara	Symington
Ervin	Monroney	Talmadge
Fulbright	Morse	Thurmond
Gore	Morton	Yarborough
Gruening	Mundt	Young, N. Dak.
Hayden	Muskie	Young, Ohio

NOT VOTING—26		
Allott	Fong	McGovern
Beall	Hart	Metcalf
Bible	Hartke	Miller
Byrd, Va.	Hruska	Moss
Cannon	Jackson	Pastore
Carlson	Kuchel	Simpson
Cotton	Magnuson	Walters
Dodd	Mansfield	Williams, N.J.
Engle	McGee	

So Mr. LAUSCHE's motion to suspend the rule was rejected.

VISIT TO THE SENATE BY SENATOR GIACINTO BOSCO, MINISTER OF JUSTICE, AND CONGRESSMAN LORENZO NATALI, DEPUTY SECRETARY OF THE TREASURY, MEMBERS OF THE ITALIAN ACADEMY OF FORENSIC MEDICINE

Mr. PELL. Mr. President, it gives me particular pleasure to welcome to the floor of the Senate two distinguished members of the Italian Academy of Forensic Medicine. I regret very much that my colleague, the senior Senator from Rhode Island [Mr. PASTORE] could not be present on this occasion because of an unbreakable commitment in New England; but on behalf of all my colleagues on the Senate committee to welcome the Italian Academy of Forensic Medicine, speaking personally, as a Knight of the Crown of Italy, I offer to these eminent visitors our warmhearted greetings and our admiration. They honor us by their presence. They are Senator Giacinto Bosco, his country's Minister of Justice; and Congressman Lorenzo Natali, his country's Deputy Secretary of the Treasury.

Representing their own governing bodies and more than 200 members of the academy who have flown to the United States from Rome, they are embarked on a broad and meaningful program to explore the "Biological, Social and Juridical Evolution of Man in the Space Age."

In its membership the academy includes judges, lawyers, biologists, social

scientists, and physicians. It is of special significance in today's complex world that these various professions and disciplines should be so purposefully interrelated.

We are grateful to the academy for choosing to hold its congress in our country; and in this respect, I would like to pay tribute to my good friend, Mr. Ernest Cuneo, who has given so much of his time and efforts to help with the original planning. Indeed, Mr. Cuneo has been called by Mr. Natali the animator of this congress of the academy.

The academy is concerned with increasing worldwide understanding, with deepening the appreciation of justice, with interpreting the relationship between positive law and scientific progress, and with furthering cultural relations in all aspects of its endeavors.

Mr. President, I believe these are goals of immense value. They bear importantly on the growth of international friendships and of the cause of world peace.

In extending our own friendship and high regard to our illustrious guests, let us wish them every success. I nostri migliori auguri, signori, e i nostri migliori felicitazioni. [Applause, Senators rising.]

I ask unanimous consent to have printed in the RECORD a statement by Minister of Justice Bosco.

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

STATEMENT BY H. E. GIACINTO BOSCO ON BEING RECEIVED BY THE SENATE

It was a particular honor to be received by the Senate of the United States, a legislative body that has acquired such great respect in the world for the wisdom of its decisions, at all times inspired by those principles of freedom and justice proclaimed by the Declaration of Independence and sanctioned by the U.S. Constitution.

The recent deliberations for the ratification of the partial atomic ban treaty were greeted in Italy with deep satisfaction as a first step toward the relaxation of international tensions and the consolidation of peace, the supreme ideal of humanity, solemnly attested by the Charter of the United Nations.

Inspired by these very ideals, the Third Italian Congress of Forensic Medicine took place, during the last few days, in New York. Over 400 Italian scientists and jurists were in attendance to reaffirm the principle that scientific and technological progress in the space age must be accompanied by a profound rebirth of moral and spiritual human values.

If humanity will remain solidly anchored to the values of the spirit, we shall be able to labor confidently towards the achievement of all the conquests of progress, and bend them to the service of man, so that, as President Kennedy said, mankind may obtain the fruits of the marvels of science instead of being destroyed by its terrors.

During the meeting over which I had the honor of presiding together with Attorney General Robert F. Kennedy, I had the opportunity of appreciating the hospitality of the American people and its sympathy for my country which, in complete loyalty to the ideals of the Atlantic Pact, continues, side by side with the United States of America, on its way towards economic progress, civil rights and social justice.

In witness to the sentiments of friendship that I hold for the American people, may

I be allowed to recall here, on this solemn floor of the U.S. Senate, that my first speech on the floor of the Senate of the Italian Republic dealt with the ratification of the Marshall plan, a most effective instrument for the rehabilitation of freedom loving countries.

Also on behalf of my colleague in the Italian Parliament and Government, the Hon. Lorenzo Natali, who is here with me, I wish to express my warmest thanks for the welcome that has been reserved for us by the U.S. Senate. Furthermore, I wish this illustrious assembly may see the attainment of total success in its efforts for the consolidation of peace and the triumph of our mutual democratic ideals.

Mr. HUMPHREY. Mr. President, I join the able and distinguished Senator from Rhode Island in welcoming our guests to this Chamber. We are honored by their presence. I hope they will convey to their countrymen the warm regards of the Senate of the United States and the people of the United States. We are pleased to have you with us.

The PRESIDING OFFICER. On behalf of the Senate, the Chair extends a hearty welcome to our honored guests.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5888) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1964, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 7, 14, 20, 34, 38, 46, 58, 66, and 68 to the bill and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 8, 12, 21, 37, and 56 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 5250) to amend section 411(a) of title 38, United States Code, to increase the rates of dependency and indemnity compensation payable to widows of veterans dying from service-connected disabilities, and it was signed by the President pro tempore.

LEGISLATIVE PROGRAM

Mr. DOMINICK obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator from Colorado yield without losing his right to the floor?

Mr. DOMINICK. I yield, provided I do not lose the floor.

Mr. DIRKSEN. Mr. President, I should like to ask the acting majority leader what other amendments will be considered, how long the session is likely

to continue this afternoon, and also what the program will be for tomorrow?

Mr. HUMPHREY. Mr. President, it is my understanding that the Senator from New York [Mr. JAVITS] has one amendment, which he will offer after the Senator from Colorado has completed his statement. As I recall, the Senator from South Dakota [Mr. MUNDT] and a number of cosponsors also intend to offer an amendment to the agricultural appropriation bill. I know of no other amendments.

It is the intention of the leadership, following the vote on the Javits amendment, to have the Senate adjourn until Monday at 12 o'clock noon.

Before the Senate concludes its business today, it is intended to call up the conference report on the Department of Health, Education, and Welfare appropriation bill. This is a priority item. When the business for today has been completed, it is intended to have the Senate adjourn until Monday.

It is proposed to ask for a limitation of debate on the Mundt amendment. On any other amendments that might be offered, it is proposed that there be not more than 15 minutes to a side.

The Senator from South Dakota [Mr. MUNDT] indicated to me that an hour on each side would be adequate.

Mr. MUNDT. I did so indicate; but since then I have found that one or two of my associates on the amendment may wish to speak a little longer than I had anticipated. So in order not to cut the time too thin, I would suggest an hour and one-half.

Mr. HUMPHREY. Then at this time I shall not propose a unanimous-consent agreement; I shall wait until I check with other Senators as to the amendments to be offered. But I understand that, tentatively, the Senator from South Dakota would like an hour and one-half for each side, on his amendment.

Mr. MUNDT. That is correct.

Mr. HUMPHREY. I shall check with other Senators; and after the Javits amendment has been voted on, I shall offer a unanimous-consent request along the lines discussed.

Let me say that the intention is that after we finish the agricultural appropriation bill, on Monday next, we shall call up the measure for a 1-year extension of the Civil Rights Commission.

Mr. RUSSELL. Will the Senator from Colorado yield?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Colorado yield to the Senator from Georgia?

Mr. DOMINICK. I am glad to yield.

Mr. RUSSELL. Does the Senator from Minnesota refer to his revised Humphrey amendment?

Mr. HUMPHREY. Yes, to the amendment placed in the RECORD yesterday, as offered by the Senator from Montana [Mr. MANSFIELD], the Senator from Illinois [Mr. DIRKSEN], and myself.

Mr. HOLLAND. Mr. President, will the Senator from Colorado yield?

Mr. DOMINICK. I yield to the Senator from Florida.

Mr. HOLLAND. It is not the intention to take up the measure on the extension of the Civil Rights Commission until

after the agriculture appropriation bill is disposed of, is it?

Mr. HUMPHREY. That is the situation. After the agricultural appropriation bill is disposed of—we hope it will be disposed of on Monday—we hope that will be done. Arrangements are being worked out now, because a number of Senators wish to leave, some already are absent, and others wish to work here. I should like to accommodate all of them, and I ask Senators to do so by agreeing not to hold a Senate session tomorrow. A little later, we shall ask unanimous consent to that effect.

Mr. KEATING. Is it anticipated that consideration of the measure to extend the Civil Rights Commission will be completed on Monday?

Mr. HUMPHREY. It is the intention of the leadership to endeavor to have it concluded on Monday, and Senators should be prepared to stay here on Monday until its consideration is concluded.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1964

The Senate resumed the consideration of the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes.

Mr. DOMINICK. Mr. President, I wish to express my appreciation to the Senator from Florida. Let me say that the Senate Agriculture and Forestry Committee has done a good job in trying to obtain further scrutiny of the REA loans. I believe the procedures which have been established by the House and have been accepted by the Senate committee are good; they have been published accurately in the report.

I commend the Senator from Florida and other members of the committee for the work they have done. But the basic problem is that although these provisions take care of the section 5 procedures, and also take care of the generation and transmission loan procedures, in fact, they do not touch at all the interest problem.

So in view of the statement of the Senator from Florida—as shown in yesterday's RECORD—that he would not hold hearings on the bills in connection with the interest rate, the amendment on which we recently voted seemed to be the only way in which we could possibly bring this interest rate question before the Senate at this time.

Mr. HOLLAND. Mr. President—

Mr. DOMINICK. I yield now to the Senator from Florida.

Mr. HOLLAND. I wish to make very clear that I certainly would not want to be understood as having said that I would not hold hearings on this measure. I said I would not hold hearings this year, because I thought we were in the midst of so much confusion and because I was very hopeful that the directions given by the Appropriations Committee might prove sufficient to clear up most or all of the manifest abuses which now exist or have existed in the past.

However, by no means would I refuse to hold hearings. The Senator from

Colorado [Mr. DOMINICK] has introduced one interesting and scholarly bill on this subject. The Senator from Ohio [Mr. LAUSCHEL] has also introduced another. Eight have been introduced in the House. At least 6 different approaches are covered by the 10 bills. The Senator from Ohio today was very frank, as is his custom, and admitted he has proposed three different approaches to this matter. Certainly a winnowing-out process must occur before any hearings are held by the legislative committee; and I stand ready to be of assistance in that regard. I do hope we shall pass measures correcting the abuses which have existed—and which we hope will not exist in the future—so that when we deal with the rate structure, we shall not find the bills dealing with correction of the abuses mixed into the hearings on the rates.

Mr. DOMINICK. I thank the Senator from Florida. I know how hard he has worked on this problem. If I have misstated the facts about the hearings, I apologize. I knew the Senator would not hold them this year, because I read his statement to that effect in the RECORD of yesterday.

Mr. LAUSCHE. Mr. President, will the Senator from Colorado yield?

Mr. DOMINICK. I am glad to yield.

Mr. LAUSCHE. Mr. President, I repeat what I said earlier this afternoon: I do not propose three approaches; I propose only one approach. Today I submitted an amendment covering the mildest one I possibly could propose, and I hoped I would get some support for it.

It is clear that there are abuses in this program, and that they must be corrected. So I shall ask the Senator from Florida to be sure to conduct at an early date hearings on my bill.

Mr. DOMINICK. I appreciate the comments of the Senator from Ohio. I believe this interest problem is perhaps the largest one that those who are in all-out opposition to the REA's may have. I have said before, and I repeat, that I believe the REA's have done a good job in doing what they are supposed to do in providing electricity to the farm areas. I also believe they should have an opportunity to expand; but I believe that must be kept within the limits, and should not be subsidized in the way these interest rates do. The longer we continue the 2-percent interest rate, the more ammunition we give those who would like to see the extinction of the REA's. It is for this reason that I am going to join in pushing for hearings, as soon as we can get them, before the Agriculture Committee, so we can get the facts and can find out what an increase in the interest rate would do in the way of decreasing the burden on the taxpayer, and also whether it would actually impose injury and hardship on the REA's.

Mr. President, I yield the floor.

Mr. JAVITS. Mr. President, I submit the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. On page 10, in line 3, it is proposed to delete the period

and insert a semicolon and the following:

No part of the amount made available in this act for the Extension Service shall be paid to any State in which the participants in, or beneficiaries of, the State programs carried out in cooperation with the Department of Agriculture are segregated, or otherwise discriminated against, on account of race, creed, or color.

Mr. JAVITS. Mr. President, for the information of Senators, let me say that I believe I can finish what I have to say about this matter in about 10 minutes; and from what I know will be the procedure, I believe we shall most likely be ready to vote very soon thereafter. I shall seek a yea-and-nay vote on whatever motion is made with respect to this amendment.

The policy I have followed in connection with amendments of this character is two-fold:

First, I have sought to ascertain the basic facts before offering such amendments. I have not just moved in a kind of broadsword way; but I have sought the basic facts.

Second, I have first sought corrections through the departmental agencies concerned.

Third, I have not offered such amendments unless I felt the case was really so much in point that it deserved the attention of the Senate.

This amendment is directed to the Federal Farmers Extension Service, which seems to me to be a glaring example of what is occurring in the Federal Government in connection with use of the taxpayers' money for the purpose of supporting segregated Federal-State programs.

If it be said that I have submitted such amendments fairly frequently—not too frequently, but fairly frequently—I can only respond by saying that—unhappily and unfortunately for our Nation, and unfortunately for its tranquility, in terms of the terrible and troublesome developments in cities such as Birmingham, mainly in the South, but also in other parts of the Nation—in an unhappily and unfortunately large number of instances the taxpayers' money is being used directly to support segregation.

Mr. President, that is a situation which it is my tragic duty to report. It is also our duty to endeavor to correct it.

Let us look at the Federal Extension Service program. It is the U.S. Department of Agriculture's administrative arm in a State, county, and Federal educational system. That system results in the cooperative Extension Service, which carries to farmers, farm families, and farm youth a wide range of activities and information designed to enable rural people to live better and to be more successful farmers. It operates or guides the 4-H Club movement and, indeed, the 4-H Clubs, with which we are all familiar, receive extensive assistance from the Federal Government through funds for educational materials and even for the payment of salaries of its staff members.

The Federal Extension Service has two bases. At one side is the land-grant college, from which it derives educational materials, inspiration, ideas, and teaching techniques.

On the other side is the very large constituency of the 4-H Clubs, through which a good deal of the extension work is done. In the center is the channel of funds in which State and Federal funds are mingled for the purpose of carrying on this work.

Mr. President, what happens? In the Southern States, where a social pattern of segregation exists, we find separate Negro county agents for the Negro farmers and white county agents for the white farmers. That is true to such an extent that there is even a title in quite a few places of "Negro County Agent."

I shall not even go into the details of the alleged differentiation in compensation for Negroes and whites who hold those positions, or the fact that it is claimed—and probably with good cause—that a great deal more service is given, or a great many more people are concerned in serving the white farmer, or that the people serving the white farmers have greater competence, and so forth. It is adequate for the purpose of the present debate, for the motion which I am making to amend the bill, and for my giving of the basis for amending the bill to state that there is a segregated county agent structure in respect to the Federal Extension Service.

Interestingly enough, in the present case it is based upon a segregated pattern at each end, that is, in respect to the land-grant colleges and in respect to the 4-H Clubs. In respect to the land-grant colleges, let us remember that those were organized under the Morrill Act. The Morrill Act is one of two laws on the Federal statute books which still provides, notwithstanding the fact that it is unquestionably unconstitutional, for separate but equal facilities. The Hill-Burton Act and the Morrill Act so provide. It will be recalled that when the President sent to the Congress his civil rights message, he specifically asked that that provision of the Morrill Act be repealed. So we are dealing at one end, in the places where there is a segregated society, with segregated land-grant colleges. At the other end we are dealing with segregated 4-H Clubs, notwithstanding the fact that the membership of the 4-H Clubs, in round figures, is something like 2 million to 2,300,000, of whom about a million and a quarter are in the Southern States.

The 4-H Clubs in the South are completely segregated. Indeed, at the national convention the South sends white clubs only, and the southern Negro clubs must hold their own convention.

We are providing approximately \$70 million in the bill for the Extension Service. It seems to me, therefore, that this question must urgently be raised. I point out, too, that the Agriculture Department is one of the two agencies of the Government—the other being the Department of Health, Education, and Welfare—from which it has been impossible to get a response as to the policy which is being pursued in State-aided programs. I speak in unmeasured terms of condemnation and criticism of a Government department which will not even show its hand in respect of what is being done in these programs, leaving us to find out about them through any of

the indirect means available to us. The very least such a Government department should do would be to tell us authoritatively what it is actually doing, and account for it to the public, and stand up for the way it construes the law.

Most Government departments have taken the position affirmatively that they have the power under the Constitution to deny funds to segregated State programs.

Apparently two departments—HEW and Agriculture—do not wish to so state. That leaves us with no alternative except to try to do something when we have an opportunity to do it in the Congress.

These exercises are not fruitless by any means. It will be recalled that earlier this year I made a similar motion with respect to a bill relating to the Farmers Home Administration. The motion was tabled by a vote of 47 to 38 on May 1, 1963. I am very glad to say that there has been some easing in that situation. That is the reason I have not moved on it today. Some Negroes have been introduced at the State and county level—very few—but something is happening.

I point out also, that in respect of the elementary matter of segregation at airports, we were successful, because we fought the battle in amendment after amendment, notwithstanding tabling and notwithstanding defeats.

The conscience of the country is truly affronted at evidences of appropriation of Federal money for State-aided programs, in which State-aided programs there is a clear pattern of segregation. They are revealed to the Nation and laid bare in all the inequity and injustice which they represent.

One further point. It seems to me that for years the Congress has been averting its eyes from something which those like myself have been pointing out time and time again, namely, the grave dangers of civil unrest which are present in the racial situation. We are contributing directly to that unrest by perpetuating this injustice. If we will not give people who feel deeply aggrieved relief by legislation—legislation as obvious as the kind of legislation proposed, in which we are dealing with Federal money which is being used for purposes of perpetuating segregation—what do we expect people who have been aroused, as the American Negro has been aroused, to do? Of course, the Negro will go out in the streets, as he is doing now.

Our timetable—and I repeat an argument I have made time and again—on the entire civil rights field of legislation is calculated to bring about civil disorder, rather than to avoid it.

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

Mr. JAVITS. I yield.

Mr. CASE. I commend the Senator from New York for his careful, thoughtful, considerate, and conservative attitude on these subjects. It is his initiative which to a very large measure has sought and is now succeeding in puncturing the sophistical argument of those who say that amendments of the type proposed are designed in effect to take

away from the Negroes themselves the benefits of the programs with which we are dealing. That argument no longer can sound in commonsense, insofar as excusing a vote against this sort of amendment is concerned. I predict that because of the attitude of the Senator from New York, responsible in the highest degree, in very large measure we shall attain effective legislation in civil rights at the present session of Congress.

Mr. JAVITS. I am very grateful to the Senator for his kind statement.

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

Mr. JAVITS. I yield.

Mr. KEATING. I join my friend, the Senator from New Jersey, in paying tribute to the leadership of my colleague from New York in this area. The problem has been before us time and again. I shall continue to join in every effort to eliminate segregation from every Federal program. It is unconscionable, in my judgment, to use money collected from the pockets and pay envelopes of every taxpayer in order to subsidize programs and facilities, the use of which is denied to some of our citizens.

One of these days the effort to kill such a proposal by tabling it will fail. It has been a matter of regret to me that tabling motions have so consistently been made, and that the efforts to eliminate segregation from programs in which Federal funds are used have to date been unsuccessful.

I admire the persistence and determination of my colleague from New York. I shall certainly support him.

As I understand the amendment offered by my colleague, it is directed to the appropriation for the Federal Extension Service. The \$2 1/2 million which is to be provided is for assistance, in part, to the county extension services in various States. Is it the understanding of my colleague from New York that a portion of these funds for the county extension services will be expended for encouraging the work of the 4-H Clubs?

Mr. JAVITS. That is exactly correct. I invite the attention of my colleague to the fact that we are not talking about \$2 1/2 million, but about \$70 million. That appears on page 13 of the report under the heading "Extension Service." My colleague referred to only one part.

Mr. KEATING. The amendment is directed to which figure?

Mr. JAVITS. My amendment is directed to all parts of the appropriation.

Mr. KEATING. The amendment would appear where?

Mr. JAVITS. At the end of the entire provision, which is at page 10. The amendment would be inserted at page 10, line 3.

Mr. KEATING. It relates to the entire section on the Extension Service.

Mr. JAVITS. That is exactly correct, to the \$70 million appropriation.

Mr. KEATING. There is an appropriation for the Federal Extension Service, which is \$2 1/2 million.

Mr. JAVITS. The funds for the Federal Extension Service represent a portion of the aggregate of assistance which is to be rendered under this heading.

Mr. KEATING. That is my understanding.

Mr. JAVITS. That is correct.

Mr. KEATING. I believe it is accurate to say that the aid to the 4-H Clubs comes under the \$2 1/2 million appropriation, under the Federal Extension Service.

Mr. JAVITS. That is my understanding, also.

Mr. KEATING. This impresses me as being peculiarly an area with respect to which funds should not be used to perpetuate segregation; namely, among our young people. We have all been visited by the 4-H Club members. They are fine young people who are doing excellent work.

My experience with the 4-H Clubs has been that this is one of our great American institutions which is improving the moral and spiritual fiber of our young people.

What an area in which to permit the perpetuation of a pattern of segregation. That is a bad example to set for fine young people who are in their formative years.

Again I congratulate my colleague for presenting the amendment. It will have my emphatic and enthusiastic support.

Mr. JAVITS. I am grateful to my colleague. I point out that the 4-H Clubs have a national conference. At the national conference, the 4-H Clubs from areas other than the South come with Negro and white delegates, whereas from the South the clubs have only white delegates. This is an impact made on our youth, that in this area the South has already seceded from the Union. That is the place from which there are only white delegations.

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

Mr. JAVITS. I yield.

Mr. AIKEN. I believe I have voted for all the amendments of this nature the Senator has offered, when they have been offered with respect to other bills. As I understand this proposal, if the adults of any State should violate the law in the manner in which the Senator has indicated, the children of that State would not be given the benefits of the 4-H Clubs; is that correct?

Mr. JAVITS. I believe that is overstating it. If they do not rate Federal support, they might still get it from their own States.

Mr. AIKEN. Is it children who perpetrate these crimes against various minority groups, or adults?

Mr. JAVITS. The fault in that case would not be the fault of the Federal Government; it would be the fault of the States which perpetuate segregation.

Mr. AIKEN. Exactly.

Mr. JAVITS. I point out to the Senator—for whom I have the greatest regard, as he knows—that this is exactly the problem faced in the school segregation cases. They close the schools. Is that the fault of the Court, which issued an order to enforce the Constitution for the benefit of the children? One might say that in that instance, too, the children are suffering. They are suffering only because their elders refuse to abide by the law of the land.

Mr. AIKEN. And if the "old man" commits a crime we should "lick the

kids"? Is that the way to handle the problem? Why not put the adult in jail, instead of taking it out on the children?

Mr. JAVITS. I could not subscribe to that policy. First, there is no assailant involved. There is no implication of guilt. That is why we do not punish a child for a crime of his parent. But the "fallout" in this situation, which the parent caused, would bring a disadvantage to the child. Unhappily in our society, this sometimes occurs. The greater wrong is the wrong of denying to any people in the United States fundamental justice.

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

Mr. JAVITS. I yield.

Mr. CASE. It is seldom that I disagree with our colleague the Senator from Vermont.

Mr. AIKEN. I was asking questions.

Mr. CASE. If the Senator is not taking the position his questions would seem to indicate, no one will be happier than the Senator from New Jersey.

Mr. JAVITS. And the Senator from New York.

Mr. CASE. And, I am sure, the Senator from New York. I remarked earlier that this argument seemed utterly sophistical.

Is it an advantage to a child to be allowed to go to a segregated institution of any sort? Are we taking anything away from a child when we take from him the opportunity to go to a segregated 4-H Club?

Mr. AIKEN. A great many successful children have come from the northeast part of the country. They have gone to school in areas where perhaps nearly all were of one class of people.

I do not like to have a reference to "colored people" or to "this kind of people" or to "that kind of people." I think we should legislate for people, and not for various groups of people.

I would not say that the schools of New York and New Jersey had fallen down grievously in educating the young folks. The schools in those two States and California are supposed to be among the best schools in the country.

Mr. JAVITS. The schools have not fallen down in educating the young people. Unfortunately, the process of segregation has resulted in great numbers of Negro children being given less than the education they deserve as Americans, in addition to a feeling which has been inculcated in them of being something different, something of a lower order than other Americans. We are speaking of 20 million people in terms of population.

The essence of the civil rights struggle is that we cannot, as a nation, afford to harbor this vast constituency which has been separated from the others by the Nation's activities. I think that is really what is at stake, and that is really what the struggle is all about.

Mr. AIKEN. I do not segregate them in my mind. I do not like to hear people refer to "our people" and "Negroes," or perhaps "Hindus" or "Buddhists." When we keep referring to them as "colored people" or as "Negroes" that is

segregation in itself. That is the most conspicuous type of segregation.

Mr. JAVITS. Referring to them as such, or not doing so, will not dispel what is occurring in numerous cities in the country. It will not dispel the segregated county farm agents, the segregated schools, the segregated stores, or hotels or anything else.

The fact that we do not refer to it will only make the Negroes think they have no friends at all, and force them to take the law into their own hands if we do not help.

Mr. AIKEN. Mr. President, in my county there is a Negro principal in the high school. How many Negro principals are there in New Jersey or New York? There is one in my county, and he is an excellent principal of a small high school.

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

Mr. AIKEN. I yield.

Mr. CASE. I do not happen to have the figures on this question, but I know that the number of colored teachers in New Jersey are increasing. Yet I think it would be undesirable to have a count, if one wants to use that word, because equally with the Senator from Vermont, I think it should not be done on that basis. It is a most unusual situation to see the Senator "steamed up" because it might be interpreted that he is being prejudicial, when we know that he is not.

Mr. AIKEN. All I said is that we should stop thinking of people as Hindus or Presbyterians or Catholics or Negroes or Jews or Yankees, but think of them as people. Then we will get somewhere.

Mr. CASE. I think that is exactly the way we do it, but the fact that there are institutions in this country which force different treatment and force the consciousness of certain people the feeling that they are ostracized from American society is something we cannot close our eyes to. It does not happen in the mind of the Senator from Vermont. It does not happen in Vermont. But there are places where it happens, and we have the responsibility to see that the Federal Government and its resources do not contribute to the further practice or extension of it.

Mr. AIKEN. I would go much further in supporting adequate civil rights legislation to correct injustices than a good many other Senators would; but in the matter of the Senator's present proposal, I cannot go so far as to say that if a father is doing something wrong I will lick the kids.

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

Mr. JAVITS. I yield.

Mr. TOWER. Mr. President, I have consistently supported antidiscrimination amendments with respect to various Federal assistance programs. I have offered a number of them myself. But I should like to point out, in rising in opposition to the amendment of my distinguished friend from New York, that rural and urban situations are not analogous or comparable. We recognize in a great number of our regulatory measures, for example, that rural or agricultural and urban or industrial, situations are not

comparable and that they must be treated separate and apart.

So far as discrimination in rural situations is concerned, it is difficult to determine. I was born in the eastern part of my State, which is regarded as the "Old South" section of my State. As a boy I worked side by side with Negro field hands. I worked side by side with Negro tie cutters. I slept under the same roof.

There are segregated situations, but usually they are incidental and fortuitous, and not intentional. I do not see how some administrator could be given the power to determine whether or not there is actual, premeditated segregation in many rural situations. In some instances it is obvious, and perhaps that could be determined; but there are many cases in which it is not obvious, and in which one could not tell whether it was intentional, incidental, or fortuitous.

Having said I am opposed to the amendment of the Senator from New York, I say that I will also oppose the motion to table the amendment, which motion I think will be made, because a motion to table should be used very sparingly. I do not think such motions have been used sparingly. For a change, Senators should have the opportunity to vote on an issue on its merits. I implore the leadership not to make such a motion at this time.

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

Mr. JAVITS. I yield to the Senator from Florida.

Mr. HOLLAND. The colloquy the Senator has had with the distinguished Senator from Vermont covers pretty well the question of the 4-H Clubs. I wish to deal with something else, if I may. In my part of the country this important function of the Agricultural Extension Service, which really is to distribute education and information to the places where it is needed, is of greater importance to the Negro farmers than it is to white farmers. For example, in the matter of applying certain poisons in the production of cotton, which is necessary—I refer to certain dusts or sprays which are poisonous—the Extension worker, the county agent, whether he be white or black, serves people of both colors, and the educational knowledge he provides is of vastly greater importance—I say this for the RECORD because I know it to be true—to the colored producer of many commodities, particularly edible commodities. The course followed by the adoption of this amendment would be to cut off that most valuable schooling in modern agricultural production because that is about all the schooling that comes to those farmers after they are grown.

Furthermore, the adoption of the amendment would cut off the funds through which the Home Demonstration Service functions. It has a function in the schools, and it brings most important education in connection with sewing, preserving, cooking, and so forth, to girl children of both colors. Naturally, it gets to them in the schools where they are and where they can be assembled.

The result of the adoption of the amendment would be to cut off probably

the most valuable information which goes to girl children of the Negro race, which reaches, along with similar information and education, white children who probably would have a better chance to get education along those lines in their own homes.

I do not believe the distinguished Senator has thought this matter through. It seems to me he is hurting not only the boys in the 4-H Clubs, whether they be white or black, but also the farmers and farmers' wives who receive so much education from the Agriculture Extension Service employees, whether they be white or black, and the girl children of the communities where segregation is followed as a necessary conformity to the pattern of life there. I do not believe the Senator means to accomplish that sort of result, but I call his attention to the fact that that would be the result he will accomplish. He would hurt the very people I know he wants to help.

I thank the Senator from New York for yielding to me.

Mr. JAVITS. I am grateful to my colleagues for their views, but it seems to me that all three Senators, for whom I have high regard, come to the same conclusion: They will be cut off. They will hurt children. They will hurt women. They will hurt those who need help. They will hurt field hands. Why will it hurt them? Because the State administrations, elected by their people, insist upon maintaining practices completely contrary to the Constitution of the United States and dangerous to public order and tranquillity in the United States. That is why it will cut them off.

What does my amendment provide? It would do what the Senator from Vermont has said. It provides that the program shall not be carried out in such a way as to segregate or discriminate against anyone because of race, creed, or color. It provides that the program shall be colorblind.

What is being said to me now? It is being said that the amendment is color conscious, contrary to the Constitution of the United States, because it will hurt people, because certain authorities will insist on maintaining color consciousness, contrary to the laws of the United States.

Mr. COOPER. Mr. President, I should like to ask the Senator a question.

Mr. JAVITS. I yield.

Mr. COOPER. I do not have to tell the Senator my position on civil rights. As I understand the law, discrimination should not and ought not to apply in any activity that is financed by tax funds. Of course, the county agent is paid through tax funds, part Federal, part local, and part State. However, is a 4-H Club tax supported?

Mr. JAVITS. The 4-H Club gets certain benefits from the taxpayers' money. I did not base my amendment upon that score. I only said that that is the system. The Federal extension system is based, on the one hand, on the land-grant college, which has the separate-but-equal provision, which is completely archaic and unlawful, and on the other

hand on the tremendous constituency of the 4-H Club, which reflects the pattern of segregation that is found in the administration of the program.

Mr. COOPER. Does the Senator's amendment go to the 4-H Clubs?

Mr. JAVITS. No; it does not. The only thing my amendment goes to is the utilization which is made in the paying of salaries or the furnishing of materials with respect to the use of public money.

Mr. COOPER. The Senator means with respect to 4-H Clubs?

Mr. JAVITS. If the 4-H Club has a secretary who is getting his salary partially paid by Federal funds, and the secretary is engaged in an activity which is segregated, then the result of my amendment would be to deprive the club of that secretary, if they insisted on proceeding in that way. That is the practical effect of the amendment. It would not put the club out of business.

Mr. COOPER. I agree with the Senator in every case where there is discrimination in an organization which is supported in whole or in part with tax funds. Is a 4-H Club supported by tax funds? I do not believe so.

Mr. JAVITS. I do not think so.

Mr. COOPER. I am asking these questions to get the Senator's reaction. If we were to say to the county agent that he cannot give his assistance to a 4-H Club because it may be segregated, why could we not extend it and say that he could not give it to a group of farmers because they might meet in segregated groups? The 4-H Club is a private group.

Mr. JAVITS. My amendment would not reach the 4-H Club and put it out of business. However, if the county were running its services so that only a white agent would serve white farmers or a white 4-H Club, it could not use Federal funds to pay that particular agent unless it adopted a nonsegregated policy as to its agents. I have no desire or intention of reaching the club, which is a private agency. I could not if I wanted to, and I do not want to. My intention is only to reach the way in which a State runs the services which are paid for by State and Federal funds.

Mr. COOPER. Would the practical effect of the amendment be to deny any assistance to a private group because it happened to be segregated?

Mr. JAVITS. It would deny the use of a secretary or a county agent as part of a segregated system in the naming or operation of county agents. My amendment cannot reach a private club function.

Mr. COOPER. In other words, they cannot have segregation in the payment of county agents.

Mr. JAVITS. Yes, if that is what the Federal tax money is used for.

Mr. COOPER. I do not have to tell the Senator my position on civil rights. I can see some cases where we can get perilously close or beyond what the law is and what the situation is; and when we begin to reach into private associations, I really believe that there is some danger in pushing the case too far by the Senator.

Mr. JAVITS. I am not pushing the case one bit further than the case has already been made. The amendment would apply to whatever the 4-H Club got out of the segregated system. It would not affect the club except as the club might have a particular secretary or county agent serving it because the State would not reform its system, but I cannot see how that would affect in any way the capability of the club to carry out its private club function. There is nothing we could do to affect it. That should not be covered by requiring us to give services with taxpayers' money in carrying through a segregated system of services. That is a very clear line of distinction. I do not want it to go out of business.

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

Mr. JAVITS. I yield.

Mr. TOWER. Is it true that the separate but equal clauses in Federal assistance programs in the legislation that sets up the programs was voided by a decision of the Supreme Court in *Brown against Board of Education of Topeka, Kans.*?

Mr. JAVITS. The case of *Brown against Board of Education* dealt with desegregation in public schools. The Supreme Court has handed down a whole line of decisions in respect to any public activity or activity which is publicly affected, ranging from a lunch counter in a city-owned parking garage to a railroad terminal restaurant to a municipal swimming pool to a public beach. Therefore one cannot pin this entirely on *Brown against Board of Education*, but rather on a whole pattern of Federal decisions.

Mr. TOWER. But those are the precedents?

Mr. JAVITS. Yes.

Mr. TOWER. The separate-but-equal clause in the Land-Grant College Act would be void, or is not now the law. Is that correct?

Mr. JAVITS. I believe it is completely unconstitutional. Certainly the Federal Government's policy should be against it.

Mr. TOWER. Has it been tested in the courts?

Mr. JAVITS. In terms of the Hill-Burton Act, for example, there are a number of court cases. It has been tested in the courts. I am drawing on my memory now, and there are many Senators who can correct me if I am in error. In the *Brown* case the Supreme Court expressly stated that it rejected the doctrine of *Plessy against Ferguson*, the separate-but-equal doctrine, and that it was no longer the law of the land. That settles that question, it seems to me.

Mr. TOWER. This provision could be voided by appropriate litigation. A Federal statute is not required to do it, according to the precedents laid down by the Supreme Court in pursuance of *Brown against Board of Education*.

Mr. JAVITS. It could be overturned by litigation. The fact is that we are paying out Federal money to support a practice which has been condemned by the courts as unconstitutional. That is where we must say "stop."

Mr. TOWER. But there is still recourse to the courts.

Mr. JAVITS. There is no recourse to the courts with respect to the appropri-

ation of money. The appropriation of money cannot be invalidated. Perhaps the system could be if it were possible to find a suitable party to sue. The money is still being appropriated. The two Departments, the Department of Agriculture and HEW, apparently believe they are required to pay out the money, whatever the State of the law.

Mr. TOWER. The point I am making is that by appropriate litigation relief could be achieved. There could be desegregation or the removal of discrimination in these programs, because precedents have been set.

Mr. JAVITS. Theoretically, that is true, if a party could be found who could be a proper litigant. I would have to examine the law to ascertain whether in this instance that could be done. In many cases, the courts will not necessarily consider a taxpayer or a beneficiary as a proper litigant to sue. But apart from that, we are dealing with thousands of counties. Thousands of individual suits would be required. But in this act we are passing out the money.

Mr. TOWER. Does it not occur to the Senator that if there had been considerable discriminatory abuse, an injured party could be found who would become a plaintiff in such a suit?

Mr. JAVITS. That is exactly what has happened in the school cases; yet the President has found it necessary to recommend that power be placed in the Attorney General to sue, because of the multiplicity and expense of such suits.

Mr. President, I think I have explained my proposal adequately. I understand there will be a motion to table. If enough Senators are in the Chamber, I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I should like to yield to Senators who wish to speak before the motion to table is made, since the motion, when made, would prevent further debate. Perhaps the mover would withhold his motion until other Senators who desire to speak have spoken.

Mr. DOUGLAS. Mr. President, I am not certain that the motion to table has been made. I hope it will not be made from this side of the aisle.

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

Mr. JAVITS. I yield to the Senator from South Dakota.

Mr. MUNDT. I seek the floor in my own right. I think I have a right to the floor.

Mr. JAVITS. Of course.

RECOMMENDATION FOR FREE WORLD "TRADE-AID" CONFERENCE ON DEALING WITH RED BLOC

Mr. MUNDT. Mr. President, I desire to speak briefly and bluntly about a problem which is rapidly reaching a climax in America. It is the question whether we are to make a substantial change in our entire program of "trade-aid," so far as the cold war is concerned. This problem was precipitated by the sale of wheat by Canada to Russia and the consequent

chain reactions occurring in this country as a result of meetings being held all over town, even as I speak, to provide a new policy of trade written by administrative interpretation instead of by Act of Congress.

Therefore, I take the floor at this time to call upon President Kennedy to issue a call for an early conference, in Washington, of all the countries of the free world which are engaged in major exportation of either agricultural or industrial materials. I suggest that such a free-world "trade-aid" conference be held for the purpose of trying to formulate a workable, consistent pattern of trade with the Communist-bloc countries, and to determine the impact that a program of expanded trade with Russia, Cuba, Red China, and other Communist countries would have upon the mutual assistance and foreign aid programs to which the United States is today by far the most significant and sizable contributor.

In my opinion, such a conference should be called to arrive at a consistent, effective, and defensible program of common action in the areas of both trade and aid, since there is an obvious and realistic relationship between the two programs. Out of such a conference should come a better understanding of the position of each of the free nations where agricultural and industrial advancements are such that they have the capacity for substantial exports. Out of a conference should also come recommendations for congressional action and approval if any major changes are involved in such recommendations.

As have many others, I have been greatly disturbed by the implications growing out of the recent large-scale sales of Canadian wheat to the Soviet Union and its satellites, and the fact that a substantial shipment of this wheat is being paid for by the Communist government of Russia, but is being shipped to Castro's Communist outpost in Cuba. A great many persons have logically asked, on the Senate floor and elsewhere: "What implication does this have for our American agricultural programs and our laudable national policy of refusing to permit such shipments to the Communist countries of Russia, Cuba, or China?"

Some have suggested that the only recourse left to the United States is to abandon its policy of self-imposed restrictions against strategic exports to Communist bloc countries and to enter into an excited rivalry with other free countries trying to sell as much wheat, grain, and other supplies to the Communists as they will pay for in cash or with reasonable term credits. Some have implied that the Communists have so materially changed their creeds, their colors, and their challenges that it is now perfectly safe to utilize American exports to build up the strength and the economy of a pagan creed dedicated to the destruction of freedom and our ways of life. Others have suggested we sell whatever we have in surplus to any alien government which can purchase our supplies with cash, credit, or barter exchange and as a collateral action abandon our foreign-aid program, which has

now cost this country more than \$100 billion in its effort to strengthen the comparable position of the free world versus the Communist countries. Speaking for myself, I emphatically dissent from these alternatives and propose what I believe is a more logical and constructive procedure involving the conference I have recommended and a close, new look at the whole world picture of trade, aid, and cold war differences and techniques; this, in my opinion should be tried before such changes are made in our trade policies.

Obviously the United States, alone, cannot conduct an effective blockade of the Communist world nor provide an effective restraint of trade to prevent the Communist bloc's capacity to grow in strength and to intensify its attack upon free world concepts and territory. Likewise, we gain very little from attempts to restrict our own exports to such Communist countries as Russia, Cuba, and China if our associates in the free world insist on selling all they can for either cash or credit. Finally, it should be apparent that the threat of Communist war or Communist encroachment is not directed against the United States and the Western Hemisphere alone. Thus an international conference on the cold war aspects of both trade and aid would disclose for all free men to see the fundamental concepts of our free world associates in these closely related matters.

Should the United States be unable to induce other important free world exporters—or perhaps the great majority of them—to adopt our highly commendable self-imposed restrictions against trade with the Communist bloc or agreement upon a common set of trade standards to be applicable to all, a conference of this type would at worst make clear the futility of the United States, alone, trying to overcome, by its restrictions, the impact of the expanding and continuing trade by which others are strengthening the warmaking and the propaganda capacities of the Communists.

Clearly, if on the one hand we follow a policy of selling or trading to Communist countries the supplies they most badly need to maintain their capacity to threaten, intimidate, browbeat, or bribe the undeveloped countries and all other free and neutral nations and on alternate days each week maintain our program of extending economic and military aid to these same areas so they can better maintain their defenses and their freedoms against Communist threats, we will be following a policy which can lead only to national bankruptcy and to failure in our efforts to shore up the free world against Communist gains.

Our program of foreign aid is premised on the hope and expectation that by strengthening the economies of free nations, of the undeveloped areas, of friendly countries, and of neutral governments, we can encourage and help them to withstand Communist blandishments or bribery, as well as their military and economic brawn. We hope to maintain their comparable status against communism, so that they can slowly but surely develop their own resources for resistance and development. If we are now to engage upon a collat-

eral program of trading with the Communist enemies of these free, friendly, neutral or undeveloped countries, so that we steadily expand the strength of the Communist threat, equip its economy for more vigorous attacks upon these areas, and free it from the failure which its own system of government creates, we shall be serving to perpetuate and magnify ad infinitum the Communist threat to the free world.

From this, it would follow that we would either have to desert the free world entirely, and leave it to shift for itself without our economic and military support, or so greatly expand our own program of economic and military aid to friendly foreign countries that the impact of such a program on our national budget would be devastating and totally destructive to our own economy.

Thus, both the United States and the rest of the free world cannot "have it both ways" at once. Either we should decide together on an effective program for keeping the Communist menace in check, or we should revise entirely our concepts of foreign aid and mutual assistance.

Therefore, I urge the President of the United States to call promptly this International Free World Trade and Aid Conference before the Senate is called upon to act upon this year's foreign aid bill. We should know what foreign policy we propose to implement, before being called upon to appropriate more billions for programs which might run head on into conflict with a free world program of economic and military assistance to the Communist bloc through trade negotiations, cash or credit sales, or outright barter.

Our Government has for many years, and Congress has by repeated actions, frowned upon adopting a policy of expanded or unrestricted trade with Russia. Ever since the adoption of the Export Control Act of 1949 and the Battle Act of 1951, Congress has consistently opposed opening the channels of our exports to the Communist bloc. That prohibition was reiterated in the passage of Public Law 480, our surplus food disposal act, and in other legislative action, as well as by frequent riders, on appropriations bills, dealing with our program of foreign aid.

Yesterday, I attended a meeting of the members of the Foreign Relations Committee of the Senate and the members of the Senate Committee on Agriculture and Forestry. Representatives of the Departments of Commerce, Agriculture, and State were also present. A resumption of this meeting has been scheduled for the coming Tuesday afternoon at which we are told we shall enjoy the presence of the Secretary of Commerce Mr. Hodges, and the Secretary of Agriculture, Mr. Freeman.

At the meeting, I said that if it was going to be a meeting on high policy, involving the whole economic structure of the world and every ramification of the cold war, and if at the meeting we were going to decide upon new economic policies and methods of trading, certainly the very least we would do would be to have present the Secretary of State, Mr. Rusk, who, I hope, will be there on

Tuesday afternoon, for I hope the Department of State has not turned over to the Departments of Agriculture and Commerce the writing of the basic foreign policy of America.

Mr. PROXMIRE. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I am glad to yield.

Mr. PROXMIRE. I commend the Senator from South Dakota for raising the question of this wheat "deal" with the Soviet Union. Certainly it is a fundamental and very important question.

How can we tell whether such sales will strengthen the hand of the Soviet Union, unless we have the benefit of the judgment of the State Department and unless we have a careful analysis of the economic effects and the military effects of so enormous an amount of wheat—\$400 million worth from this country, and \$500 million worth from Canada—on the Soviet economy. It may be—I would not think it could be—but it may be that this is a sensible arrangement; but if we are to make such a decision, we should have the facts presented in exactly the way the Senator from South Dakota is requesting.

So I believe we should require the State Department officials to explain how, in their judgment, that will affect the economic position of the Soviet Union, and its political position in relationship to its satellites, because I understand that most of the wheat will be exported to the satellite countries of Eastern Europe. We must have this information if we are to make a decision in the national interest.

Mr. MUNDT. I certainly appreciate the comments of the Senator from Wisconsin. He is correct. I point out that while most of the debate on yesterday related to wheat, the cat is really crawling a lot farther out of the bag, for in addition to the proposals to sell wheat, now we hear proposals to sell corn, soybean oil, and fats and hides. And then, of course, the commercial sector of the economy will be thinking in terms of sales of machine tools, and the petroleum industry will be thinking in terms of the sale of oil.

No Senator believes for 1 minute that if the avenues of trade are opened up to unrestricted sales of the farm products of America to Communist countries, the industrial sector of our economy will be content to continue to accept the embargo on exports of its products to Communist countries.

Recently we witnessed a salutary act by representatives of the German Bundestag. They—representing the citizens of Germany—voted against the export of oil pipe to Communist Russia. Be it said to their credit, they faced the facts of the cold war.

Unhappily, our British cousins, who sensed a chance to "make a quick buck" in this sort of trade, then picked up the contract the Germans rejected, and shipped the oil pipe to the Communists.

Mr. President, I would not take the floor at this late hour and insist on making my presentation now, except for the fact that this meeting will be called next Tuesday afternoon; and the indications

to us are that by means of some sort of judicial or legislative manipulation or legerdemain, the bureaucrats hope to find a legal way to do this without obtaining congressional sanction and approval.

In all sincerity, I submit to the Senate that at this time of crisis, the ramifications and repercussions of the decision to be made on the whole concept of the cold war and the whole concept of trading with the Reds will be far more serious in terms of world peace than the Senate vote this week on the test ban treaty. We must think this question through. We must consider it in its context. We cannot expect the taxpayers to continue to pay more and more and more for a multi-billion-dollar foreign aid program to protect countries against the Red threat if we proceed, by means of our trade policies, to help it to become larger, stronger, and more dangerous.

As the Senator from Wisconsin [Mr. PROXMIRE] has properly stated, we must have some consistency. Yesterday, at the conference in the Foreign Relations Committee, I was somewhat appalled by the tenor of the presentation made by those representing the executive agencies. They appeared to be seeking evidence and congressional support to enable them to determine that, under existing legislation, it would be legally possible to open the channels of this trade, even when it relates to subsidized farm products—with the result that the taxpayer would, in fact, be paying a part of his taxes to permit Russia to buy our grains at reduced competitive world prices. I suggested there, and I repeat here, that if it is deemed prudent and proper to make this substantial change in our foreign policy, this change should be made and approved by Congress, not by lesser officials of this administration, or under the guise of a legal interpretation written by some nonelected lawyer in a Government office.

We must consider the effect on the foreign aid program—which perhaps should be brought entirely to an end—if we are going to proceed, in a dizzy circle, not to give real aid to our friends, but to fatten the hand that threatens them.

What kind of international idiocy are we considering? I make a plea for consistency, leadership, and logic in these arrangements.

The Secretary of State, if he is a party to this movement, should be at the meeting on Tuesday in Washington in the office of the Foreign Relations Committee. If a change of the importance which I described is contemplated, it should come to us in a legislative form for approval or rejection. Before a decision is made the freedom-loving countries of the world which are in the export business should be called together to see whether the entire problem cannot be rethought and rewritten, because of the growing trade of Canada, England, and other countries with Red Russia, in order to make the program consistent. The far-flung ramifications of the proposed changes in our American foreign policy vis-a-vis the Communist countries are of such importance that I

submit that the elected representatives of the people speaking in Congress should be heard, and decisions should be made at the executive level. They should not be made by some lawyer in a swivel chair saying, "I have found a legal loophole to indicate Congress did not mean what it said in bill after bill and rider after rider on appropriations bills. It is in a preamble. It is in an amendment. They do not mean what they say."

Let us find out. Congress is here. It can act expeditiously. We deserve to be consulted.

Mr. President, before capitulating to the inconsistent and unworkable policies adopted by nations now seeking to enjoy both the economic advantages of an expanding trade with Russia and at the same time the protective armament of our American economic and military programs extended to some 100 countries scattered throughout the world, we should try something better. We owe that much at least to those who hold out such high hopes—President Kennedy, President Eisenhower, President Truman, Secretaries of State, Members of Congress—that the \$100 billion that we have already expended in those programs could buy something better than surrender to the concepts of countries blinded by "cash register consciences," whose desire for profit prompts them to promote trade programs destructive to the world's freedom which our unselfishness has built.

The decision is not one that should be made at any level of the executive departments from the President on down, because it involves the safety, security, and survival of the free world. If we go into this wholesale trade all across the board, we shall nullify in advance every conceivable contribution that our foreign, military, and economic aid programs can provide, because we will increase the strength to intimidate those we are trying to help.

Speaking for myself, I do not think that such significant and far-reaching changes should be made until the President or his appointed representatives have met in a global conference with the other free countries of the world engaged in the exportation of agricultural and industrial goods in an effort to devise a program which is consistent and effective, and would not kill itself off because it is moving in both directions at the same time.

I quite agree with those who have said that the United States alone cannot undertake or underwrite a program of economic isolationism of Communism. Of course not. If we are the only country that will maintain restrictions and impositions, of course, we should consider a change of our trade policy. But in changing it let us also consider its impact upon our foreign aid policy. If we surrender on the one front, we had better find a new foreign policy, because we cannot manufacture enough dollars in America to make the free world strong enough to protect itself against the Communist bloc that we continue to feed and support for greedy dollars.

Mr. President, I close where I began. I do not know what kind of trade pro-

gram we should have for American wheat, but I know that we cannot consider it as an isolated factor. It is related to what we will do with all the other products of the American farms and the other products of American factories. It is related to the foreign aid program, to our overall concept of the cold war, and our American attitude toward communism. There may be some who think that communism has changed so much that we should embrace the Communists as cousins and treat them as though they were Canadians or Mexicans. If so, I part company with those who have arrived at that enthusiastic conclusion; and I pray and hope that our American leadership and our American prestige will be such that at the type of international conference which I have proposed that the President should call, a better, more consistent, more constructive and effective approach to the problems of the cold war can be conceivably arrived at than what we are considering to do by patchwork changes in the program by executive action right now. If we can do no better than that, the future for world peace and human freedom is far from bright, and we shall secure few dividends from the happy hopes of Senators who voted for the test ban treaty on the floor of the Senate this week.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1964

The Senate resumed the consideration of the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes.

Mr. HUMPHREY. Mr. President, I now move to lay the amendment of the Senator from New York [Mr. JAVITS] on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Minnesota. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MANSFIELD], the Senator from Wyoming [Mr. McGEEL], the Senator from Montana [Mr. METCALF], the Senator from Oregon [Mr. MORSE], the Senator from Utah [Mr. MOSS], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Alaska [Mr.

GRUENING], the Senator from Wyoming [Mr. McGEE], the Senator from Virginia [Mr. BYRD], and the Senator from Washington [Mr. JACKSON] would each vote "yea."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Connecticut would vote "nay."

On this vote, the Senator from Montana [Mr. MANSFIELD] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from Montana would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Tennessee [Mr. WALTERS] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Tennessee would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Hawaii [Mr. FONG], and the Senator from Nebraska [Mr. HRSKAL] are absent on official business.

The Senator from Kansas [Mr. CARLSON], the Senator from Maryland [Mr. BEALL], the Senator from New Hampshire [Mr. COTTON], the Senator from California [Mr. KUCHEL], and the Senator from Iowa [Mr. MILLER] are necessarily absent.

The Senator from Wyoming [Mr. SIMPSON], the Senator from Colorado [Mr. DOMINICK], the Senator from Nebraska [Mr. CURTIS], the Senator from Utah [Mr. BENNETT], the Senator from Kentucky [Mr. MORTON], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Utah [Mr. BENNETT], the Senator from Hawaii [Mr. FONG], the Senator from Nebraska [Mr. CURTIS], the Senator from Nebraska [Mr. HRSKAL], the Senator from California [Mr. KUCHEL], and the Senator from Colorado [Mr. DOMINICK] would each vote "nay."

On this vote, the Senator from Maryland [Mr. BEALL] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from Iowa would vote "yea."

The result was announced—yeas 46, nays 22, as follows:

[No. 176 Leg.]
YEAS—46

Aiken	Ervin	Long, Mo.
Anderson	Fulbright	Long, La.
Bartlett	Gore	McCarthy
Bayh	Hayden	McClellan
Brewster	Hickenlooper	McGovern
Burdick	Hill	McNamara
Byrd, W. Va.	Holland	Monroney
Church	Humphrey	Mundt
Clark	Inouye	Muskie
Eastland	Johnston	Pell
Edmondson	Jordan, N.C.	Prouty
Ellender	Kennedy	Robertson

Russell	Stennis	Williams, Del.
Saltonstall	Symington	Yarborough
Smathers	Talmadge	
Sparkman	Thurmond	

NAYS—22

Boggs	Keating	Ribicoff
Case	Lausche	Scott
Cooper	McIntyre	Smith
Dirksen	Mechem	Tower
Douglas	Nelson	Williams, N.J.
Goldwater	Pearson	Young, Ohio
Javits	Proxmire	
Jordan, Idaho	Randolph	

NOT VOTING—32

Allott	Engle	Metcalf
Beall	Fong	Miller
Bennett	Gruening	Morse
Bible	Hart	Morton
Byrd, Va.	Hartke	Moss
Cannon	Hruska	Neuberger
Carlson	Jackson	Pastore
Cotton	Kuchel	Simpson
Curtis	Magnuson	Walters
Dodd	Mansfield	Young, N. Dak.
Dominick	McGee	

So Mr. HUMPHREY's motion to lay on the table Mr. JAVITS' amendment was agreed to.

Mr. HOLLAND. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT TO MONDAY NEXT

Mr. DIRKSEN. Mr. President, I wish to make inquiry of the acting majority leader with respect to the time of convening on Monday and what the order of business will be.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 noon Monday next.

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

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1964

The Senate resumed the consideration of the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes.

UNANIMOUS CONSENT AGREEMENT

Mr. HUMPHREY. Mr. President, in light of earlier discussion, I now ask that the clerk read for the consideration of the Senate the proposed unanimous-consent agreement. I may add that this matter has been discussed with the Senator from South Dakota [Mr. MUNDT], the minority leader, and other Senators who expressed interest in the bill. So if the clerk will read the proposed agreement, it will be before the Senate.

The PRESIDING OFFICER. May the Chair inquire as to whether the Senator from Minnesota asks that the quorum call be waived?

Mr. HUMPHREY. Yes; I ask unanimous consent to waive the quorum call.

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

The proposed unanimous-consent agreement will be read by the clerk.

The legislative clerk read as follows:

UNANIMOUS CONSENT AGREEMENT

Ordered, That, effective on Monday, September 30, 1963, at the conclusion of routine morning business, during the further consideration of H.R. 6754, the agricultural appropriation bill for 1964, debate on the Mundt amendment (No. 197) shall be limited to 3 hours, to be equally divided and controlled by Mr. MUNDT and the majority leader: *Provided*, That in the event the majority leader is in favor of such amendment, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said amendment shall be received.

Ordered further, That at the conclusion of debate on said amendment a yea-and-nay vote shall be taken thereon, after which the third reading of the bill shall be had.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 30 minutes, to be equally divided and controlled, respectively, by the majority and minority leaders.

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

Mr. HUMPHREY. I yield.

Mr. JAVITS. I did not understand that the Senator had intended to cut off any further amendments to the bill. Is that not unusual?

Mr. HUMPHREY. I asked if there were other amendments that were to be offered, and I was informed by the staff of the Senate, after having discussed the matter with Senators, that no further amendments were to be offered after this afternoon.

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

Mr. HUMPHREY. I yield.

Mr. HOLLAND. There are two small amendments, which I have discussed with Senators, that are intended to be offered. One is to be offered by the Senator from Connecticut [Mr. RIBICOFF], involving \$250,000, having to do with examination into the effects of insecticides upon human beings, animals, and plants, a subject which has been causing trouble; the other by the Senator from Vermont [Mr. AIKEN], providing \$1 million more in the new program established under the 1962 bill in connection with Federal land use, and the like, and marking the funds for technical services and planning.

If there be other amendments, I do not know of any. There are no others that I have agreed to take to conference. Now would be the time to explore the question as to whether there are others to be offered. I would not like to see any Senator precluded from offering any amendments. Yet I would like to have the arrangement the leadership on both sides, as I understand, has worked out, because there is other important business for consideration by the Senate, following the disposition of this measure, on Monday.

Personally, I would not be agreeable to setting aside this bill to take up anything else, because this is a very important bill. The Senate has spent a long time in debate on it. A long time was spent in preparing the bill. I think it is a reasonable request to make that action be completed on the bill before the Senate takes up other matters.

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

Mr. HUMPHREY. I yield.

Mr. STENNIS. I understand there is a proposed unanimous-consent agreement before the Senate. Reserving the right to object—and I may object—I have a vital interest, along with other Senators, in the pending bill. I had to give attention to other matters which made it necessary for me to be absent from the Chamber. I had appointments for tomorrow and Saturday which I cancelled because the bill was coming up, and I thought it was my duty to be present. I would object to setting the bill aside.

Mr. HUMPHREY. The bill is not being set aside.

Mr. STENNIS. I would like to proceed in the regular way, but I also would like to accommodate other Senators. As I understand, all committee amendments have been disposed of, and all amendments not made by the committee have been disposed of. Is that correct?

Mr. HUMPHREY. Or will be disposed of this evening, other than the Mundt amendment.

Mr. STENNIS. May I inquire if there are other amendments? If there are other amendments, I would like to know about them, under the circumstances.

Mr. JAVITS. Mr. President, if the Senator will yield to me, as I raised the question, perhaps I can help.

Mr. HUMPHREY. I yield to the Senator from New York.

Mr. JAVITS. Naturally, I will not upset what the leadership has done with respect to this measure, but I would like to serve notice, with all humility, that I will object to any unanimous-consent agreement on a bill which does not preserve the right to offer amendments, though the time is limited.

Mr. HUMPHREY. I thank the Senator for his cooperation.

Mr. STENNIS. Mr. President, this proposed unanimous-consent agreement provides that no other amendment except the Mundt amendment will be considered. Is that correct?

Mr. HUMPHREY. That is correct.

Mr. HOLLAND. Mr. President, that does not preclude the offering of the two amendments I mentioned.

Mr. HUMPHREY. I referred to Monday. We intend to complete action on the two amendments which will be before the Senate, the Ribicoff and the Aiken amendments, tonight.

Mr. STENNIS. I have no objection.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement?

The Chair hears none, and the unanimous-consent request is agreed to.

Mr. AIKEN. Mr. President—

The PRESIDING OFFICER. The Senator from Vermont.

Mr. AIKEN. I send to the desk an amendment.

Mr. HOLLAND and Mr. CLARK addressed the Chair.

Mr. CLARK. Mr. President, who has the floor?

The PRESIDING OFFICER. The Chair recognized the Senator from Vermont.

Mr. HOLLAND. Mr. President, will the Senator yield to me?

Mr. AIKEN. I yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I ask, as a matter of consideration, that the two Senators who have these two small amendments, which I think the committee will take to conference—at least I am willing to take them—to be allowed to be heard briefly, so they can be passed on tonight, and they will not lose that privilege by reason of the unanimous-consent agreement, when the Senate convenes again Monday.

Mr. AIKEN. Mr. President, last year Congress directed and authorized the Secretary of Agriculture to inaugurate a program for resources conservation and development. It is a program to provide for Federal cooperation with State and local bodies in developing practical plans for land conservation and land use. It will make possible the orderly development, improvement, conservation, and utilization of a given project area in such a way as to provide employment and other economic opportunities for the people living in this rural area.

On the authority and directive by Congress, the Department of Agriculture has gone to work, and they now have applications from 16 areas in 13 States, I believe, and applications are about ready in 10 other States for these pilot projects, relating largely to the conversion of borderline farmland to other more useful purposes.

The amendment I offered will give them money enough so that they can handle the investigation and planning in cooperation with the local or State bodies. There would be provided \$365,000 for project investigation and planning, and \$635,000 for technical assistance. These projects are sponsored largely by soil conservation districts, in some cases by communities.

The PRESIDING OFFICER. Does the Senator offer his amendment at this time?

Mr. AIKEN. I offer my amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 14, lines 7 and 8, delete "\$1,200,000" and substitute "\$2,200,000".

Mr. HOLLAND. I wish to make it clear that this amendment merely restores in part a sizable reduction from the budget estimate which was accomplished both by the House Committee and our committee. We cut the requested amount of \$6,275,000 to \$1,200,000. The amendment would add \$1 million, or make a total of \$2,200,000.

Mr. AIKEN. The remainder was for loans. My amendment does not carry anything for loans.

Mr. HOLLAND. I am willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Several Senators addressed the Chair. The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CLARK. I have been waiting for 4 hours to make a very brief germane speech on the pending bill. I am perfectly willing, as a matter of senatorial courtesy, to yield to the Senator from Connecticut at his request, in order that he may propose his amendment.

I thank the Chair for having recognized me, because I spoke first. I am sure the Senator from Connecticut will be brief. I ask unanimous consent that I may yield to the Senator from Connecticut, to permit him to offer his amendment, which I am confident will be disposed of shortly, provided I do not lose my right to the floor.

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

Mr. RIBICOFF. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, line 2, strike out "\$66,821,500" and insert "\$67,071,500".

Mr. RIBICOFF. Mr. President, we are about to approve an appropriation of \$6 billion. This bill includes over \$66 million for pest control activities. The amendment I offered would make available \$250,000 for the protection of people, fish, wildlife, and crops in connection with the use of pesticides. As a nation we can afford this small increase that will provide so much protection to so many.

The additional funds I recommend would be used to begin to meet a need which has been clearly highlighted in testimony before the Subcommittee on Reorganization in its study of pesticides. This is the need to follow up mass spray programs to assess any harmful effects and to consider the effectiveness and continued need of these programs. More simply put, we need to know whether these sprays are bad for the bugs and safe for people, animals, and crops or whether in some situations it is the other way around.

Of the total amount appropriated on line 2, page 5, of H.R. 6754—\$66,821,500—approximately \$16.7 million will be used to administer programs to control destructive pests, such as the fire ant, gypsy moth, Japanese beetle, grasshopper, bark beetle, and others. These programs are usually conducted cooperatively with the States and other agencies.

With regard to these programs, the recent report by the President's Science Advisory Committee made the following recommendation:

Provide, as a part of the operating budgets of Federal control and eradication programs, funds to evaluate the efficiency of the programs and their effects on nontarget organisms in the environment.

I have been informed by the Department of Agriculture that this recommendation cannot be carried out under the fiscal 1964 budget as it was submitted to the Congress. No request for such

funds was ever made to the committee. However, data recently submitted to me in connection with the current study of pesticides by the Subcommittee on Re-organization and International Organizations indicates that the Department of Agriculture is aware of the problem. The Department informs me as follows:

Pest control programs should be more thoroughly evaluated to determine that they are being most effectively conducted with the least use of pesticides and with the least harm to nontarget beneficial insects or animal life.

My amendment would permit a modest beginning of such a review program. These funds would be used for—

First. Expansion of field survey operations to evaluate current treatment techniques and make modification as needed for greater effectiveness and reduced residue hazards, especially on nontarget organisms.

Second. Expansion of methods improvement work, particularly on adaptation of biological control techniques, field tests for improving selective application techniques, screening nonpersistent chemicals for useful fieldwork.

Third. Initiation of field surveys to determine the impact of pest control and eradication programs on the area involved, including effects on wildlife populations, desirable insects—bees and predators—livestock and poultry, and so forth. These surveys would provide prompt means for detecting changes in an area which would require prompt adjustments of the planned program.

This additional \$250,000 will certainly not meet the entire need. But it will at least enable the Department of Agriculture to make a start on vitally needed activities.

With the huge amount of funds we are now spending to spray these pesticides all over the country, we can surely afford to spend this modest amount to assess any harmful adverse effects and make the kind of evaluation that is necessary to test the worth of these spray programs. This is cheap insurance against hazards we do not yet fully understand.

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

Mr. CLARK. I am happy to yield, with the understanding that I do not lose my right to the floor.

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

Mr. HOLLAND. As I have already stated, I shall be happy to take the amendment to conference, if it be the will of the Senate that I do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CLARK. Mr. President, I understand that my friend from Alabama [Mr. HILL] has a conference report which he believes he can dispose of very promptly. I ask unanimous consent that I may yield to him for the purpose of his bringing the conference report to the Senate, with the understanding that I do not lose my right to the floor.

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

DEPARTMENTS OF LABOR, HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1964—CONFERENCE REPORT

Mr. HILL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5888) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1964, and for other purposes. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HILL. Mr. President, the conference agreement on the bill provides total appropriations of \$5,471,087,500, a reduction of \$288,401,500 from the budget estimates; a reduction of \$24,739,750 from the amounts allowed by the Senate, and an increase of \$21,106,500 over the amounts allowed by the House.

The conference agreement will provide \$350,078,000 for the Department of Labor, a reduction of \$77,141,500 from the budget estimates. The estimate for the item "Manpower development and training activities" was \$165 million, for which the House allowed \$140 million, and the Senate \$110 million. The Senate allowance was agreed to, inasmuch as there was no disagreement over the fact that our allowance was quite adequate under the provisions of the present law. The conferees agreed that if the law is amended postponing the matching requirement for fiscal year 1965, as provided in a bill passed by the Senate, or if there develops a further need for funds for any reason, a supplemental request should be presented to the Congress.

The conferees accepted the Senate amendment to allow \$425 million, out of the unemployment trust fund, for "Grants to States for employment service and unemployment compensation administration," for which the House had allowed \$350 million. The conferees agreed on a provision to make not more than \$1,100,000 available out of the 1964 appropriation for the payments of obligations incurred in the final few days of fiscal year 1963.

The House had allowed \$9 million for "Area redevelopment activities," the Senate \$8 million, and the conferees agreed on \$8,500,000, to provide the approximate amount used during fiscal year 1963.

The conferees accepted the Senate amendment providing \$150,000 for "Trade adjustment activities" in lieu of the House allowance of \$4 million, and the budget estimate of \$7,635,000. Re-

cent developments indicate that there is no reason to anticipate the need for any funds for training or for readjustment allowances in fiscal year 1964.

The conferees agreed on the House allowances for the two items for the Mexican farm labor program, inasmuch as the budget estimates provided funds for the operation of the program through December 31, 1963, when the law will expire, and for liquidation costs thereafter. Funds are provided for the importation of the Mexican nationals under the terms of the international agreement, and for compliance activities in relation thereto, for the 6-month period.

The conferees accepted the Senate amendments making reductions in five items because the agencies added in fiscal year 1963 employees not allowed by the Congress. The following statement is included in the statement of the managers on the part of the House:

The conferees will look with extreme displeasure on the establishment of any positions, under any appropriation to the Department, which have not been authorized by Congress.

For the Department of Health, Education, and Welfare the conference agreement totals \$5,090,904,500, a reduction of \$210,409,500 from the budget estimates, and a reduction of \$24,662,500 from the Senate allowance, and an increase of \$55,362,500 over the House allowance.

The conferees allowed \$119,000 of the Senate increase of \$323,000 for buildings for the Food and Drug Administration; and the addition over the House allowance will provide for the planning of district offices at Denver and Philadelphia.

The Senate amendment reducing the allowance for "Defense educational activities" by \$10 million for title III, which the Department had agreed was not needed, was accepted by the conferees, as was the amendment relating to the allotment of funds for the program of grants and loans for equipment and minor remodeling concerned with science, mathematics, and foreign language instruction.

The conferees agreed on the allowance of \$3 million of the Senate addition of \$5,020,000 for "Research and training, Office of Vocational Rehabilitation." Out of the funds allowed the agency may make developmental grants to schools such as Emory University presently lacking a fully developed nucleus for a special research and training center.

The conferees on the part of the Senate receded on the amendment proposing an additional \$1 million for research and training, special foreign currency program, on the basis of information received after action by the Senate on the bill to the effect that there was carried forward some \$2,425,000 into the current fiscal year from prior appropriations and that only approximately \$800,000 was obligated in fiscal year 1963.

The Senate conferees receded on amendment 25, which proposed a maximum salary of \$30,000 for certain Public Health Service scientific and professional personnel as I assured Senators a few days ago we would.

The amendment adding \$2,500,000 for construction of the regional water pollution control laboratory in Alaska, for which we had a budget estimate, was accepted.

The Senate amendment proposing \$1,441,000 for plans and specifications for an Environmental Health Center at Beltsville, Md., was not agreed to.

The conferees allowed \$3 million of the \$5 million added for initiation of the program to rid the infected areas in the United States, Puerto Rico, and the Virgin Islands, of the mosquito, *aedes aegypti*, the carrier of yellow fever, in accord with an international understanding among nations of the Western Hemisphere.

The conferees allowed \$1 million of the \$2 million added by the Senate, for the general health grant to States, so that the States will receive \$14 million this year, in lieu of the \$13 million allowed by the House, for the basic public health support in the local communities.

The Senate amendments dealing with the amount of funds for special project and formula grants to States for the control of tuberculosis, as requested by the Association of State and Territorial Health Officers, were accepted.

The conferees allowed \$226,220,000, the amount of the 1963 appropriation, for "Hospital construction activities," in lieu of the sum proposed by the Senate, \$228,214,000, and the sum proposed by the House, \$177,914,000. For part C, there is provided \$150 million, for part G, \$70 million, for section 636, including not to exceed \$300,000 for the initiation of a unit to permit full exploitation of advances in medical instrumentation, techniques, and knowledge, \$4,200,000, and for salaries and expenses, \$2,020,000.

The Senate amendments adding \$400,000 for the further expansion of the comprehensive study of respiratory illnesses of coal miners begun last year, and earmarking \$500,000 for the purpose, were agreed to.

The Senate amendment adding \$400,000 for the purchase of equipment required for installation in the Southwest Radiological Health Laboratory, at Las Vegas, Nev., was agreed to, contingent upon the consummation of a lease agreement.

The conferees allowed \$1,059,000 of the Senate amendment proposing an additional amount of \$2,059,000 for water supply and water pollution control. The additional funds allowed over the House allowance are specifically earmarked for the Ohio River Basin, \$400,000 to make available a total of \$500,000, for the southeastern river basins, \$200,000; and for the early recruitment and training of key professional personnel to staff the three regional water pollution control laboratories now under construction at Athens, Ga., Ada, Okla., and Corvallis, Oreg., \$100,000.

The Senate amendment providing for the allotment of funds for waste treatment works construction on the basis of the full authorization, \$100 million, was accepted. The appropriation is for \$90 million but it is contemplated that some

\$9 million of the \$100 million allotment will not be required in the 18 months the funds are available.

For the National Institutes of Health the conferees rejected the sundry sums proposed for the payments of indirect research costs at 25 percent of the direct costs, inasmuch as the Senate amendment striking out section 203 was rejected. For "mental health activities," the conferees allowed \$6 of the \$12 million proposed incentive grants for hospital improvement. The conferees also agreed to the Senate amendment allowing an additional \$100,000 for the Gorgas Memorial Laboratory. The Senate conferees were forced to recede on our amendment which proposed the deletion of the limitation on the payment of indirect costs of research grants.

The conferees rejected the Senate amendment which would have permitted the Social Security Administration to use funds from the contingency allowance to meet the cost of certain personnel reclassifications, some \$3 million. It will be necessary, of course, to pay the employees at the new rates but the additional costs are to be absorbed within the base appropriation.

The conferees allowed one-half of the Senate proposed increase for official reception and representation expenses in connection with the 1964 International Social Security Association meeting.

The conferees allowed \$200,000 of the \$500,000 added by the Senate for the Bureau of Family Services.

The Senate amendments reducing the grants for maternal and child welfare by \$4 million for day care services in the child welfare services program were accepted by the conferees.

The Senate amendment adding \$1,200,000, the budget estimate, but rejected in its entirety by the House, for research and training, special foreign currency program, of the Welfare Administration, was not agreed to. Subsequent information received after action on the bill by the Senate was to the effect that of the appropriation of \$1,607,000 for fiscal year 1962, available until expended, only \$573,707 was obligated through June 30, 1963, and \$1,033,293 was carried forward into the current fiscal year.

The Senate amendments affecting Gallaudet College were agreed to, but the \$100,000 proposed for a study, under the supervision of the Secretary of Health, Education, and Welfare, of the education of the deaf, is transferred to the Office of the Secretary.

The conferees adopted the Senate amendment adding \$250,000 for "Juvenile delinquency and youth offenses," which will provide \$6,950,000, the full amount requested for the 1964 program.

The conferees allowed \$1,500,000 of the additional \$2 million voted by the Senate for the education television program, allowing \$6,500,000.

For the National Labor Relations Board the conferees allowed \$400,000 of the \$500,000 additional proposed by the Senate.

The conferees accepted the Senate amendments proposing \$100 per diem for

the temporary employment of referees, and arbitrators, conciliators, and mediators on labor relations, for the National Mediation Board and the Federal Mediation and Conciliation Service. And for the latter agency the conferees allowed \$150,000 of the \$200,000 increase proposed by the Senate.

For the Railroad Retirement Board the conferees allowed \$165,000 of the \$215,000 increase proposed by the Senate for the additional salary payments required because of personnel reclassifications. The reduction was made because of the passage of one-quarter of the year for which the additional salary payments will not be made; the estimate contemplated the increases to be effective for the full year.

The conferees agreed on the Senate amendment proposing the availability of a specific sum for "official reception and representation expenses," as is proposed for other Departments of the Government.

The conferees agreed on the retention of section 906, the so-called Gross amendment, prohibiting the use of funds for Domestic Peace Corps type of programs.

Mr. President, I move the adoption of the conference report.

Mr. CLARK. What was done with respect to the appropriation for the Manpower Development and Retraining Act?

Mr. HILL. The House accepted the Senate amendment, and in its report makes this statement, which the Senator will find in the CONGRESSIONAL RECORD:

The conferees are agreed that \$110 million is likely all that will be needed to carry out the program which can be developed under existing legislation. It is not the intention of the conferees that the program be curtailed as a result of the amount agreed upon. If, due to additional legislation or other factors, additional funds can be efficiently and effectively utilized, the Department will be expected to request a supplemental appropriation.

Mr. CLARK. I thank the Senator from Alabama.

Mr. HILL. I now move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 5888, which was read as follows:

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 7, 14, 20, 34, 38, 46, 58, 66, and 68 to the bill (H.R. 5888) entitled "An Act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1964, and for other purposes", and concur therein.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 8, and concur therein with an amendment, as follows:

In lieu of the matter proposed, insert the following: "during fiscal year 1964 and that

any portion thereof not obligated by the State in that year shall be returned to the Treasury and credited to the account from which derived: *Provided further*, That not to exceed \$1,100,000 of the funds made available by this paragraph may be used for payment of obligations incurred during fiscal year 1963:."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 12, and concur therein with an amendment, as follows: Strike out the figure of "\$7,500,000" proposed in said amendment and insert in lieu thereof, the following: "\$7,450,000, and in addition thereto there is hereby transferred to this appropriation the sum of \$50,000 from the appropriation of \$2,269,000 for salaries and expenses, Office of the Secretary."

Resolved, That the House recede from its disagreement to the amendment of the

Senate numbered 21, and concur therein with an amendment, as follows: "Strike out the period at the end thereof, and insert the following: *Provided*, That this paragraph shall be effective only upon enactment into law of section 301(c) of S. 1576, 88th Congress, or similar legislation."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 37, and concur therein with an amendment, as follows: "Delete therefrom the word 'Upper'"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 56, and concur therein with an amendment, as follows: "In lieu of the matter proposed to be inserted, insert the following: ' and not to exceed \$100,000 to be transferred to the appropriation for Salaries and expenses, Office of the Secretary for necessary expenses of carrying out a study of the education of the deaf '."

Mr. HILL. Mr. President, I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 8, 12, 21, 37, and 56, reported in disagreement and on which the House receded and concurred with amendments.

The motion was agreed to.

Mr. HILL. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a tabulation setting forth the appropriations for fiscal year 1963, the budget estimates for fiscal year 1964, the House allowances, the Senate allowances, and the conference allowance for each item in the bill.

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

Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act, 1964, H.R. 5888

[Figures in parentheses not added in totals]

	Appropriation, 1963	Budget esti- mate, 1964	House allowance	Senate allowance	Conference agreement
DEPARTMENT OF LABOR					
Bureau of Labor Statistics:					
Salaries and expenses.....	\$14,590,250	\$18,585,000	\$16,485,000	\$16,205,000	\$16,345,000
Revision of Consumer Price Index.....	1,364,350	1,320,000	1,320,000	1,320,000	1,320,000
Bureau of International Labor Affairs.....	808,750	935,000	882,000	842,000	842,000
Office of Manpower, Automation, and Training:					
Manpower development and training facilities.....	70,147,250	165,000,000	140,000,000	110,000,000	110,000,000
Area redevelopment activities.....	11,060,000	11,063,000	9,000,000	8,000,000	8,500,000
Bureau of Apprenticeship and Training.....	5,212,200	5,460,000	5,460,000	5,460,000	5,460,000
Bureau of Employment Security:					
Limitation on salaries and expenses.....	(11,935,860)	(18,430,000)	(12,640,000)	(12,400,000)	(12,400,000)
Limitation on grants to States.....	(400,000,000)	(432,570,000)	(350,000,000)	(425,600,000)	(425,600,000)
Unemployment compensation for Federal employees and ex-servicemen.....	151,000,000	119,000,000	110,000,000	110,000,000	110,000,000
Compliance activities, Mexican farm labor program.....	1,387,250	870,000	870,000	1,387,250	870,000
Salaries and expenses, Mexican farm labor program, transfer from revolving fund.....	(2,048,500)	(1,135,000)	(1,135,000)	(2,048,500)	(1,135,000)
Bureau of Veterans' Reemployment Rights.....	652,000	790,000	790,000	784,000	784,000
Bureau of Labor Standards.....	4,685,550	3,470,000	3,470,000	3,470,000	3,470,000
Office of Welfare and Pension Plans.....	(1,351,300)	1,720,000	1,555,000	1,555,000	1,555,000
Bureau of Labor-Management Reports.....	5,923,900	5,900,000	5,900,000	5,900,000	5,900,000
Office of Labor-Management Relations Services.....	(7,467,700)	(7,815,000)	(7,660,000)	(7,500,000)	(7,450,000)
Salaries and expenses.....					
Transfer from longshoremen's trust fund.....	3,981,800	4,285,000	4,285,000	4,275,000	4,275,000
Employees' compensation claims.....	(124,850)	(127,000)	(127,000)	(127,000)	(127,000)
Women's Bureau:					
Wage and Hour Division.....	65,221,000	53,838,000	53,838,000	53,838,000	53,838,000
Office of the Solicitor:					
Transfer from unemployment trust fund.....	930,050	785,000	785,000	785,000	785,000
Office of the Secretary:					
Transfer from unemployment trust fund.....	18,273,600	19,300,000	19,300,000	19,300,000	19,300,000
Trade adjustment activities.....	4,361,700	4,570,000	4,570,000	4,420,000	4,420,000
Office of Automation and Manpower.....	(124,850)	(127,000)	(127,000)	(127,000)	(127,000)
Total, Department of Labor.....	362,603,550	427,220,000	384,884,000	350,005,250	350,078,000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
Food and Drug Administration:					
Salaries and expenses.....	29,064,700	35,805,000	35,805,000	35,805,000	35,805,000
Certification, inspection, and other services.....	1,931,000				
Revolving fund for certification and other services.....		(1)	(1)	(1)	(1)
Buildings and facilities.....		13,300,000	4,347,000	4,670,000	4,466,000
Office of Education:					
Promotion and further development of vocational education.....	34,716,000	34,756,000	34,756,000	34,756,000	34,756,000
Further endowment of colleges of agriculture and the mechanic arts.....	11,950,000	11,950,000	11,950,000	11,950,000	11,950,000
Grants for library services.....	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Payments to school districts.....	282,322,000	104,466,000	104,466,000	104,466,000	104,466,000
Assistance for school construction.....	63,686,000	23,800,000	23,740,000	23,740,000	23,740,000
Defense educational activities.....	229,450,000	229,620,000	229,620,000	219,620,000	219,620,000
Expansion of teaching in education of the mentally retarded.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Expansion of teaching in education of the deaf.....	1,500,000			1,500,000	1,500,000
Cooperative research.....	6,985,000	17,000,000	11,500,000	11,500,000	11,500,000
Educational research (special foreign currency program).....	400,000	500,000	500,000	500,000	500,000
Foreign language training and area studies.....	12,645,000	2,500,000	1,500,000	1,500,000	1,500,000
Salaries and expenses.....		16,261,000	14,761,000	14,761,000	14,761,000
Total, Office of Education.....	652,154,000	449,653,000	441,293,000	432,793,000	432,793,000
Office of Vocational Rehabilitation:					
Grants to States.....	72,940,000	88,700,000	88,700,000	88,700,000	88,700,000
Research and training.....	25,500,000	36,830,000	31,810,000	36,830,000	34,810,000
Research and training (special foreign currency program).....	2,000,000	3,000,000	2,000,000	3,000,000	2,000,000
Salaries and expenses.....	2,486,000	2,905,000	2,905,000	2,905,000	2,905,000
Total, Office of Vocational Rehabilitation.....	102,926,000	131,435,000	125,415,000	131,435,000	128,415,000
Public Health Service:					
Buildings and facilities.....	33,200,000	16,311,000	13,811,000	16,311,000	16,311,000
Environmental Health Center.....		2,761,000		1,441,000	
Accident prevention.....	3,668,000	4,857,000	4,163,000	4,163,000	4,163,000
Chronic diseases and health of the aged.....	22,942,000	55,907,000	53,377,000	53,377,000	53,377,000

¹ Permanent indefinite.

Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act, 1964, H.R. 5888—Continued

[Figures in parentheses not added in totals]

	Appropriation, 1963	Budget esti- mate, 1964	House allowance	Senate allowance	Conference agreement
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—continued					
Public Health Service—Continued					
Communicable disease activities	\$18,892,000	\$30,429,000	\$25,405,000	\$30,405,000	\$28,405,000
Community health practice and research	26,526,000	31,648,000	28,608,000	30,608,000	29,608,000
Control of tuberculosis	6,993,000	6,828,000	6,828,000	6,828,000	6,828,000
Control of venereal disease	8,000,000	9,588,000	9,588,000	9,588,000	9,588,000
Dental services and resources	3,006,000	6,227,000	6,218,000	6,218,000	6,218,000
Nursing services and resources	8,438,000	11,245,900	11,217,000	11,217,000	11,217,000
Hospital construction activities	226,220,000	179,514,000	177,914,000	228,214,000	226,220,000
George Washington University Hospital					
Environmental health sciences					
Air pollution control	4,246,000	4,224,000	4,224,000	4,224,000	4,224,000
Milk, food, interstate and community sanitation	11,069,000	12,954,000	12,954,000	12,954,000	12,954,000
Occupational health	8,536,000	9,079,000	9,003,000	9,009,000	9,009,000
Radiological health	4,122,000	4,621,000	4,590,000	4,590,000	4,590,000
Water supply and water pollution control	15,875,000	18,776,000	18,745,000	19,145,000	19,145,000
Grants for waste treatment works construction	24,707,000	29,980,000	27,921,000	28,980,000	28,980,000
Hospitals and medical care	90,000,000	100,000,000	90,000,000	90,000,000	90,000,000
Foreign quarantine activities	48,820,000	50,038,000	49,962,000	49,962,000	49,962,000
	5,910,050	7,116,000	6,456,000	6,456,000	6,456,000
National Institutes of Health:					
General research and services	159,826,000	164,674,000	163,869,000	164,674,000	163,869,000
Biologics standards		4,787,000	4,787,000	4,787,000	4,787,000
Child health and human development		(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)
National Cancer Institute	155,742,000	145,114,000	144,340,000	145,114,000	144,340,000
Mental health activities	143,599,000	190,096,000	177,288,000	190,096,000	183,288,000
National Heart Institute	147,398,000	133,624,000	132,404,000	133,624,000	132,404,000
National Institute of Dental Research	21,199,000	19,509,000	19,689,000	19,509,000	19,689,000
Arthritis and metabolic disease activities	103,388,000	114,717,000	113,679,000	114,717,000	113,679,000
Allergy and infectious disease activities	66,142,000	69,226,000	68,723,000	69,226,000	68,723,000
Neurology and blindness activities	83,506,000	88,407,000	87,675,000	88,407,000	87,675,000
Subtotal, National Institutes of Health	880,800,000	930,454,000	912,454,000	930,454,000	918,454,000
Grants for construction of health research facilities	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Scientific activities overseas (special foreign currency program)	2,800,000	6,647,000	4,000,000	4,000,000	4,000,000
National health statistics	5,150,000	5,949,000	5,949,000	5,949,000	5,949,000
National Library of Medicine	3,335,000	4,074,000	4,074,000	4,074,000	4,074,000
Retired pay of commissioned officers, indefinite	(5,784,000)	(6,436,000)	(6,436,000)	(6,436,000)	(6,436,000)
Salaries and expenses, Office of the Surgeon General	5,850,000	6,091,000	6,091,000	6,091,000	6,091,000
Total, Public Health Service	1,514,859,050	1,597,884,000	1,546,058,000	1,628,158,000	1,608,723,000
St. Elizabeths Hospital:					
Salaries and expenses	6,332,000				
Salaries and expenses, indefinite		(9,716,000)	(7,354,000)	(7,354,000)	(7,354,000)
Buildings and facilities		627,000	627,000	627,000	627,000
Social Security Administration:					
Limitation on salaries and expenses					
International Social Security Association meeting	(286,398,300)	(322,125,000)	(317,900,000)	(317,900,000)	(317,900,000)
		95,000	88,000	95,000	91,500
Welfare Administration:					
Grants to States for public assistance	2,738,300,000	2,900,000,000	2,725,000,000	2,725,000,000	2,725,000,000
Assistance for repatriated U.S. nationals	467,000	467,000	467,000	467,000	467,000
Training of public welfare personnel		2,000,000			
Salaries and expenses, Bureau of Family Services		5,760,000	4,756,000	5,256,000	4,956,000
Grants to States for maternal and child welfare	76,795,000	87,000,000	86,943,000	82,943,000	82,943,000
Salaries and expenses, Children's Bureau	2,943,000	3,401,000	3,401,000	3,401,000	3,401,000
Cooperative research or demonstration projects	1,100,000	2,000,000	1,455,000	1,455,000	1,455,000
Office of Aging		545,000	545,000	545,000	545,000
Juvenile delinquency and youth offenses	5,810,000	13,200,000	6,700,000	6,950,000	6,950,000
Research and training (special foreign currency program)		1,200,000		1,200,000	
Office of the Commissioner	735,700	1,025,000	1,025,000	1,025,000	1,025,000
Transfer from OASI trust fund	(435,100)	(602,000)	(554,000)		
Total, Welfare Administration	2,829,910,700	3,016,271,000	2,830,292,000	2,828,242,000	2,826,742,000
American Printing House for the Blind	739,000	775,000	775,000	775,000	775,000
Freedmen's Hospital	3,909,000	3,880,000	3,880,000	3,880,000	3,880,000
Gallaudet College:					
Salaries and expenses	1,478,900	1,697,000	1,697,000	1,822,000	1,822,000
Construction	1,065,000	2,919,000	2,919,000	2,919,000	2,919,000
Howard University:					
Salaries and expenses	7,935,000	8,819,000	8,819,000	8,819,000	8,819,000
Plans and specifications	86,000				
Construction	5,531,000	6,245,000	6,245,000	6,245,000	6,245,000
Office of the Secretary	2,717,900	2,918,000	2,833,000	2,833,000	2,833,000
Transfer from OASI trust fund	(375,150)	(467,000)	(467,000)	(467,000)	(467,000)
Office of Field Administration:					
Transfers	3,460,400	3,834,000	3,734,000	3,734,000	3,734,000
Surplus property utilization	(1,537,750)	(1,337,000)	(1,337,000)	(1,337,000)	(1,337,000)
Office of the General Counsel:					
Transfers	889,950	950,000	950,000	950,000	950,000
Educational television facilities	882,000	1,055,000	975,000	975,000	975,000
	(739,250)	(900,000)	(900,000)	(900,000)	(900,000)
	1,500,000	7,000,000	5,000,000	7,000,000	1,500,000
Total, direct appropriations, Department of Health, Education, and Welfare	5,173,485,600	5,285,162,000	5,021,752,000	5,101,277,000	5,077,114,500
Indefinite appropriations, Department of Health, Education, and Welfare	7,715,000	16,152,000	13,790,000	13,790,000	13,790,000
Grand total, Department of Health, Education, and Welfare	5,181,200,600	5,301,314,600	5,035,542,000	5,115,567,000	5,090,904,500
RELATED AGENCIES					
National Labor Relations Board	21,029,000	23,060,000	22,060,000	22,560,000	22,460,000
National Mediation Board	1,939,150	1,950,000	1,950,000	1,950,000	1,950,000
Railroad Retirement Board	(9,906,000)	(11,115,000)	(10,906,000)	(11,115,000)	(11,065,000)
Federal Mediation and Conciliation Service	5,195,300	5,940,000	5,540,000	5,740,000	5,670,000
Interstate Commission on the Potomac River Basin	5,000	5,000	5,000	5,000	5,000
U.S. Soldiers' Home	(6,272,400)	(6,622,000)	(6,622,000)	(6,622,000)	(6,622,000)
Total, direct appropriations	5,504,257,600	5,743,337,000	5,436,191,000	4,822,037,250	5,457,297,500
Total, indefinite appropriations	7,715,000	16,152,000	13,790,000	13,790,000	13,790,000
Grand total	5,571,972,600	5,759,489,000	5,449,981,000	5,495,827,250	5,471,087,500

Mr. HILL. Mr. President, I thank the distinguished Senator from Pennsylvania for his courtesy.

DEPARTMENT OF AGRICULTURE
AND RELATED AGENCIES APPROPRIATIONS, 1964

The Senate resumed the consideration of the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes.

Mr. CLARK. Mr. President, I speak in defense of the loan made by the Rural Electrification Administration on August 15, 1963, to the Valley Rural Electric Cooperative, of Huntingdon, Pa., for financing electric facilities of the Blue Knob Development Corp., of Altoona, Pa. This loan has come under indirect attack in the committee report on the agricultural appropriation bill, where on page 29, under the heading "Section V Loans," the statement is made:

The committee concurs in the recommendation in the House committee report that the Administrator of REA should not make section V loans in competition with private sources of credit, or as a replacement or substitution for loan funds available under the Area Redevelopment Act, Public Law 87-27.

The loan with respect to which I speak was directly criticized by the distinguished Senator from Florida [Mr. HOLLAND], who is in charge of the bill, and whose statement is reported in the second column of page 18009 of the CONGRESSIONAL RECORD for September 25. The Senator from Florida said:

The idea of making two loans for the purpose of installing ski facilities in areas served by REA has not met with popular reception, either on the part of any member of our committee or, I think, on the part of the general public. I hope the REA Administrator will confine himself, in handling section 5 loans, to fields more nearly in accord with the purpose and intent of the act.

One of the loans thus criticized was the Pennsylvania loan made by the Valley Rural Electric Cooperative to the Blue Knob Development Corp., for ski tows and snow machines to be erected near Bedford, Pa.; in fact, north of Bedford and south of Johnstown, close to the boundary between Cambria and Bedford Counties. It is abundantly clear that section V of the Rural Electrification Act authorizes a loan of this sort for electric equipment without limitation to farm use. Therefore, there can be no question that the loan was legal.

More than that, in my opinion, the loan was wise. This was a combined loan made by the Area Redevelopment Administration in the amount of \$222,155, by the REA in the amount of \$110,000, and by a local development corporation composed of local businessmen, which put up \$40,000. The purpose was to create a recreational facility at the top of Blue Knob Mountain for ski recreational purposes. The direct result will be to create a substantial number of jobs in the area directly, and to create

indirectly a large number of additional jobs.

Further, the ski resort to be built as a result of the loan will bring a large number of tourists into a depressed area in our State, an area where employment in the resort industry would be much to be desired. Accordingly, it occurs to me that this loan is the sort of loan which ought to be made not only by the ARA but also by the REA, where, as is the case here, the lines of the electric cooperative run very close to the location where the ski tow is to be built.

Efforts were made to attract private capital for this loan. They were unsuccessful. The ARA was unable to handle the loan by itself. The REA plus the local development company made it possible to conclude the transaction.

As one example of what the loan means, the Bedford Springs Hotel, one of the great resorts in Pennsylvania, a resort hotel with which many Members of this body are familiar, will now be able to remain open the year round and will cater to sportsmen who will come to ski as a result of the construction of the new facility built with REA and ARA loan funds.

The area of Bedford, running all the way up to Johnstown, in Cambria County, is among the most depressed areas in the whole of the Commonwealth of Pennsylvania. The little town of Beavertown, which is the closest settlement to where the ski facility will be erected, has as high a level of unemployment as any similar town in the State.

I regret very much that this kind of loan, which will bring jobs and tourists, and which will hold out the hope of bringing some economic prosperity to an area of chronic, persistent unemployment, should have come under criticism both indirectly in the committee report and directly in the speech of the Senator from Florida [Mr. HOLLAND], who is in charge of the bill.

I hope the ARA and the REA will make many more loans of this sort in the great mountain areas of Pennsylvania, whose principal hope for prosperity in the future lies in the creation of tourism and recreational facilities, and to capitalize on the gorgeous scenery and magnificent mountains, lakes, and streams of that area of Pennsylvania which is now in the grip of depression.

I ask unanimous consent to have printed at this point in the RECORD a letter directed to me, under date of September 20, 1963, by Mr. Norman M. Clapp, Administrator of REA.

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

U.S. DEPARTMENT OF AGRICULTURE,
RURAL ELECTRIFICATION ADMINISTRATION,
Washington, D.C. September 20, 1963.
Hon. JOSEPH S. CLARK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: You have asked that I explain the statutory basis for the REA loan made on August 15, 1963, to the Valley Rural Electric Cooperative of Huntingdon, Pa., for financing electric facilities of the

Blue Knob Development Corp. of Altoona, Pa.

The language of the Rural Electrification Act itself is entirely clear in authorizing loans under section 5 thereof for electric equipment without limitation to farm use. Section 5 authorizes loans for "electrical and plumbing appliances and equipment" for "persons in rural areas." Section 13 of the act provides the broadest possible definition of the term "persons" as including besides any "natural person" any "firm, corporation or association," and further defines "rural area" as including "both farm and nonfarm population thereof," without any limitation or qualification whatsoever. The term "person" appears similarly in the designation of eligible beneficiaries of section 4 loans and the long established REA practice of making loans for the purpose of serving commercial and industrial loads in rural areas, as well as agricultural loads, has been made known to and accepted by Congress since the earliest days of the REA program. Again, the term "equipment" as used in section 5 has been in numerous judicial precedents recognized as broadly encompassing machinery and implements of the most varied kind.

The use of the section 5 loan authorization for nonfarm, as well as farm, purposes is not only clearly consistent with the statutory authorization and longstanding REA administrative practice, but is an important and necessary means of strengthening the rural electric cooperatives so that they can attain the objectives of the Rural Electrification Act of area coverage, low cost and fully utilized power in rural areas. It is also an important aid in enhancing the Government's security interests and the assurance of continued repayment of the REA loans.

REA, as a matter of self-imposed policy and practice, uses its section 5 loan authority only where credit is not available under programs and only where it is not available from private sources on reasonable terms.

There is no reason whatsoever, either in law, economics or ethics, to stigmatize and separate recreational electric facilities in rural areas from any other electric facilities as proper means of load building and raising the levels of income and well-being in rural areas.

You have also inquired about the general justification for 2-percent loans. Section 5 of the Rural Electrification Act provides, as does section 4, for a specific interest rate of 2 percent. This interest rate, along with other provisions of the Rural Electrification Act, is necessary at the present time in order to counterbalance to at least some extent the current handicaps inherent in the effort to make electric service abundantly and reasonably available to rural people as it is to city people. Comparative basic statistics afford some measure of these handicaps. REA-financed systems average only 3.3 consumers to each mile of line as compared to 33 consumers per mile for the class A and B commercial utilities. REA-financed systems in 1960 averaged \$414 in annual revenue per mile of line compared to \$6,580 for the commercial companies. It must be remembered that the rural areas served by REA-financed systems represent what remains after the commercial utilities skimmed off the cream of the rural areas themselves. This resulted in the comparative isolation of and the lack of load diversity in many of the areas served by the REA-financed systems, involving additional major handicaps.

The 2-percent interest rate is merely, under current service conditions, a partial equalizer in the effort to match the availability and cost of electric service for rural people with that available to city people. The fact that

the consumer on the lines of the REA borrower system still has to pay about 20 percent more for 250 kilowatts used in a month than the average city consumer is just one indication of the rural disadvantage. And even at the 2-percent rate, consumers on REA-financed rural systems pay 7.4 percent of their light bill for interest as compared to the 6.2 percent of the consumer's light bill dollar that goes to pay interest on the lines of the class A and B commercial utilities. This disparity, again, is a reflection of the smaller revenue base and higher cost factors borne by rural systems.

The 2-percent interest rate is just as important and necessary for section 5 electric appliances and equipment loans as it is for section 4 construction loans. Section 5 loans are a direct means of increasing loads and load diversity in respect of which, as the foregoing basic statistics demonstrate, the rural people are at such a serious disadvantage.

The REA borrower is required to charge on section 5 loan funds, which it relends, interest at the rate of 4 percent in order to cover its legal, accounting, and other costs in developing the loan application, dispensing the funds and making the collections and in order also to protect itself against risks of loss necessarily attendant upon loans for which other sources of credit have not been available.

Sincerely yours,

NORMAN CLAPP,
Administrator.

Mr. CLARK. I also ask unanimous consent to have printed at this point in the RECORD an article entitled "New Harvest for Farmers," written by William G. Weart, and published in the New York Times of September 1, 1963. The article amplifies the need for recreational facilities and comments upon the splendid effect which such recreational facilities have on job opportunities in depressed areas.

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

[From the New York Times, Sept. 1, 1963]
NEW HARVEST FOR FARMERS—CONVERSION OF PROPERTY INTO RECREATION SITES PROVING PROFITABLE

(By William G. Weart)

PHILADELPHIA.—Motorists on the move through rural America this summer have discovered a hinterland renaissance. Something different is going on down on the farm, and it has nothing to do with milking the cows, planting the corn, or pruning the orchard.

Under the stress of agricultural overproduction, and with a big boost from Uncle Sam, many farmers are finding it more profitable to cater to the city slicker's need for leisure-time recreation than to his stomach. They have, in short, converted all or part of their farm acreage into golf courses, hunting preserves, tennis courts, modern swimming pools, or park land.

On what were once grassy meadowlands, all alive with grazing cows, clubhouses have replaced barns, and the farm silo often overlooks a new fairway. Also, lakes once used for watering the cattle now resound to the splash and cries of bathers, their banks adorned with beach umbrellas and the stands of watchful lifeguards. In the winter, these lakes will become ice-skating rinks.

COUNTRY CLUBS

Presiding over these pay-as-you-go "country clubs" are the farmer and his wife and, in many instances, their children. All pitch in to make their once economically unproductive property a profitable enterprise.

The farmer's entry into the field of recreation was sparked by simple mathematics and

some commonsense. Under the Food and Agricultural Act of 1962, farmers can borrow up to \$60,000 for the conversion of all or part of their land into recreational facilities. Many farmers have taken advantage of this opportunity.

A study made by the Agriculture Department shows that at least 1 income-producing recreation enterprise was established by 9,818 landowners during the 1963 fiscal year ended on June 30. This was done in cooperation with the regional offices of the Department's Soil Conservation Service. An additional 9,075 landowners said they intended to establish recreation facilities.

THE BIG SWITCH

The Agriculture Department found also that 945 landowners switched from livestock, dairy, crop, fruit, and similar activities to recreational enterprises as a primary source of income. This involved 237,691 acres.

A typical golf course converted from a farm, according to the Agriculture Department, is Frank Miskoski's 208-acre site in Cream Ridge, N.J., southeast of Trenton.

Mr. Miskoski quit farming in Bucks County, Pa., in 1950 and bought another farm at Cream Ridge. After paying cash for it, he had \$14,000 left as working capital. This was a safe cushion, he thought.

But the new farm did not pay and Mr. Miskoski's working capital shrank. In 1958, he converted part of the land into a nine-hole golf course. Business was so good that he added nine more holes in 1961. Today, the 18-hole course spreads over 150 rolling acres.

Mr. Miskoski now has a \$50,000 investment, 500 members, and a \$600 weekly payroll. Most of his customers pay a membership fee of \$9 a year, plus \$2 every time they play on weekdays and \$3 on Saturdays, Sundays, and holidays.

Another Cream Ridge farmer, who also received technical assistance from the Soil Conservation Service, is Edward C. Noller. He converted a pond once used for crop irrigation into a swimming center, complete with 36 private cabanas, showers, dressing room, and snack bar.

Mr. Noller's 10-acre play area, part of a 112-acre farm, also has 26 picnic tables shaded by large adjustable parasols and 10 grills for cookouts. Other facilities include a roofed pavilion and grounds for softball, volleyball, and horseshoe pitching. Then, too, there is another pond stocked with fish.

Both this farm, known as Homestead Lake, and the Miskoski layout are situated in an area that is said to be short of recreational facilities. In addition to Trenton, other towns nearby are Bordentown, Allentown, Hightstown, and Freehold.

COWS TO GOLFERS

In February, 1961, Stephen Little, a 69-year-old farmer of Penobscot County, near Brewer, Maine, faced a problem. His milk wholesaler notified him that he was not going to buy milk any more.

For some time before that, Mr. Little's son had been urging him to convert part of the farm into a golf course. Now, faced by the emergency, the elder Little told the younger man:

"Son, you're in the golf business."

The Pine Hill Golf Club was opened to the public on June 2, 1962, after a conversion investment of \$16,000, including \$10,000 for a clubhouse. Attendance the first season was 5,000.

COMMODITY CREDIT CORPORATION APPROPRIATIONS

Mr. HUMPHREY. Mr. President, earlier today, the distinguished Senator from Delaware [Mr. WILLIAMS] referred to the Commodity Credit Corporation.

The "saving of \$928 million" referred to by the Senator is the decrease esti-

mated in the budget in the total expenditures of the Department of Agriculture in the fiscal year 1964, as compared with 1963. The totals are shown on page 41 of the budget, and a detailed analysis of the estimated decrease attributable to the Agricultural Stabilization and Conservation Service, including CCC, was presented in the hearings.

Net budgetary expenditures represent the net outgo of Government funds—outlays less receipts. They are not comparable with appropriations, which make funds available for expenditure.

The processes followed in making appropriations to reimburse the CCC are in accordance with the direction of Congress. The act of March 8, 1938, as amended, requires the corporation to obtain reimbursement on the basis of realized losses. The budgets submitted to Congress request reimbursement for losses sustained through the end of the fiscal year preceding submission of the budget. These are the latest known realized losses for a fiscal year at that time. The budget document includes for the information of the Congress, the Department's estimates of the losses to be realized in the subsequent 2 fiscal years, and the financial position of the corporation at the end of each of those years.

Congress has not always appropriated the full amounts requested in past years. This was the case in 1963, 1961, 1960, 1955, and other years.

FARMER-COMMITTEE SYSTEM

Mr. President, any restriction on the activities of farmer-committeemen which would relegate their use to merely advisory functions not only would spell the death knell of the farmer-committee system—which has successfully administered farm-action programs for the past 30 years, but also would hamstring the programs themselves to a point where they could not effectively carry out the will of Congress, as expressed in the laws authorizing the various programs. I am sure this is not the intention of the language included in the bill now under consideration.

Such restrictions would be contrary to the intent of the Congress, as expressed in section 8(b) of the Soil Conservation and Domestic Allotment Act, which directs the Secretary of Agriculture to utilize the farmer-committees in the administration of various farm programs.

Such programs—which depend for their effectiveness on farmer participation on individual farms throughout the country—simply cannot operate if farmers do not know about them, do not understand how they can take part, and do not follow through by carrying out the program provisions in a proper manner.

The programs will not operate effectively if they do not meet the local need, as well as the national need; if the bases on which they are formulated are not correct; and if the program determinations and decisions are not accepted by farmers generally as being fair and equitable.

At the present time, committeemen are paid on a per diem basis, and in many instances they work many more days than they are paid for. They have done this

freely and willingly, because they believe in the importance of the programs they help administer. Furthermore, the rates of pay committeemen receive are sufficient in most cases only to replace their labor on the farm. If full-time personnel had to be employed to perform the functions now carried out by committeemen, the cost of program administration would increase substantially.

It has been our policy to encourage the use of local committeemen, where they were willing and able to serve, in connection with any type of field work, such as adequately informing their neighbors about the programs, checking performance, bin site operations in connection with crops stored under Government loan, review of actual yield in establishing farm bases. We have done this because their familiarity with local problems and situations has been invaluable in forming and operating a successful program.

In connection with programs which have mandatory provisions, such as marketing quota programs, the committees perform such duties as determining individual farm allotments and adjusting them for inequities. Under voluntary programs, such as the feed grain and wheat stabilization programs, they establish the farms' bases, normal yields, and rates of payment.

Under the agricultural conservation program, they approve proposed conservation measures on individual farms and ranches, allocating the program assistance among farm requests which far outstrip the funds made available for that purpose.

In connection with the adjudication of claims for drought or other emergency relief, the committeemen have to make such difficult decisions as to whether the extent of hardships justifies program assistance, and the amount of assistance needed.

In deciding questions like these, it is not always possible just to sit in an office and find a basis for spending Government money. It is many times necessary for the committeeman actually to visit the farm and obtain firsthand information on which to base a fair and equitable decision.

Farmers through the years have come to accept such decisions—even though not always favorable—because they have trusted the practical knowledge and outlook of program administrators who themselves are farmers. A restriction on the use of committeemen which directed them to go beyond "advice" would negate the influence and confidence which committeemen have built up over a generation in the sound administration of farm-action programs.

I offer this statement so the language of the bill and that in the report relating to the activities of farmer-committeemen may be properly interpreted, and so we may fully appreciate the importance of this vital activity and organization in the agricultural program—namely, the farmer-committeemen system.

It is my intention to ask the chairman of the subcommittee certain questions relating to the language of the bill

and of the report concerning the farmer-committeemen system.

RURAL ELECTRIC COOPERATIVES

Mr. President, earlier today the Senator from Ohio [Mr. LAUSCHEL] commented extensively on the Rural Electrification Administration, the interest rate, and the loans for generation and transmission. At this late hour, I merely wish to associate myself with the remarks of the Senator from Illinois [Mr. DOUGLAS], the Senator from Vermont [Mr. AIKEN], and those of other Senators who spoke in behalf of the REA, and also in behalf of the splendid work that great agency of Government and the REA cooperatives are performing. The latter truly represent the rural communities of America in the vital service of providing electrical energy.

It should be noted, Mr. President, that while the funds for the REA continue to be needed, what is happening is that as the "beefing up" or improvement or modernization of REA transmission and generation facilities occurs, the requirements for electrical energy increase; and, as the Senator from Illinois pointed out, today the demands for power on the American farm are many times larger than they were several years ago. Our farms are mechanized; our farms are electrified; and our farms are modern and efficient. Much of this is due to the services of the REA.

We in Minnesota find that our private utilities and our REA cooperatives get along very well. They have a cooperative and friendly relationship, and I am convinced that this development can occur in any part of the Nation if there is a desire to make it occur.

The 2 percent interest rate—which today, in the eyes of some, represents a subsidy to the REA's—is really a payment by the general public for extending the service to the sparsely populated areas and for giving to the rural areas of America some of the benefits which the metropolitan areas receive.

Mr. President, I heard the argument about the amount of taxes paid by private utilities and cooperatives. But there is a great deal of difference between a private utility, which is a corporation, and a rural electric cooperative, which is a nonprofit organization.

The cooperative pays back on the loan. Whatever profit there is—if there is any—is distributed to its members; and the members are assessed taxes. A corporation is an entity unto itself; it is a corporate personality. It is, in the eyes of the law, an individual; and therefore, a corporation obviously would pay more Federal income tax than a cooperative would. But if we consider the Federal income taxes paid by the members of cooperatives on their refunds and dividends, plus the taxes paid by the REA cooperatives themselves, we find that there is a much better relationship between the cooperatives and the corporations than was indicated today in the Senate.

I merely wish to point out that a corporation is a profitmaking venture. A corporation, if it is a private utility, is guaranteed a profit, because the State

regulatory bodies provide for a certain percentage of profit upon the investment or upon the sales. Generally it is upon the investment. Frequently we refer to it as a 6-percent rate of return upon the investment. These utilities are regulated for the public interest; therefore the rates are regulated. However, the rates are regulated, not merely for the benefit of the consumer, but also for the benefit of the corporation. Thus, a private utility, generally speaking, when under good management does make a profit; and, therefore, it pays a tax on that profit.

If an REA cooperative makes a profit, it is used to retire the debt or the loan from the REA Administration in Washington, or the moneys are refunded in terms of dividends to the individual members. All of this is recorded in the Treasury Department, and all of it is subject to income tax.

Mr. President, I make this statement so we may have a better balanced record as to rural electric cooperatives and private utilities. There is plenty of room in the economy for both; and in a great many areas both get along very well. I repeat that my State of Minnesota has set a very good example. At the present time we have a number of cooperatives which are working in close coordination with one of our large utilities—namely, Northern States Power Co.—in an effort to expand the electrical energy service in the rural areas. When they are better managed and better served, everyone benefits—the cooperatives and their members, the rural users of the REA energy, the Northern States Power Co. and its investors, and the people and the communities they serve. So I am happy and proud to be able to say that some of the problems discussed here at some length can be overcome by improved cooperation and understanding between the respective groups.

I wish to endorse, once again, and commend the Rural Electrification Administration for its most valuable service to the American economy. We must remember that REA benefits both farmers, manufacturers of electric appliances, and the total economy; and it surely benefits the communities in which the REA cooperatives are to be found.

For every dollar invested in an REA cooperative, \$6 to \$8 are invested or purchased by the users of electrical energy in utility or electrical appliances of the sort we use in our homes and in business. This has been good business for everyone concerned; and the record of repayment is outstanding.

Mr. President, just this week, President Kennedy reminded us, when he spoke at Grand Forks, that the REA program is not completed. He spoke, as we know, on "the charter of the new farm goal, parity of opportunity." The President outlined certain matters relating to the REA. He said:

We are seeking, in short, true parity of opportunity, but it will not come overnight. To achieve it will require a new impetus in electrification development, new starts in our multipurpose dam programs, and new and greater use of our land, water, timber and wildlife resources.

The repayment record of the REA system has been outstanding, and the quality and dependability of the electric service it provides is outstanding. But if the REA's are to be able to take advantage of the technological improvements in the generation and the interconnection of transmission lines, they must be allowed the loans required in order to make additional investments to keep their electric power costs in line with those in the populous metropolitan centers.

Again, Mr. President, I say that the REA has been good for the country. The services provided by the REA have benefited the entire economy.

THE USE OF EDIBLE OILS FOR CHARITABLE PURPOSES

Mr. HUMPHREY. Mr. President, I wish to comment today on a charitable and humanitarian program which makes use of our surplus agricultural commodities. This program was twice enacted by the Congress and now is more important than ever because this year we have the largest surplus of edible vegetable oils in history.

I should like to read what President Kennedy said on October 2, 1960, in St. Paul, Minn.:

I don't think we should use food as a weapon for war. I think we should hold out the hand of friendship and I think the bread we float upon the water will come back to us many, many times over in the coming years.

Here's an example of how we can help our friends abroad and also our farmers: The Democratic Congress in 1958 specifically passed a law authorizing the Secretary of Agriculture to buy farm-produced fats and oils for relief feeding abroad. The church organizations of all faiths have repeatedly requested Mr. Benson for some fats and oils to be used as part of their programs all over the world. They donate their time and effort to distributing these foods. But the Secretary of Agriculture has consistently refused to implement the will of Congress.

I think the next President of the United States and the next administration should inaugurate a program of buying soybean oil and cottonseed oil and lard for relief feeding abroad, and I would do this before harvest time when the farmers have soybeans to sell.

The law provides, as a result of an amendment I offered to section 416 of the Agricultural Act of 1949, which was approved September 6, 1958:

(2) The Commodity Credit Corporation is authorized to purchase products of oilseeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to nonprofit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949.

And by another of my amendments, approved September 21, 1959, to section 308 of Public Law 480, the Congress provided:

Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

(1) To dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

(2) To purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Mr. President, the authorization for the Commodity Credit Corporation to purchase soybean oil and other edible oils and fats for charitable use overseas is not dependent upon a depressed price for oilseeds. It is not even required that oils be in surplus. This is one instance where legislative authority exists to share our food with hungry, in some cases starving people, without regard to whether there is a surplus in this country.

I should like to read what I said in the Senate August 23, 1958, when the first amendment to which I referred was being considered:

Mr. President, I also submitted an amendment which made possible the inclusion of edible vegetable oils under the terms of Public Law 480. That subject is referred to in the report of the managers on the part of the House. In other words, the report includes a new section, section 9, which includes a provision authorizing the Commodity Credit Corporation to purchase products of oilseeds and edible oils, fats, and the products thereof and to donate such commodities abroad.

I hope that the Department of Agriculture will utilize this authority, not only because such use will have a very constructive and healthy effect upon the American domestic market for these commodities, and not only because it will improve the price structure for edible oils and vegetable oils and fats, but also because one of the great food shortages throughout the world is in the field of oils and fats. Particularly is this true of vegetable oils. We shall have large quantities of vegetable oils, as a result of the expanded cotton acreage and soybean acreage. These vegetable oils are helpful to life itself.

So I hope the provisions which I have referred to will be used effectively and aggressively by the Department of Agriculture.

I believe this program is one of the truly good and sound programs of the Government. Public Law 480 not only is of benefit to agriculture—and in the past I have submitted to the Senate information which has revealed that the effect of Public Law 480 sales is to increase the prices of agricultural commodities in the United States—but as I have also pointed out, this law has improved the sales, and has made possible additional economic assistance to underdeveloped countries.

Now I should like to read what the Senate report stated regarding my second amendment which authorized fats and oils for charity donations overseas:

This new section specifies that the Commodity Credit Corporation should dispose of its stocks of animal fats and edible oils, or products thereof, by donation to the appropriate agencies of the Federal Government, nonprofit voluntary organizations registered with the Department of State, and interna-

tional organizations for use in the assistance of needy persons outside the United States.

The Commodity Credit Corporation is also authorized to purchase for donations animal fats and edible oils and the products thereof to maintain the support level for cottonseed and soybeans. The executive branch already has this authority, but the committee makes it specific in order to urge the executive branch to comply with the request of the Congress in this matter.

Animal fats and edible oils have been needed and requested by voluntary organizations, but have been denied by the Government.

Mr. President, despite this emphasis of the will of the Congress to provide vegetable oils and fats to hungry, needy people abroad, Secretary Benson never used this authority. As evidence of the long-standing need of Agriculture, let me read in part from a press release dated December 18, 1957, entitled "Agencies Aiding Needy Overseas Ask Inclusion of Fats in Department of Agriculture Surplus Program."

The Honorable Ezra Taft Benson, Secretary of Agriculture, presided today at a National Conference on Food Donations with representatives of domestic and overseas voluntary organizations receiving and distributing surplus agricultural commodities.

The theme of the Conference, which was held at the Department of Agriculture in Washington, was: "Sharing America's Abundance."

Moses A. Leavitt, chairman of the American Council of Voluntary Agencies for Foreign Service, asked, on behalf of some 23 American voluntary agencies distributing surplus foods to the needy in 88 countries overseas, that the Department of Agriculture "add some form of fats or oils to the foods now available for feeding these unfortunate people."

Pointing out that the "basic diet the world over includes some form of fat or oil," Mr. Leavitt reminded Secretary Benson that these items are currently lacking among the D.A. surplus foods released for distribution.

Mr. Leavitt, widely recognized as an authority on overseas needs, called the surplus commodities program "a long-term spiritual investment of immeasurable value for the people of our Nation."

The charity agencies testified before one of our Senate committee hearings in 1958 that fat was the most needed item in their programs abroad.

When the new administration took office in 1961, it did move promptly to fulfill President Kennedy's commitment. On February 1, 1961, the Senator from South Dakota [Mr. McGOVERN], then serving as the President's Special Assistant and Food for Peace Director, announced:

GEORGE McGOVERN, Special Assistant to the President and Director of the food for peace program, announced today "two significant steps designed to improve the distribution of U.S. food by religious and humanitarian groups operating overseas."

McGOVERN has asked Secretary of Agriculture Orville Freeman to make available over the next 18 months edible oils to be used in connection with feeding programs operated in foreign countries by voluntary relief agencies.

In making this announcement, McGOVERN said, "This action is taken to meet a demonstrated need for more effective use of our agricultural abundance by the voluntary relief agencies."

In recognition of this need, the Congress provided in September 1958 specific authority for this purpose.

McGOVERN suggested in a letter to Agriculture Secretary Orville Freeman that the oils be made available from processed corn, cottonseed, peanuts, or soybeans.

McGOVERN also announced today that he has requested the International Cooperation Administration to modify a policy it has followed which required U.S. voluntary agency feeding programs to be "phased out" regardless of special conditions in any given country.

In announcing this action, McGOVERN said, "After evaluating the effect of this policy on feeding operations conducted under the direction of the various voluntary relief agencies, I have concluded that the policy is inconsistent with the objectives of the food for peace program and has tended to create situations in friendly foreign countries under which they are hesitant to utilize the services of the voluntary relief agencies.

McGOVERN said further, "The modification of this 'phase out' policy is consistent with the efforts of the Kennedy administration to make more effective use of our agricultural abundance."

Mr. President, in 1961, oil and shortening was purchased and made available to religious and other charitable groups abroad. Some of it was diverted to our domestic school lunch program, another excellent program.

When oil is made available in these programs and in underdeveloped areas it builds its own expanding markets for the future benefits of U.S. farmers.

Look what has happened where title I of Public Law 480 has made oil available for foreign currency. Spain, which once bought oil only for pesetas, is now the largest dollar buyer of soybean oil for export. Greece bought nearly 40 million pounds of soybean oil for dollars this past year after using soyoil under Public Law 480 and would have bought more except that delivery could not be made because of the dock strike. There are other instances.

Exports of our wonder growth crop, soybeans—including soybean oil and soybean meal—now bring back more dollars to the United States than any other crop and bring back more dollars than practically any single item of export. Further expansion is in prospect for soybean production and for exports. This year the soybean crop will reach 728 million bushels, according to the latest official estimate.

And still there is no surplus of soybeans, or of soybean meal. In fact, soybeans and soybean meal are short of our real needs for domestic processing and export. There is, on the other hand, a tremendous surplus of oil.

As a result, oil is cheap and meal is high. The fact that soybean meal is high priced should be a matter of concern to all those who produce poultry, or cattle, or hogs.

Under these circumstances one would think the Department of Agriculture would be buying oil for charitable dis-

tribution. This, however, is not the case. I have a memorandum dated June 28, 1963, from the Director of Food Distribution in the Agricultural Marketing Service which, in effect, denies the voluntary agencies oils and fats. They must take butter, butter oil, or ghee. Period.

Mr. President, it is good to use our butter for these humanitarian purposes. But, apparently the Department of Agriculture overlooks several factors which I think are important. First, butter has been accumulated in part because oil is so cheap. Whether cheap oil is a matter of policy or not I do not know, but there are some who think the Department has a low-price oil policy. The Department says it does not have a low-priced oil policy. But I think this is a clear case whether the absence of a firm policy to supply oil in itself becomes the policy.

Second, there are many areas which cannot use butter, but which can use oil. If I interpret the Department's current policy correctly, these areas must use butter or do without. In any event, it is quite clear that unending correspondence, consideration, and debate is delaying action for long periods on requests for soybean oil and for butter, too. Butter is not helped by piling up more and more cheap oil. Butter producers as well as poultry and livestock producers are not helped by the high-priced soybean meal resulting from cheap oil.

Some Department of Agriculture economists say the price of oil does not affect the price of meal. I do not agree with them. More reasonable prices for oil would increase soybean prices which in turn would encourage larger soybean production in the future. This would make available more meal and would shift acreage from surplus crops to soybeans.

The farm economy and farm programs are not helped by this failure to use and expand the use of soybean oil where the need is large and it can be expanded. I think it is high time the Department began to move on oil exports through charity donations and also on sales for foreign currencies. Here is a chance to shift acreage to soybeans—a crop which earns dollars. It is better than schemes to retire farmers and to retire farm acreage. It is cheaper and it builds expanding markets for the future.

What I have said as to humanitarian use of our soybean oil is a matter of concern to all. The use of surplus oil makes available more soybean meal to producers of poultry, of livestock, and of hogs. It is also of interest to producers of cottonseed because cotton oil, and soybean oil are interchangeable. It is also of interest to lard and in turn to corn-hog farmers. It is of interest to the vast dairy industry which faces cheap oil until action is taken.

Under all these circumstances, Mr. President, I cannot understand why the Department of Agriculture is not working more actively with the charity organi-

zations to meet all of their oil needs for the coming year. Nor, can I understand why the Department is not really driving for sales of soybean oil for foreign currencies.

There can be no disagreement as to the necessity for prompt action on oil—action which should be taken before farmers begin selling their soybeans and cottonseed.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

ADDITIONAL BILL INTRODUCED

Mr. BARTLETT (for himself and Mr. GRUENING) introduced a bill (S. 2186) to amend the Home Owners' Loan Act of 1933, which was read twice by its title and referred to the Committee on Banking and Currency.

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

AMENDMENT OF HOME LOAN BANKING ACT

Mr. BARTLETT. Mr. President, in behalf of the junior Senator from Alaska [Mr. GRUENING] and myself, I introduce, for appropriate reference, a bill to amend the Home Owners' Loan Act of 1933. This bill, if passed into law, would empower the Home Loan Bank Board, at its discretion and upon a determination that there is adequate need, to lift the 20 percent of assets regulatory limitation on loans secured by properties located over 50 miles from a savings and loan home office.

At this time it is well that I should make clear the intent of this legislation.

The 50-mile limitation is a sensible provision which has worked well in most places across the country. Local savings and loan firms are able to compete locally under the terms of this restriction. And it is not our intention by this legislation to alter the situation. The bill which I introduce today will not alter in any way the practices of savings and loan institutions in the more populated areas of our Nation. The bill I introduce today looks to the less-populated regions. It looks to the areas where there are no local lending institutions of any kind whatsoever within a 50-mile radius or even a 100-mile radius. This bill looks to the area, sparsely settled, which is unable to support a savings and loan institution of its own.

Such areas exist in Alaska. The commercial and residential development of communities in my State is hindered by a lack of capital locally available. The savings and loan institutions of the State are subscribed to the full limit of their 20 percent. They would loan more if they could.

The bill I introduce today is designed to let them do so.

If, in the view of the Home Loan Bank Board there has been an adequate show of need, the Board would be empowered, in such cases as I have described, to raise the 20 percent—50-mile limitation.

It is my hope that this small piece of legislation may soon receive appropriate consideration.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2186) to amend the Home

Owners' Loan Act of 1933, introduced by Mr. BARTLETT (for himself and Mr. GRIENING), was received, read twice by its title, and referred to the Committee on Banking and Currency.

ADJOURNMENT TO MONDAY

MR. HUMPHREY. Mr. President, if there is no further business to come before the Senate at this time, I move, pursuant to the order previously entered, that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 7 o'clock and 11 minutes p.m.) the Senate adjourned, under the order previously entered, until Monday, September 30, 1963, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate September 26, 1963:

DEPARTMENT OF STATE
Dwight J. Porter, of Nebraska, a Foreign Service officer of class 1, to be an Assistant Secretary of State.

EXTENSIONS OF REMARKS

Address by Hon. Barry Goldwater Before the Republican Men's Club of Bartlesville, Okla., on September 13, 1963

EXTENSION OF REMARKS OF

HON. PAGE BELCHER

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 26, 1963

MR. BELCHER. Mr. Speaker, under leave granted, I wish to insert in the RECORD the following speech made by Senator BARRY GOLDWATER, of Arizona, before the Republican Men's Club, Bartlesville, Okla., September 13, 1963:

EXCERPTS OF REMARKS BY SENATOR BARRY GOLDWATER, REPUBLICAN, OF ARIZONA, BEFORE THE REPUBLICAN MEN'S CLUB, BARTLESVILLE, OKLA., SEPTEMBER 13, 1963

How can the Republicans win the Nation in 1964?

This is one of the most intriguing, fascinating, and, in some respects, baffling questions now occupying the minds of Republican leaders and workers throughout the country.

And, I might say there are almost as many theories as there are sections. Certainly there are as many theories as there are factions within the Republican Party.

If I might I should like to discuss this with you for a while today and, if possible, lay to rest some popular misconceptions and root out some downright ridiculous arguments.

Let me begin by saying that I disagree with people who argue that we should write off the eastern seaboard and the industrial areas of the country. I disagree with people who insist that we must forget all about the Negro vote, and that we might as well concede the labor vote. I do not believe the Republican Party should write off any section of the country or any group of potential voters. I believe the Republican Party should strive to its utmost in every part of America and among every possible group to win votes.

When I say votes, let me make it entirely clear that I mean American votes—not Negro votes, or labor votes, or Hungarian votes, or Jewish votes—but American votes. I am sick and tired of the efforts we see today that are designed to further divide the American people.

And while I'm at it, let me say that I believe the most stupid, irresponsible suggestion I have ever heard put forward is the argument that the Republican Party should soft-pedal its efforts in the South because a determined effort in that area might give

the party a racist tinge and cost our candidates votes in the metropolitan areas of the North.

Some people, who advise the Republican Party to aim almost exclusively at the big city vote, would have us practically renounce the South. They hint darkly that we were subordinating the party to segregationists when we picked up a few House seats south of the Mason-Dixon Line in 1962. This, of course, is completely and transparently untrue. Not one of the southern Republican Members of the House or Senate has ever campaigned on racial issues, whereas almost without exception their Democrat opponents have.

I suggest this is a theory that is politically impractical, factually dishonest, and statistically weakminded. It says, in effect, that the best way for Republicans to win elections is to write off the largest blocs of potential voters. It says that the Republican Party must avoid sectionalism by abandoning most sections of this great Nation and become a party of only one section.

The theory is suicidal. It would kill the growing realization that this Nation wants to get off the old, low road of machine politics and get onto a high, new road of government representative of all the people.

The theory is selfish. It seeks to hold control of the Republican Party in the hands of men committed to defeat and to duplication of Democrat programs.

The theory is timid. It would forsake the great principles upon which Republicanism is founded. It would say to the voters of the Nation that we dare not go to the American people with the clear-cut choice they want, only with the warmed-over, watered-down arguments of the Democrats.

Most important, the theory is not a Republican theory.

The Republican Party is a great union of American strengths—the rugged, restless strength of the growing West; the rock-solid strength of the Midwest; the busy, bustling strength of the North and the East; and the proud, expanding strength of the South.

The Republican Party is a party of unity, not of exclusion. It is a party of principle not of big city machines.

The Republicans can and must offer this Nation a choice when any of our candidates go before the electorate. We must offer the chance for sound policies here at home and for freedom around the world. We don't want to be known as Little Sir Echo. We want real Republican voices and choices to be heard.

Those who would put chains on that choice do not serve Republican principles; they serve only liberal Democratic objectives of spending and spending to elect and elect.

I say to you that the South today, with its growing restlessness over radical Democrat economic policies, offers the Republican Party one of its most important political

advantages in many decades. Those who believe that Republican gains in the South are somehow mysteriously tied to racism, ignore the obvious facts. They ignore the fact that Republican influence in the South is growing in direct proportion to the South's moderation on the race issue. They ignore the fact that Republican strength in the South is located in the cities and urban areas where a new view is emerging, while Democratic strength is more and more being confined to the rural communities where the race issue has undergone little change.

It is my firm conviction that any arguments which attempt to connect Republican strength in the South to the race issue ignore not only the process but causes of what is happening throughout the Southern States of our country. They miss—wittingly or otherwise—the point that the South is, and has been for sometime past, undergoing a profound evolution of political thinking and acting. They fail to take into account the vast changes which have taken place in the South over the past two decades.

But perhaps the greatest mistake made by the newly risen host of experts on southern politics is the belief that the Republican trend is something new.

This, of course, is utter nonsense. The Republican trend in the South has been developing over a period of years and has kept pace with the evolutionary process of change.

In effect, it amounts to the political flowering of a new society.

It is the expression of progress toward a two-party political system in a section of the country which had long confused traditional political practice with its own welfare.

Call it an awakening if you like. But remember it has been a gradual, slow-paced awakening which has gone on for a long time and only showed up in a relatively massive way in the last election.

I say that the very deliberateness of the process attests to its soundness and marks its lasting qualities. Make no mistake about it, Republicanism is in the South to stay. If it were the overnight development that many commentators and politicians would like us to think, then I believe we might be justified in looking for a single reason for the Republican strength shown in the 1962 elections.

The changes which are now finding political expression in the South have been going on for years. They are attuned to new economic and commercial developments and attitudes. They have their roots in the new industrialization of a part of the country which, from its earliest settlement has existed in an agriculture economy and society. They are related to the growing importance of business activity and concern for the interests of the business community. They are tied in with the steady and growing expansion of urban communities and cities and the declining influence of the rural areas.