MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

408. By the SPEAKER: Memorial of the Legislature of the State of Alaska relative to requesting a Presidential commission for the Alaska natives; to the Committee on Interior and Insular Affairs.

409. Also, a memorial of the Legislature of the State of Colorado, relative to enacting into law the recommended revision of H.R. 4671 approved by the Colorado Water Conservation Board on February 8, 1966, and endorsed by the Colorado General Assembly relating to the Colorado River Basin project; to the Committee on Interior and Insular Affairs.

410. Also, a memorial of the Legislature of the State of Colorado, relative to urging full implementation of Public Law 874, retaining Federal aid to public schools; to the Committee on Education and Labor.

411. Also, a memorial of the Legislature of the territory of Guam, relative to a report of the Organic Act of Guam Revision Commission; to the Committee on Interior and Insular Affairs.

412. Also, a memorial of the Senate of the State of Hawaii, relative to supporting a reduction in transpacific air fare; to the Committee on Interstate and Foreign Commerce.

413. Also, a memorial of the Legislature of the State of Idaho, relative to enacting necessary legislation to authorize the financing of primary national forest conservation roads; to the Committee on Public Works.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. DYAL:

H.R. 13380. A bill for the relief of Alfred Coleman; to the Committee on Interior and Insular Affairs.

By Mr. EVERETT:

H.R. 13381. A bill for the relief of Cathie Lee Clark; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 13382. A bill for the relief of Jong Kook Song and Dea Kyon Song; to the Committee on the Judiciary.

By Mr. HAGEN of California:

H.R. 13383. A bill for the relief of Antonio S. Martins; to the Committee on the Judiciary.

H.R. 13384. A bill for the relief of Mrs. Maria da Conceicao Rodrigues; to the Committee on the Judiciary.

PETITIONS, ETC.

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

337. By the SPEAKER: Petition of department commander, Department of Massachusetts, Veterans of Foreign Wars, Boston, Mass., relative to preventing the closure of Springfield Armory, Springfield, Mass.; to the Committee on Armed Services.

338. Also, petition of the chairman, Army Advisory Committee of Hawaii, Honolulu, Hawaii, relative to continuing the operation of the Armed Forces Recreation Center, Kilauea Military Camp; to the Committee on Armed Services.

339. Also, petition of Henry Stoner, Avon Park, Fla., relative to reading the motto, "In God We Trust," in public schools; to the Committee on Education and Labor.

340. Also, petition of B. V. Villas, chairman, Civilian Services Rendered to the U.S. Armed Forces in the Philippines Committee, Dumaguete City, Philippines, relative to several claims for civilian services rendered to the United States; to the Committee on Foreign Affairs.

341. Also, petition of City Council, Seward, Alaska, relative to establishing experimental plants to manufacture fish protein concentrate; to the Committee on Merchant Marine and Fisheries.

SENATE

MONDAY, MARCH 7, 1966

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

Rev. Edward L. R. Elson, minister, National Presbyterian Church, Washington, D.C., offered the following prayer:

Eternal God, in the solemn silence of this moment, incline our thoughts to Thee and to Thee alone. Make this place now a sanctuary of the spirit. Deliver us from the clash and clamor of the world without, from the pressure of urgent duties, from the confusion of many voices that we may "be still and know—be still and know that Thou art God."

Lift all the deliberations of this body into the higher order of Thy kingdom. Restore our faith in the omnipotence of good. Make and keep this Nation the servant of truth and justice. Renew within us pure religion and lofty patriotism that this Nation may be a worthy instrument of Thy purposes upon the earth.

In all that we think and say and do, wilt Thou lift our eyes to behold, beyond the things that are seen and temporal, the things which are unseen and eternal. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 4, 1966, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Jones, one of his secretaries.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, under rule VIII, I ask unanimous consent to waive the call of the calendar of measures that are not objected to.

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

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, statements during the transaction of routine morning business were ordered limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to consider executive business, for action on nominations.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

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

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

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

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

John M. Imel, of Oklahoma, to be U.S. attorney for the northern district of Oklahoma; and

Joseph W. Keene, of Louisiana, to be U.S. marshal for the western district of Louisiana.

The ACTING PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Charles F. Baird, of New York, to be an Assistant Secretary of the Navy.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

U.S. MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the U.S. Marine Corps.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The legislative clerk proceeded to read sundry nominations in the Army, the Navy, and the Marine Corps which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

NOMINATION OF STANLEY R. TUPPER

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the nomination of Stanley R. Tupper, of Maine, to be Commissioner General for U.S. participation in the Canadian Universal and International Exhibition.

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

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Agriculture and Forestry was authorized to meet during the session of the Senate today.

On request of Mr. DIRKSEN, and by unanimous consent, the Internal Security Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

COMMITTEE MEETING DURING SENATE SESSIONS TOMORROW AND THURSDAY

On request of Mr. LONG of Louisiana, and by unanimous consent, the Committee on Foreign Relations was authorized to meet during the session of the Senate tomorrow, Tuesday, March 8, and also on Thursday, March 10, 1966.

INCREASED COMPENSATION FOR FEDERAL EMPLOYEES—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 402)

The PRESIDING OFFICER (Mr. HARRIS in the chair). The Chair lays before the Senate a message from the President of the United States on Federal salary reform. Without objection, the message will be printed in the RECORD, without being read, and appropriately referred.

The message was referred to the Committee on Post Office and Civil Service, as follows:

To the Congress of the United States:

Among the many blessings which Americans can count is a corps of Federal civil servants that is unequaled anywhere in the world. Honest, intelligent, efficient, and—above all—dedicated, these men and women represent a national resource and a national asset.

America expects much of these public servants. We have made vigorous demands on their time and energy. We have exacted from them high standards of work and conduct.

In recent years, we have moved steadily to compensate these men and women equitably and competitively for their quality performance in the public interest. To that end, the administration prepared and the Congress enacted, the Federal Salary Reform Act of 1962. We established the principle that Government workers are entitled to a pay scale which compares favorably with pay in private industry.

Such a pay scale is as much in the national interest as it is in the interest of Government employees. I said when signing the Government Employees Salary Reform Act of 1964:

> America's challenges cannot be met in this modern world by mediocrity, at any level, public or private. All through our society we must search for brilliance, welcome genius, strive for excellence.

We have been true to the principle of comparability.

Since 1961, the pay of Federal employees has increased by over 16 percent.

In the brief period since I have been President, employees of the Federal Government have enjoyed pay increases amounting to nearly 12 percent. These increases have done much to close the gap between compensation for Government employees and those in private enterprise.

The increases in basic pay, however, were not accomplished by any significant benefits in forms of other than salary. Yet pay, retirement, and other fringe benefits are all parts of an employee's total compensation. Recognition of this basic fact is crucial in developing a rational and equitable system of compensation. Neither pay, nor retirement, nor other fringe benefits can be considered in isolation. For all of them together represent the worker's real reward.

The proposals which I am making today reflect this consideration.

I propose increases in Federal compensation of $485 million per year.

I am asking the Congress to enact legislation which will provide an average increase for Federal civilian employees amounting to 3.2 percent of total compensation.

On the average, direct salary increases will amount to 2.85 percent. The other increases are for fringe benefits to assist the Government employee in providing for his own economic security.

In considering these proposals, I urge careful study of the supporting data and background information contained in the two reports transmitted with this message:

1. The report of the Cabinet Committee on Federal Staff Retirement Systems, prepared in response to my request of February 1, 1965, for a review of Federal retirement policies and benefits.

2. The annual report to the President of the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission on the comparison between Federal civilian pay levels and those in private enterprise—as required by law.

I also urge the Congress to take into account two other considerations of utmost importance to the Federal employee—and all wage earners—and the Nation as a whole: The wage-price guideposts which are key weapons in our defense against inflation, and sound and responsible Federal fiscal policy.

Both of these considerations weighed heavily in my mind as I studied various possible recommendations to make to the Congress this year. For nothing will destroy the progress of the Federal employee in his efforts to achieve comparability more effectively than the erosion of inflation.

PAY

I recommend to the Congress the enactment of a pay raise for Federal employees—effective January 1, 1967—ranging from 1 percent to 4½ percent.

With these increases, nearly 1 million of the 1.8 million employees affected will achieve pay comparability with private enterprise. These employees include about 88 percent of all postal workers and the more than 470,000 Classification Act employees in grades GS–1 through GS–5.

The smallest increase of approximately 1 percent will go to the lowest of the two grades of the classification system which are already above comparability. The modestly higher increases will go to the relatively few upper grades where the current comparability difference is larger and where, accordingly, our recruiting difficulties are greatest.

RETIREMENT

I shall not detail in this message all of the changes recommended by the Cabinet Committee on Federal Staff Retirement Systems. The report speaks for itself clearly and succinctly. I endorse it.

I call particular attention to three proposals which I believe to be most urgent. These are:

1. Those who reach age 55 with 30 years of service, should be allowed to retire without reduction in annuity. The Government should also have the option to retire involuntarily, at age 55, employees in grades GS–13 and above who have 30 or more years of service.

2. We should guarantee that retirement, disability, and survivor benefits are at least equal to benefits payable under the old-age and survivors disability insurance program of the social security system.

3. We should provide for the transfer to the social security system of service credits of employees who die, become disabled, or leave Federal employment before becoming eligible for Federal retirement systems benefits.

I recommend that these three proposals, like the basic pay increases, be made effective January 1, 1967.

I also recommend the enactment into law of a clear statement of retirement policy, as set forth in detail on pages 10 and 11 of the Cabinet Committee's report; adjustments between the civil service and the Foreign Service retirement systems.

The ultimate costs of all of the proposed changes in the retirement systems are set forth in tabular form on pages 21 and 22 of the Committee's report. This report also contains a sound financing

plan. It is essential that we place our retirement system on a sound basis of financing as soon as possible.

I recommend that financing provisions be enacted as a part of the retirement legislation, including a 0.5-percent increase in contributions of both agencies and employees, effective January 1, 1967.

The report of the Cabinet Committee does not deal with changes in the military retirement system. Although the Committee reviewed important aspects of military retirement, it agreed with the Secretary of Defense that recommendations for fundamental changes should wait completion of a broad management study now underway in the Department of Defense.

The retirement report and the recommendations for legislation presented by it are major steps forward in our continuing efforts to improve the compensation system for Federal employees. In my judgment, they are equal in importance to the 1962 Federal Safety Reform Act.

OTHER BENEFITS

I recommend a phased 2-year increase in the Government's contribution to our civilian health benefits program.

The first increase should be effective on January 1, 1967; the second on January 1, 1968. These increases would restore the ratio of costs to the Government and costs to the employee established by the original Health Benefits Act of 1959.

The effective date of other important adjustments in our retirement system should be deferred for at least another year. The most important of these are to:

1. Extend medicare to Federal civilian employees.

2. Continue benefits until age 22 for those surviving children of deceased Federal employees who are continuing their education.

3. Compute benefits on the basis of a guaranteed disability minimum to widows of employees who die after retirement for disability.

4. Continue benefits for a surviving widow if she remarries after age 60.

NEED NEW KNOWLEDGE

If we are to continue to modernize our policy of total compensation, we need better information than is now available. We must examine all of the fringe benefits in our compensation system. These include leave, holiday pay, special pay differentials, unemployment insurance, Federal Employees' Compensation Act benefits for duty-related accidents and illness, health benefits, life insurance, and counterpart benefits prevailing elsewhere in our economy.

I am recommending that the Congress appropriate funds for collection and evaluation of information on non-Federal fringe benefits in the budget of the Department of Labor for 1967.

CONCLUSION

The measures I am proposing meet the test of fairness to our employees. They also meet the test of economic responsibility.

For the past many months, the Government has appealed to labor and industry alike to hold price and wage increases within the guideposts established by the Council of Economic Advisers.

If our Government is to exercise continued leadership in the fight for price stability, then we must continue to practice what we preach. The Government has the added responsibility of not contributing to inflation by its own actions.

With 5 years of unprecedented economic expansion, our industry is now operating near the peak of its capacity. Added to this, we now have the obligation to support our fighting men in Vietnam and our commitment to freedom there.

This administration has already proved that our Nation does not have to live with depression or recession. Now we must prove that we can remain both strong and prosperous without endangering our economic stability.

Government employees have a direct stake in this effort. For none is more harmed by inflation—and harmed more quickly—than the wage earner and the salaried employee. It is of small value to him if the extra dollar he earns buys less and less with every passing week.

We are the wealthiest nation in history. We can afford whatever is necessary for both our welfare at home and our common defense abroad. But we can do this only by the exercise of fiscal prudence and economic responsibility during times when special demands are being made on our economy by the military needs of Vietnam.

I am certain that both Government employees and the leaders of their organizations will recognize that restraint serves both their cause and the national interest. They will recognize that these proposals meet three essential requirements:

First, that taken together, pay, retirement, and health benefits amount to an increase of the maximum total compensation increase within the wage-price guidelines.

Second, that the major increases will go to those Federal workers whose compensation is least comparable with private enterprise.

And third, that these proposals move the entire pay scale toward full comparability in an orderly manner.

The annual cost of these proposals will amount to $485 million. If they are made effective on January 1, 1967—which I urgently recommend—the cost for the next fiscal year will be $240 million. These costs are fully provided for in the budget which I submitted to the Congress in January.

The Federal Government is the largest employer in the Nation. The largest employer has an undeniable responsibility to lead, and not merely to follow, in instituting and adhering to model employment practices.

A model employer can demand excellence in performance. A model employer can demand continuing awareness of the need for greater productivity, more imaginative conduct of Government programs, and substantial cost reduction. We have made those demands.

Federal officers and employees at all levels have responded with enthusiasm and skill. If they had not been determined to improve the efficiency and economy of Government operations, budget costs in both 1966 and 1967 would be some $3 billion higher than they are.

By the close of this fiscal year, the total compensation for our 2½ million Federal civilian employees will be $20.4 billion a year. With expenditures of such magnitude, the President, the Congress, and Federal employees themselves, cannot fail to give the most careful consideration to every adjustment in pay, retirement, and health benefits. Each proposed adjustment must not only be merited, it should also be consistent with the principles of sound government.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *March 7, 1966.*

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. MONTOYA:

S. 3030. A bill for the relief of Luciano Vittorio Guiseppe Giomo; to the Committee on the Judiciary.

By Mr. YOUNG of Ohio:

S. 3031. A bill to authorize the Secretary of the Interior to establish a National Visitor Center, and for other purposes; to the Committee on Public Works.

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

By Mr. CLARK (by request):

S. 3032. A bill entitled "Employment Service Act of 1966"; to the Committee on Labor and Public Welfare.

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

By Mr. GORE:

S. 3033. A bill for the relief of Alan Bruce Lancaster and his wife, Marie Nunez Lancaster; to the Committee on the Judiciary.

By Mr. JACKSON (by request):

S. 3034. A bill to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals;

S. 3035. A bill to establish a program for the preservation of additional historic properties throughout the Nation, and for other purposes; and

S. 3036. A bill to amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands; to the Committee on Interior and Insular Affairs.

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

By Mr. GRUENING:

S. 3037. A bill for the relief of Vartekes Vapurcuyan; and

S. 3038. A bill for the relief of Harry Doukas; to the Committee on the Judiciary.

By Mr. NELSON:

S. 3039. A bill for the relief of Daniel Pernas Beceiro; to the Committee on the Judiciary.

By Mr. TALMADGE:

S. 3040. A bill for the relief of Eileen B. White; to the Committee on the Judiciary.

By Mr. MONDALE:

S. 3041. A bill for the relief of Ming Gow (Jimmy) Moy; to the Committee on the Judiciary.

By Mr. CLARK:

S. 3042. A bill for the relief of Dr. Oscar Lopez; and

S. 3043. A bill for the relief of Dr. Oswaldo F. Lopez; to the Committee on the Judiciary.

By Mr. BREWSTER:

S. 3044. A bill for the relief of Chu Yan Chan; and

S. 3045. A bill for the relief of Sai Shun Ng; to the Committee on the Judiciary.

By Mr. MORSE:

S. 3046. A bill to strengthen and improve programs of assistance for our elementary and secondary schools; and

S. 3047. A bill to strengthen and improve public and private programs of assistance for institutions of higher education and students attending them; to the Committee on Labor and Public Welfare.

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

By Mr. DIRKSEN (for himself and Mr. MANSFIELD):

S.J. Res. 142. Joint resolution proposing an amendment to the Constitution of the United States providing for representation in the Congress for the District constituting the seat of government of the United States; to the Committee on the Judiciary.

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

A NATIONAL VISITOR CENTER SHOULD BE ESTABLISHED

Mr. YOUNG of Ohio. Mr. President, last Monday President Johnson sent to the Congress a message outlining the need for a national visitor center in Washington, D.C. I introduce, for appropriate reference, a bill which would provide for a center such as the President requested.

All of us are aware of the increasing number of visitors to the Capital. For example, in 1960 there were approximately 15.4 million visitors, and it is estimated that by 1970 this total will increase to 24 million annually. To make their visits to the Nation's Capital a more meaningful experience, a facility is needed to provide helpful orientation and to fulfill many other needs. It is important that citizens of our country, young and old, be encouraged to come to the beautiful Capital of our country.

For example, in the President's proposal, students, and other visitors would be provided with briefings on the historic, political, and symbolic significance of the places they would be visiting. The Center would provide these briefings through exhibits, films, lectures, and other appropriate means of displaying the history and operation of our Government. Each visitor would leave the Capital richer from having visited not only our seat of Government, but through the Center would have a clearer understanding and a deeper appreciation of what was observed and learned here.

In addition, this proposed Center would be of great assistance to visitors to the Nation's Capital with the problems common to tourists anywhere. It would also provide specialized information and assistance to foreign visitors to facilitate and encourage their travel throughout other parts of our Nation.

The unique educational opportunity which Washington can offer to American and foreign visitors alike will be greatly enhanced by the creation of this visitor Center. I am hopeful that the Committee on Public Works will be able to hold public hearings on this bill soon, and take whatever action is necessary to assure that the visitors who come to our Nation's Capital to learn as well as see will be given the most complete and thorough background briefing necessary to help them accomplish their goals.

It is my understanding that Senators on the Committee on Interior and Insular Affairs have expressed an interest in this legislation, and I wish to say that members of the Public Works Committee would have no objection if Senators who are on the Interior and Insular Affairs Committee request its rereferral to that committee after the Committee on Public Works has completed consideration of the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3031) to authorize the Secretary of the Interior to establish a National Visitor Center, and for other purposes, introduced by Mr. YOUNG of Ohio, was received, read twice by its title, and referred to the Committee on Public Works.

EMPLOYMENT SERVICE ACT OF 1966

Mr. CLARK. Mr. President, by request of the administration, I introduce, for appropriate reference, a bill to maintain, strengthen, and improve the operations of the Federal-State public employment system, known as the Employment Service Act of 1966.

I ask unanimous consent to have the bill, the letter of transmittal from Secretary Wirtz, and an explanatory statement containing a section-by-section analysis thereof, printed in the RECORD.

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

The bill (S. 3032) entitled "Employment Service Act of 1966," introduced by Mr. CLARK, by request, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S. 3032

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to maintain, strengthen and improve the operations of the Federal-State public employment service system established under the Act of June 6, 1933, as amended (48 Stat. 113), such Act is amended to read as follows:

SHORT TITLE AND DECLARATION OF PURPOSE

SECTION 1. (a) This Act may be cited as the Employment Service Act of 1966.

(b) The Congress finds and declares that technological innovations, rising aspirations for the attainment of equal employment opportunity, changes in the size and characteristics of the working population, shifts in public and private needs, all combine to impose an ever-increasing burden on the process by which the Nation's workers obtain suitable employment and employers obtain qualified workers. These conditions indicate the need for stronger manpower services to accomplish manpower objectives. New efforts are required under national leadership to bring about effective development, distribution and use of manpower resources basic to the social and economic growth of the Nation and the full realization of individual potential; to fill job vacancies more expeditiously; to provide more complete information regarding impediments to employment and employability for those on the fringes of the labor force and to develop new approaches and special services to increase employability of such persons and to upgrade them so they may work at their highest capability.

Recent legislation by the Congress has responded to the employment needs of those in poverty, the Nation's youth, its older people and its minority groups. Such legislation requires effective local coordination of manpower services, including cooperation between public and private employment activities. Further, effective coordination and formulation and achievement of national manpower policies require current and comprehensive job market information.

The Congress, therefore, declares that a strong and modern public employment service which operates not merely as a labor exchange bringing job seekers and employers together but as an effective manpower service agency is essential to the achievement of these objectives.

ESTABLISHMENT OF FEDERAL-STATE PUBLIC EMPLOYMENT SERVICE SYSTEM; UNITED STATES EMPLOYMENT SERVICE; "STATES" DEFINED

SEC. 2. (a) The Secretary of Labor (hereinafter referred to as the Secretary) shall promote and develop a national system of Federal-State public employment offices to provide comprehensive employment services for persons legally qualified to engage in gainful employment, and for employers, which shall include but not be limited to identification of job opportunities, counseling, testing, placement and related services.

(b) The Secretary shall assist in establishing and maintaining a system of public employment offices in the several States and the political subdivisions thereof in which there shall be located a veterans' employment service. The Secretary shall, except as he may otherwise authorize, assure that the State and local public employment offices are devoted exclusively to carrying out employment service functions in accordance with such rules, regulations, and standards as he may prescribe, including standards for personnel supervision, fiscal accountability, and location of physical facilities. Except as the Secretary may otherwise authorize, each State public employment service (hereinafter referred to as the State agency) and each local public employment office shall be under the direction of a State officer whose duties shall be devoted exclusively to such functions.

(c) The Secretary shall assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting any manpower and employment problems peculiar to their localities due to the locality's economic level, shifts in types of jobs available, closing of plants, and other reasons, promoting uniformity in their administrative and statistical procedures, furnishing and publishing information as to opportunities for employment and sources of available labor supply and other information of value in the operation of the job market and maintaining a system for facilitating the placement of workers between the several States.

(d) The Secretary shall maintain a United States Employment Service within the Department of Labor to assist him in carrying out this Act with which shall be affiliated the State and local employment offices established pursuant to this Act. The United States Employment Service shall include a veterans' service to be devoted to securing employment for veterans, a farm placement

service, and a public employment service for the District of Columbia.

(e) Whenever in this Act the word "State" or "States" is used, it shall be understood to include Puerto Rico, Guam, and the Virgin Islands.

OFFICERS AND EMPLOYEES

SEC. 3. The Secretary is authorized to appoint such personnel and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for law books, books of reference, and periodicals) as may be necessary to carry out the provisions of this Act. In case of appointments for nonclerical positions in the veterans' employment service provided for in section 2(d) of this Act, the Secretary shall appoint only persons who are veterans of any war, or have served in the active military, naval, or air service, since January 31, 1955, and who have been discharged or released therefrom under conditions other than dishonorable.

FUNCTIONS OF THE STATE PUBLIC EMPLOYMENT OFFICES

SEC. 4. In accordance with such rules and regulations as the Secretary may prescribe, the State public employment offices shall:

(a) offer and encourage the use of employment services by all persons in and preparing to enter the labor force, including, but not limited to, counseling, testing, placement, information and assistance to improve their employability, and referral to training;

(b) (1) provide employers with: job market information, including information on sources of available labor supply; local and interarea recruitment services; occupational, aptitude, and related tests and testing services; and screening and referral services for qualified workers to fill placement needs, and (2) assist employers in: (i) preventing, alleviating, and resolving skill shortages and undesirable turnover; (ii) making job modifications to permit the use of available applicant supply; (iii) identifying entry jobs and training needs; (iv) helping to achieve equal employment opportunity; (v) adjusting to technological change and other occupational manpower problems; and (vi) developing programs to alleviate mass layoffs;

(c) provide for and encourage the use of employment services by all persons or groups of persons having or likely to have difficulty in obtaining employment, including special employment services tailored to their needs, including testing, counseling and other information and assistance for improving their employability, which may include but not be limited to referral to other public and private agencies for rehabilitation, educational assistance, training, medical examination, and medical care;

(d) maintain programs designed to inform all persons who encounter special difficulty in obtaining employment of the range of services available to them through the public employment offices;

(e) develop and provide appropriate occupational, aptitude, and related tests or testing services to employers, schools, and other agencies contributing to the development and use of the labor force, provided that the confidentiality of test material is observed and professional competence is available for test administration and interpretation;

(f) promote and develop employment opportunities for handicapped persons and provide for job counseling and selective placement services for such persons, including the designation of at least one person in each State or Federal employment office whose duties shall include such functions, and in those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, cooperate with such board, department or agency;

(g) cooperate with Federal agencies in administering related programs; and

(h) cooperate with employers, labor organizations, private employment agencies, schools, colleges, and other public and private agencies and organizations in developing increased opportunities for employment, and explore all practical ways to develop an effective exchange of information with such individuals, agencies, and organizations.

INTERAREA AND INTERSTATE PLACEMENT

SEC. 5. For the purpose of providing job seekers with the maximum opportunity for employment and employers with qualified workers as expeditiously as practicable,

(a) the State public employment offices shall establish and maintain an effective system for the interstate recruitment and placement of workers; and

(b) the Secretary of Labor shall—

(i) adopt such measures as will assure the cooperation of all States in the establishment and maintenance of such a system;

(ii) establish, operate, or otherwise provide for multi-job market clearance centers to assist in the recruitment and placement of workers and the exchange of job information on a multiple job-market basis, and coordinate their operation; and

(iii) appoint one or more advisory committees, which shall include appropriate representation of other Federal agencies, to study and make recommendations to the Secretary with regard to the use of modern rapid communication systems, automatic data processing, information storage and retrieval methods, and such other technology as may be useful in developing an effective system for the interstate and interarea operations of the Federal-State employment service.

PLANNING AND PROGRAMS FOR EMPLOYMENT DISLOCATIONS

SEC. 6. The Secretary shall develop and maintain means of:

(a) identifying impending and long-range shifts and dislocations in employment, both technological and economic, including those related to reductions or changes in defense activities, and employment needs arising therefrom;

(b) identifying employment needs arising from chronic unemployment and related problems;

(c) assuring that State public employment offices provide such employment services as may be necessary to meet the situations and needs so identified and to avoid or relieve any adverse impact of such conditions upon workers, including measures which will stimulate occupational readjustment and geographical mobility of the affected workers.

CONTRACTS FOR SPECIAL EMPLOYMENT SERVICES

SEC. 7. (a) For the purpose of carrying out this Act, a State agency may, when authorized by the Secretary as he deems appropriate, enter into a contract with a public or private agency for the performance of employment services, including special counseling, placement, or research whenever such services are not otherwise conveniently or reasonably available.

(b) The Secretary is authorizd: (1) to conduct special studies and experimental, developmental, demonstration and research projects related to the effective operation of the employment service system provided by this Act, and (2) to make grants to or contract with any public or private agency for such purposes.

EMPLOYMENT INFORMATION

SEC. 8. (a) The Secretary shall develop, collect, analyze, and distribute employment and manpower information, including information for occupational guidance, testing, and employment counseling, which is required to achieve a more efficient functioning of the job market, and shall cooperate with other organizations, public and private, concerned with the development and use of human resources. The information program authorized by this section may include, but is not limited to, employment information related to the types and distribution of occupations and the qualifications required for their performance, job vacancies and occupational shortages, labor area classifications, occupational classifications, employment changes, technological developments, characteristics of the labor force, and changes in the economy of local and regional areas.

(b) The Secretary shall provide technical assistance to the public employment offices to further the development and expansion of methods and systems for collecting, analyzing, and distributing manpower information.

TRAINING AND PERSONNEL

SEC. 9. (a) In order to assure the effective operation of the public employment service system established under section 2(a), (b), and (c), the Secretary is authorized to—

(1) require that each State plan approved under section 10 shall: (i) establish and maintain for personnel employed in the State system of public employment offices a merit system of personnel administration under such standards as the Secretary prescribes, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods; and (ii) establish minimum qualification standards, appointment and promotion procedures, and salary schedules adequate to attract and retain personnel qualified to perform the functions of the State's public employment service;

(2) require that each State plan include appropriate provisions for training of State employment service personnel which may include provisions for orientation, in-service and out-service training, payment of tuition, and educational leave with pay;

(3) make supporting grants to institutions of higher education for the conduct of training programs and courses and for the establishment and operation of regional centers for the training of State employment service personnel;

(4) develop training materials for and provide technical assistance to the State employment service in the operation of their training programs;

(5) under such regulations as he may prescribe, award fellowships and traineeships, designed to improve qualifications for professional service, to persons already in the State employment service or to persons preparing for employment in State employment services who agree to complete prescribed periods of service after completion of such fellowship or traineeships. The Secretary may, to the extent that he finds such action to be necessary, prescribe requirements to assure than any person receiving a fellowship or traineeship shall repay the costs thereof to the extent that such person fails to serve for the period of service prescribed by the Secretary;

(6) enter into agreements or otherwise arrange for the assignment of officers and employees of the United States Employment Service to State agencies and for the assignment of officers and employees of State agencies to the United States Employment Service for a period not to exceed two years, and the provisions of section 507 of the Elementary and Secondary Education Act of 1965 (79 Stat. 27) shall apply to any such assignment.

(b) In order to facilitate the recruitment of well-qualified individuals for the employment service, the Secretary shall provide for the creation of a special two-year employment service trainee position in the Department of Labor during which such trainees

shall be considered Federal employees. With the consent of a State, the Secretary, within such two-year training period, may arrange for the assignment of such trainees to positions within a State employment service, during which period they shall continue to be considered Federal employees.

STATE PLANS

SEC. 10. Any State desiring to receive the benefits of this Act shall, through the State agency established pursuant to section 2 of this Act, submit to the Secretary a State plan and annual supplements thereto, which shall include such provisions as the Secretary by rules and regulations shall prescribe for carrying out this Act, including a provision that the State will replace within a reasonable time any funds received under this Act which are lost or, because of any action or contingency, have been expended for purposes other than or in amounts in excess of those found necessary by the Secretary for the proper and efficient administration of the public employment offices. If such plans are in conformity with the provisions of this Act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the Secretary and due notice of approval shall be given to the State agency.

APPROPRIATIONS; CERTIFICATION OF FUNDS TO STATES

SEC. 11. (a) There is authorized to be appropriated, in addition to such funds as are made available for expenditure from the employment security administration account established under the Social Security Act, out of any money in the Treasury not otherwise appropriated, such amount from time to time as the Congress may deem necessary to carry out the purposes of this Act.

(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State such amounts as the Secretary determines to be necessary for the proper and efficient administration of its public employment offices if the State is found to be in compliance with this Act, the approved State plan, and the rules, regulations, and standards prescribed by the Secretary hereunder. Such funds shall be expended solely for the purposes and in the amounts found necessary by the Secretary for the proper and efficient administration of the public employment offices.

COMPLIANCE

SEC. 12. It shall be the duty of the Secretary to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with this Act, the State plan, and the rules and regulations and standards, including standards of efficiency, prescribed by the Secretary in accordance with the provisions of this Act. The Secretary may withhold or revoke any certification or may direct the Secretary of the Treasury to reduce or withhold payments to any State under section 11 whenever he determines as to any State, that the State agency is not complying with this Act, the approved State plan, or the rules, regulations and standards prescribed by the Secretary hereunder. Before any such action, the Secretary shall provide the State agency with reasonable notice of such proposed action and the reasons therefor and with opportunity for a hearing.

RECORDS AND REPORTS

SEC. 13. Each State agency shall maintain such records, and shall submit to the Secretary an annual report and such other reports, in such form and containing such information as he shall prescribe. Each State agency shall comply with such provisions as the Secretary may from time to time deem necessary to assure the correctness and verification of such records and reports.

FEDERAL AND STATE ADVISORY COUNCIL

SEC. 14. (a) The Secretary shall establish an employment service and unemployment insurance advisory council which shall be composed of men and women representing employers and employees in equal numbers and the public for the purpose of formulating policies and advising the Secretary on problems relating to the employment service and the unemployment insurance program and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. The Secretary shall establish at least two subcommittees with like representation, one from the employment service and one for the unemployment insurance program.

(b) The members of the council shall be selected from time to time without regard to the Civil Service Act in such manner and for such period as the Secretary shall prescribe and shall serve without compensation, but when attending meetings of the council, they shall be allowed necessary travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73–b (2)) for persons in the Government service employed intermittently.

(c) The council and each subcommittee thereof shall have access to all files and records of the United States Employment Service, and shall be furnished necessary personnel under section 3 of this Act including adequate secretarial and clerical assistance.

(d) The Secretary shall require the organization of similar State advisory councils composed of men and women representing employers and employees in equal numbers and the public.

REFERRALS IN LABOR DISPUTE SITUATIONS

SEC. 15. No person shall be referred to a position the filling of which will aid directly or indirectly in filling a job which (a) is vacant because the former occupant is on strike or is being locked out in the course of a labor dispute, or (b) the filling of which is an issue in a labor dispute. With respect to positions not covered by (a) or (b) of this section, any individual may be referred to a place of employment in which a labor dispute exists, provided he is given written notice of such dispute prior to or at the time of his referral.

RULES AND REGULATIONS

SEC. 16. The Secretary is authorized to issue such rules and regulations as may be necessary to carry out the provisions of this Act.

COOPERATION OF FEDERAL AGENCIES

SEC. 17. (a) In order to avoid unnecessary expense and duplication of functions among Government agencies, each department, agency or establishment of the United States shall cooperate with the Secretary in carrying out the provisions of this Act.

(b) Each department, agency or establishment of the United States shall also cooperate with the Secretary in providing such information to the public employment offices as the Secretary, with the concurrence of the Civil Service Commission, shall request concerning opportunities for employment in the Federal Government.

ACCEPTANCE BY STATES; EFFECTIVE DATE OF ACT

SEC. 18. Any State which has accepted the provisions of the Act of June 6, 1933, shall be deemed to have accepted the provisions of this Act, Provided That, where any State does not have legal authority to comply with the requirements of this Act, the effective date of such requirements shall be 90 days after the convening of the State's first regular legislative session following enactment of this Act.

The letter of transmittal and statement presented by Mr. CLARK is as follows:

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 7, 1966.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am enclosing a draft bill to modernize the Wagner-Peyser Act which 33 years ago founded the Federal-State public employment service system. The bill is designed primarily to provide a comprehensive and unmistakably clear statement by the Congress of the major role the service needs to play and the functions it needs to perform in the Nation's urgent efforts to deal with its employment, manpower, and human resources development problems.

This administration is dedicated to the principle that full employment opportunity is a proper, practicable, and priority national objective. This administration has recommended, and the Congress has enacted a broad range of programs which bear, directly or indirectly, on our efforts to achieve this objective. Simultaneously with tax cuts a series of imaginative manpower programs have been undertaken to make it possible for the Nation's workers to take advantage of modern employment opportunities as they arise. These programs are effective only insofar as updated machinery and institutions exist for effectuating them. Programs that are broadly framed by Congress have to be carried out in day-to-day activities in cities and towns throughout the country.

The Federal-State public employment service system with its network of nearly 2,000 State and local offices is one of the vital instruments for carrying out at the local level this broad range of human resource development programs and for achieving effective development, distribution, and use of manpower resources basic to the economic and social growth of the Nation and the full realization of individual potential.

The specific duties imposed on the public employment offices by these new programs do not focus directly upon the employment service itself, but upon a complex of interrelated unemployment, education, training, and general manpower issues dealing with the maximum development of the Nation's human resources. Important as are these various programs, the essential answer to unemployment is getting a person into a permament job.

The terms of reference of the Wagner-Peyser Act are general enough to permit the public employment service to do many things, but it does not explicitly state the full range of functions expected from a modern service.

The proposed bill thus revises the Wagner-Peyser Act to establish a clear mandate by the Congress that the Federal-State system of public employment offices must provide the modern and up-to-date tools and services necessary to carry out its essential role and to cope effectively with contemporary manpower and employment needs.

The bill has grown out of extensive review of the operations of the public employment service both by congressional committees and a special task force which I appointed last fall, composed of a group of distinguished citizens from business, labor, and the public, under the chairmanship of Dean George Shultz, University of Chicago School of Business.

The task force filed their report with me last December recommending both admin-

istrative and legislative up-dating of the employment service system. In its deliberations the task force took full account of the hearings conducted by subcommittees of the Senate and House Labor Committees and of the reports issued by these subcommittees. The report of this task force was unanimous.

I have reviewed the task force report carefully. The attached bill puts into legislative form most of its major recommendations. Copies of the report are available.

Important among the bill's provisions are identification of the need for the system to provide comprehensive employment services to workers and employers; recognition of the need for working with all elements in the community, public and private, in developing jobs; recognition of the need for highly trained personnel receiving adequate salaries; provision for the maximum separation of the employment service from the unemployment insurance program functions; recognition of the need for special employment services for the disadvantaged; and recognition of the importance of providing efficient and rapid communication of employment and manpower information between the 2,000 State and local offices and other agencies and institutions. A more detailed explanatory statement of the bill is enclosed.

The present Federal-State structure of the system will be retained under which State and local public employment offices provide the necessary manpower and employment services under the leadership of the Department of Labor.

The bill does not incorporate the recommendation of the task force to transfer financing of most of the administrative costs of the public employment service system from the employment security trust fund established under the Social Security Act to general revenues but continues the present provision of the act which authorizes, but does not make mandatory, the use of general revenues.

The legislation which I am sending to you today will constitute another important step in the fulfillment of this administration's active manpower policy—to develop the skills and abilities of our people, to create job opportunities for these abilities, and to match people and jobs. I urge its prompt enactment.

Sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

EXPLANATORY STATEMENT

1. PURPOSE AND SUMMARY

This bill revises the Wagner-Peyser Act (29 U.S.C. 49–49k), under which the Federal-State public employment service system was established in 1933. This system constitutes a vital part of the machinery by which the Nation achieves effective development, distribution, and use of manpower resources basic to the economic and social growth of the Nation and the full realization of individual potential. The terms of reference of the Wagner-Peyser Act are general enough to permit the public employment service to do many things, but it does not explicitly state the full range of functions expected from a modern service. The bill, which retains the existing Federal-State structure of the system, is designed to provide a comprehensive and unmistakably clear statement by the Congress of the major role the service needs to play and the functions it needs to perform in the Nation's urgent efforts to deal with its employment, manpower, and human resource development problems.

The bill's provisions may be summarized as follows:

1. It provides for a physical separation at the State and local level of employment service functions from those relating to the administration of the unemployment insurance provisions of the Social Security Act except where the Secretary of Labor authorizes a different arrangement. In addition, it provides that at both State and local office level, the program shall be under the direction of a State officer whose duties are devoted exclusively to employment service functions, except as the Secretary may otherwise authorize.

2. It indicates clearly that employment service facilities are available not only to unemployed workers and workers who have particular difficulty in securing employment, but to all workers without limitation.

3. The services which the public employment offices may afford to employers are specified.

4. The State public employment offices are directed to reach out to persons in need of and encourage their use of specialized manpower services to improve their employability.

5. The State public employment offices are to cooperate with employers, labor organizations, private employment agencies, schools, and other public and private agencies in developing both job opportunities and more effective exchange of information.

6. When authorized by the Secretary of Labor, the State public employment offices are given express power to contract with both public and private agencies for the performance of employment services whenever such services are not otherwise conveniently or reasonably available. The Secretary is authorized to contract with or make grants to public or private agencies for studies and for experimental or demonstration projects.

7. Improvement and strengthening of the personnel of the public employment service system is to be achieved not only through the use of merit standards (required under the present act), but also through new provisions for qualification standards, appointment, and promotion procedures, and salary schedules adequate to attract and retain qualified personnel, programs for employment service trainees in the Federal Government, for training employees of State public employment service offices, and for temporary exchange of personnel between State public employment offices and the U.S. Employment Service.

8. The State offices are to maintain an effective system for the interstate recruitment and placement of workers.

9. In order further to improve interarea and interstate recruitment and placement, multi-job-market clearance centers are to be established or otherwise provided for by the Secretary of Labor to act primarily as a center for pooling information on jobs and workers and making it readily available.

10. The Secretary of Labor is to appoint one or more advisory committees to study and suggest effective automatic data processing and computer systems for matching job vacancies and workers and otherwise to make the interstate operations of the public employment system more effective.

11. The Secretary of Labor is directed to develop and maintain means for identifying and dealing with emergency employment situations, such as mass layoffs due to plant closings and unrest stemming from chronic unemployment.

12. The Secretary of Labor is directed to develop and distribute comprehensive and varied employment and manpower information.

13. It is made clear that the authority to finance the employment service system from general revenues is in addition to the financing it presently receives from Federal unemployment tax funds.

14. The Federal Adivsory Council to advise the Secretary of Labor and corresponding State advisory councils are continued. Subcommittees of the councils must be established to deal separately with employment service problems and unemployment compensation problems.

15. The Secretary of Labor determines State compliance with the act, the State plan and the rules, regulations and standards prescribed in accordance with the act. If after notice and opportunity for a hearing he determines that a State agency is not in compliance, he may withhold funds.

2. BACKGROUND OF BILL

The provisions of the bill reflect most of the major recommendations of a special task force appointed by the Secretary of Labor, composed of representatives of labor, management and the public under the chairmanship of Dean George Shultz, of the University of Chicago School of Business. The task force took full account of extensive hearings conducted in 1963 and 1964 by committees in both the House and the Senate relating to the role of the U.S. Employment Service and the Federal-State public employment service system in the conduct of the Nation's present manpower policies.

The task force filed a unanimous report with the Secretary of Labor on December 23, 1965.

3. SECTION-BY-SECTION ANALYSIS OF THE BILL

Section 1 declares the intent of the Congress that the public employment service system be strengthened and modernized to provide for the effective development, distribution, and use of the Nation's manpower resources.

Section 2(a) continues the national system of Federal-State public employment offices for the purpose of providing comprehensive employment services to all persons legally engaged in gainful employment and to employers.

Section 2(b) provides that State public employment offices are to be devoted exclusively to employment service functions, except where the Secretary of Labor otherwise provides. Similarly, except as otherwise authorized by the Secretary, the State agency and each local office is to be under the direction of a State officer whose duties are devoted exclusively to employment service functions. This general separation of employment service functions from unemployment insurance functions does not prohibit their location in an umbrella-type State agency. Necessary functions of the employment service in providing services to claimants for unemployment benefits would not be affected.

Section 2(c) sets forth general coordinating duties of the Secretary of Labor.

Section 2(d) provides for the maintenance of the U.S. Employment Service. This subsection also continues the present veterans' employment service, farm placement service, and a public employment service for the District of Columbia.

Section 3 authorizes the Secretary to appoint such personnel as are necessary to carry out the act. It substantially restates section 2 of the present Wagner-Peyser Act. However, the provision relating to the employment of veterans in the veterans' employment service has been restated to provide that the service shall appoint to nonclerical positions only persons who are veterans of any war, or who have served in the military, naval, or air service since January 31, 1955, and who have been discharged under conditions other than dishonorable.

Section 4 sets forth the essential functions of the employment service offices. Among other things, the section makes it clear that

State public employment offices (1) are to reach out into the community and offer its services to those who need it; (2) have the responsibility to provide comprehensive employment services to meet the contemporary needs of employees, employers, and others, (3) are to continue to provide special employment services to handicapped persons and other persons or groups of persons having unusual difficulty in the job market; (4) are to cooperate with Federal agencies administering related programs, such as those of the Department of Health, Education, and Welfare and those of the Office of Economic Opportunity; and (5) are to cooperate with employers, labor organizations, private employment agencies, schools, colleges, and other public and private organizations in developing opportunities for employment and in developing practical ways to establish methods of exchanging information.

Section 5(a) directs State public employment offices to maintain an effective system for the interstate recruitment and placement of workers.

Section 5(b) requires the Secretary—

To adopt such measures as will assure the cooperation of all States in the maintenance of such a system;

To establish, operate, or otherwise provide for, multijob market centers to serve as a clearinghouse for job information; and

To appoint one or more advisory committees, which shall include appropriate representation of other Federal agencies to study and make recommendations to the Secretary regarding the use of modern rapid communications systems, automatic data processing, information storage and retrieval methods, and other technology for handling interarea placement problems.

Section 6 requires the Secretary to develop and maintain measures for an early warning system to identify unusual or large-scale employment problems such as those resulting from impending plant closings to identify employment needs resulting from chronic unemployment and related problems, and to assure that the State public employment offices provide the employment services needed to avoid or relieve the adverse impact of such conditions upon workers. Such measures are to include those which will stimulate occupational readjustment and geographic mobility of the affected workers.

Section 7 permits State employment offices, with the approval of the Secretary, to contract with other public or private agencies for the performance of employment services when such services are not otherwise conveniently or reasonably available.

Section 7 also authorizes the Secretary of Labor to conduct special studies and experimental, developmental, demonstration, and research projects related to the effective operation of the employment service system, and to make grants or contracts with public or private organizations for such purposes.

Section 8 requires the Secretary to maintain a comprehensive program for the collection and dissemination of employment and manpower information. It also requires him to cooperate with private and other public agencies concerned with the development and use of human resources. The section directs the Secretary to provide technical assistance to the public employment offices in developing manpower information programs.

Section 9 is designed to strengthen the public employment service by improving the quality of its personnel. Section 9 provides for the enhancement of the quality of personnel by authorizing the Secretary to provide for—

1. The maintenance of a merit system of personnel administration, qualification standards, appointment and promotion procedures, and salary schedules adequate to attract and retain qualified personnel;

2. The maintenance by States of appropriate training programs, and assistance to the States in developing these programs;

3. Grants to colleges and universities for developing training materials and operating training centers for employment service personnel;

4. The award of fellowships and traineeships to persons in the employment service or, with limitations, persons who wish to enter the service;

5. Interchange personnel of the State public employment offices and that of the United States Employment Service for 2-year periods; and

6. Special 2-year employment service trainees in the Federal service, who may serve during the training period within a State employment service, with the consent of the State.

Section 10 requires each State seeking the benefits of the act to submit to the Secretary a plan of operation and annual supplements thereto. The requirement is typical of Federal grant programs.

Section 11 authorizes appropriations from general revenues, in addition to funds made available from the employment security administration account under the Social Security Act, for the costs of administering the public employment service system. It also provides for payments to the States of such amounts as the Secretary finds necessary for the proper and efficient administration of the public employment offices, and makes clear the Secretary has control over the proper expenditures of the funds by a State.

Section 12 requires the Secretary to evaluate and review State operations to assure that each State is complying with the act, the State plan, and the rules, regulations and standards prescribed by the Secretary. Whenever a State is found not to be in compliance, the Secretary, after notice and opportunity for a hearing, may take appropriate enforcement action.

Section 13 requires State agencies to file annual reports with the Secretary, and such other reports in such form and containing such information as he may require, and contains safeguards to assure their accuracy, which are based on similar requirements in section 303(a)(6) of the Social Security Act dealing with State unemployment insurance laws. The section also provides for the retention of records by State agencies in accordance with requirements of the Secretary.

Section 14 retains the Wagner-Peyser Act's present requirement for an advisory council composed of men and women representing employers and employees equally and the public to advise the Secretary on employment service and unemployment insurance matters. The bill would require the establishment of separate subcommittees within the advisory council for separately advising on the employment service and unemployment insurance programs.

Section 15 continues the requirements imposed by the regulations issued under section 11(b) of the present Wagner-Peyser Act under which the employment service is prohibited from referring applicants to a job the filling of which will aid directly or indirectly in filling a job which is vacant because the former occupant is on strike or is being locked out in the course of a labor dispute, or the filling of which is an issue in a labor dispute. With respect to other positions, any individual may be referred to a place of employment in which a labor dispute exists, provided he is given written notice of such dispute prior to or at the time of his referral.

Section 16 similarly continues section 12 of the present Wagner-Peyser Act giving the Secreary rulemaking authority necessary to carry out its provisions.

Subsection (a) of section 17 requires Federal departments, agencies, and establishments to cooperate with the Secretary in carrying out the provisions of the act. Subsection (b) directs each such Federal agency to provide such information on opportunities for Federal employment as the Secretary, with the concurrence of the Civil Service Commission, shall request.

Section 18 provides that existing State laws accepting the Wagner-Peyser Act constitute acceptance of this revision of the act. If any States lack legal authority to incorporate in their State plans any of its provisions, the act will not become effective for such State until 90 days after the convening of the State's next regular legislative session in order to enable the State to take appropriate legislative action. Meanwhile, such States will be permitted to continue their employment service operations under existing State plans. This is not intended to preclude the Secretary from requiring any improvements in such plans which would have been authorized under the present provisions of the Wagner-Peyser Act.

INVESTIGATIONS OF CERTAIN WATER RESOURCE DEVELOPMENT PROPOSALS

Mr. JACKSON. Mr. President, I introduce, by request, for appropriate reference, a bill authorizing the Secretary of the Interior to engage in feasibility investigation of certain water resource development proposals. I ask unanimous consent to have printed in the RECORD a letter from Kenneth Holum, Assistant Secretary of the Interior, requesting the proposed legislation, and stating the purpose and need for the bill.

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

The bill (S. 3034) to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals, introduced by Mr. JACKSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The letter presented by Mr. JACKSON is as follows:

U. S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., March 2, 1966.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for your consideration is a draft of bill "To authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals."

We recommend that this draft bill be referred to the appropriate committee and we recommend that it be enacted.

Section 8 of the Federal Water Project Recreation Act of July 9, 1965 (79 Stat. 217) provides:

"Effective on and after July 1, 1966, neither the Secretary of the Interior nor any bureau nor any person acting under his authority shall engage in the preparation of any feasibility report under reclamation law with respect to any water resource project unless the preparation of such feasibility report has

been specifically authorized by law, any other provision of law to the contrary notwithstanding."

Subsection 1(a) of the draft bill affects a number of proposals presently pending before the Congress. Feasibility investigations have already been completed to the extent normally required on the 12 projects in this subsection, legislation has been introduced to authorize construction of these proposals, hearings have been held by the appropriate subcommittees of the Interior and Insular Affairs Committees on most of them and, in certain instances committee reports have been filed. The subsection authorizes any additional work that may be required on those proposals.

Subsection 1(b) authorizes the Secretary of the Interior to perform such minor completion, review, processing, and subsequent reanalysis as may be required on 35 proposals which either are currently being reviewed and processed within the executive branch or upon which feasibility investigation work at the regional level of the Bureau of Reclamation will be completed or substantially completed by June 30, 1966. For the most part, there is no continuing requirement for investigation funds for prosecution of work on the proposals in this subsection. The predominant activity remaining to be completed in connection with the proposals in this category is review and processing at the agency and departmental level to permit presentation of the proposals to the Congress for authorization.

Section 2 grants authority to the Secretary to continue to engage in feasibility investigations on 67 potential project proposals for which funds have been made available through the Public Works Appropriation Act for fiscal year 1966. In most cases these investigations were undertaken only after the completion of a thorough reconnaissance investigation which established that the prospects were favorable for the development of feasible and justifiable plans. In other cases the feasibility investigations were undertaken without formal reconnaissance investigations where the combination of overwhelming need and apparent justification, based on reasoned judgment, indicated excellent prospects for the development of feasible and justifiable plans. Substantial local interest and support has also been demonstrated for each of the investigations listed in section 2 so that the likelihood of the Department's being unable to secure appropriate repayment arrangements has been minimized.

Feasibility investigations on these potential projects would be completed at the regional level of the Bureau of Reclamation some time between late fiscal 1967 and 1972, if current program schedules are maintained. The potential projects represented by these investigations present a balanced program for the several river basins of the reclamation States and Alaska, and will be urgently needed by the time the plans can be developed, authorized, and implemented. Assuming no lapse in meeting program schedules or extraordinary delay in authorization of construction and funding, the feasibility investigations upon which continuing authority is sought in section 2 will not, for the most part, be translated into performing reclamation projects before the 1980's. If the reclamation States are to be enabled to meet their growth needs for water resource development at that time, it appears essential that the continuing program of feasibility investigations provided by section 2 should be authorized at this time.

Section 3 of the draft bill authorizes the Secretary of the Interior to undertake feasibility investigations not currently underway or funded. Subsection 3(a) authorizes nine new feasibility investigations for which funds have been requested in the President's Budget for fiscal year 1967. Subsection 3(b) authorizes 11 new investigations currently scheduled to be initiated after fiscal year 1967. As in the case of those investigations currently underway, information now available indicates that prospects are favorable for developing feasible and justifiable plans for those proposals and that local interest and support have been substantial.

We wish to point out that section 2 of Public Law 485, 84th Congress, 2d session, authorizing the Colorado River storage project and participating projects, directed the Secretary of the Interior to give priority to the completion of planning on certain listed potential participating projects. Similarly Public Law 87–590, authorizing the Fryingpan-Arkansas project, directed the Secretary to complete the planning on the potential Basalt project in Colorado as a participating project under the terms of the act authorizing the Colorado River storage project and participating projects. We have assumed that the feasibility studies of these priority projects have been specifically authorized by the Congress within the intent of section 8 of Public Law 89–72. For this reason they have not been listed in the draft bill.

Section 4 of the draft bill authorizes the Secretary to undertake additional feasibility studies to the extent that those studies are financed with contributions from the States or local interests. Over the years the Congress, acting through its Appropriations Committees, has strongly encouraged the financial participation of State and local interests in the planning program of the Bureau of Reclamation. This attitude is reflected in the annual appropriation acts covering Bureau activities which have, for many years, contained a proviso substantially stating that "none of this appropriation shall be used for more than one-half of the cost of an investigation requested by a State, municipality, or other interest." Each year the Bureau receives a sizable amount of contributed funds, either to accelerate going work or initiate new investigations.

The principal incentive to financial participation by State or local interests has been that the initiation of new investigations has been permitted promptly upon receipt of the contributed funds. The alternative would have been to seek Federal financing through normal budgetary channels, entailing a delay of 1 to 2 years. Section 8 of Public Law 89–72, however, requires specific legislative authority for those feasibility studies requested by the States and local interests even though contributed funds have been made available for the work. Unless legislative authority already exists, section 8 would preclude undertaking these cooperative studies until the authority has been obtained. This removes much of the incentive for local financial participation. Certainly the result appears to be contrary to the intent of the Federal Water Project Recreation Act which provides for local participation in water resource developments, and the modification which we suggest in section 3 would be consistent with that act.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation from the standpoint of the administration's program.

Sincerely yours,

KENNETH HOLUM,
Assistant Secretary of the Interior.

PROGRAM FOR PRESERVATION OF ADDITIONAL HISTORIC PROPERTIES

Mr. JACKSON. Mr. President, I introduce for appropriate reference, a bill to establish a program for the preservation of additional historic properties throughout the Nation.

As the Members of the Senate will recognize, this bill is in furtherance and fulfillment of a part of President Johnson's message of February 23 on the preservation of our national heritage. The President said:

> Historic preservation is the goal of citizen groups in every part of the country. To help preserve buildings and sites of historic significance, I will recommend a program of matching grants to States to the National Trust for Historic Preservation.

The bill I am introducing would carry out this recommendation. It provides for the maintenance by the Secretary of the Interior of a national register of historic sites in the Department, and establishes under the administration of the Secretary a program of grants and matching grants to the States and to the National Trust for Historic Sites for projects having as their purpose the preservation for public benefit of properties that are significant in American history and culture.

The Members of the Senate will recall that the National Trust for Historic Preservation was established by a bill in the 81st Congress which was considered and reported favorably by the Interior Committee and became law in 1949. This measure in turn amended the Historic Sites Act of 1935, but the standards set forth in this act requiring that a site be of true national significance have proved unduly restrictive. The bill I am introducing would make aid available as well for preservation of places significant in the history and development of regions, States, and localities.

I ask unanimous consent, Mr. President, that a communication from the Secretary of the Interior on this subject be printed at this point in the RECORD as a part of my remarks.

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

The bill (S. 3035) to establish a program for the preservation of additional historic properties throughout the Nation, and for other purposes, introduced by Mr. JACKSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The letter presented by Mr. JACKSON is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., March 2, 1966.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: The President, in his February 23 message dealing with the quality of our environment, said, "Historic preservation is the goal of citizen groups in every part of the country. To help preserve buildings and sites of historic significance, I will recommend a program of matching grants to States and to the National Trust for Historic Preservation." The enclosed draft bill will carry out this recommendation.

The national preservation program contemplated by the Historic Sites, Buildings, and Antiquities Act of August 21, 1935 (49

Stat. 666; 16 U.S.C. 461–467), has fallen short of the goals envisioned by the framers of that act. Since very few historic properties worthy of preservation meet the national significance standard prescribed in the 1935 act, additional means for preserving historic properties, without the Federal Government assuming ownership or administration of them, are badly needed. The need, however, is not confined to historic properties judged nationally significant. Historic places important to local communities, States, and regions are also vital parts of the Nation's heritage, and they are even less immune to the forces of destruction than nationally significant properties.

Chief among the methods of promoting historic preservation at the State, county, and municipal levels are the identification of the significant sites and their acquisition, rehabilitation, and maintenance. Other methods, however, may be needed and they are the subject of continuing study by many interested groups, both public and private.

The enclosed draft bill authorizes the Secretary of the Interior to maintain a national register of sites, buildings, and objects significant in American history and culture. This includes both historic and archeological sites. In addition the bill establishes a program of matching grants-in-aid to States and the National Trust for Historic Preservation in the United States for projects having as their purpose the preservation for public benefit of properties that are significant in American history and culture.

The program of grants-in-aid to States will begin with a statewide historic sites survey financed by the Federal Government and conducted according to standards and procedures reflecting those of the National Survey of Historic Sites and Buildings which this Department is presently conducting. The statewide survey will include sites already determined to be of national significance by the Secretary of the Interior, but it will be aimed primarily at identifying and evaluating other properties that are significant in American history and culture.

On the basis of such survey, the State will prepare a comprehensive statewide historic preservation plan which, when approved by the Secretary of the Interior after considering its relationship to the statewide outdoor recreation plan, will form the basis for matching grants-in-aid to States for the acquisition and development of historical properties in non-Federal public or private ownership. Properties of national, regional, State or local historical significance will be eligible for inclusion in the statewide plan, whether they are operated by a public agency or private organization or individual.

Due to rapidly increasing development in urban centers of population, the Secretary of the Interior will require assurances that preservation of historic areas in our cities figure materially in the preparation of any statewide plan. For this reason also, apportionment of the grants will take into account the many historical properties located in urban centers.

Although most of this program will take the form of matching grants-in-aid to States, the bill also contemplates that some matching grants-in-aid will be made to the National Trust for Historic Preservation in the United States, which was chartered as a charitable, educational, and nonprofit corporation by the act of October 26, 1946 (63 Stat. 927; 16 U.S.C. 468 et seq.). Its purposes according to that act are to "receive donations of sites, buildings and objects significant in American history and culture, to preserve and administer them for public benefit, to accept hold, and administer gifts of money, securities, or other property of whatsoever character for the purpose of carrying out the preservation program."

The above act provides for the principal office of the National Trust to be located in the District of Columbia and for its affairs to be under the general direction of a board of trustees. The Board of Trustees is composed of the Attorney General of the United States, the Secretary of the Interior, and the Director of the National Gallery of Art, ex officio; and not less than six general trustees. At the present time, the bylaws of the National Trust provide for not more than 31 general trustees and they are chosen by the members of the National Trust from its members.

The National Trust is empowered to accept and administer gifts of real and personal property absolutely or in trust and to contract with Federal, State, or municipal agencies, or individuals for the preservation and maintenance of historic properties owned by other agencies or individuals.

Under its program the National Trust has acquired historical properties of great significance, and has assisted in the preservation and maintenance of other properties in private ownership. Among those the National Trust owns and maintains are Woodlawn Plantation, at Mount Vernon, Va.; Decatur House, Washington, D.C.; Shadows-on-the-Teche, New Iberia, La.; Casa Amesti, Monterey, Calif.; Woodrow Wilson House, Washington, D.C.; and Belle Grove, Middletown, Va.

As part of its educational program the National Trust conducts workshops, seminars, and conferences, and it is especially active in giving moral support and, upon request, expert technical advice to preservation organizations for their local projects. It is the only nongovernmental body operating on a nationwide basis in the historical preservation field. Participating in the National Trust's programs are more than 6,000 member organizations and individuals located throughout the Nation.

The functions of the National Trust are carried out solely with donated funds. Grants to the National Trust under the proposed bill will enable the Trust to proceed to encourage on an accelerated basis the local initiative and support that is needed for preservation of our historic heritage.

The bill prescribes a number of conditions to the grants-in-aid to the States and National Trust in order to insure that the purposes of this act will be carried out.

The bill also provides that no grant may be made under this act for or on account of any survey or project with respect to which financial assistance has been given or promised under any other Federal program or activity, and vice versa. This provision will avoid any overlap with other related Federal programs and activities such as the Department of Housing and Urban Development's open-space programs conducted pursuant to title VII of the Housing Act of 1961 (75 Stat. 183, as amended; 42 U.S.C. 1500 et seq.).

The estimated cost of the program authorized by the enclosed bill is $2 million for the fiscal year 1967. Costs for succeeding fiscal years would depend upon the needs identified in the surveys.

The Bureau of the Budget has advised that this proposed legislation is in accord with the program of the President.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

AMENDMENT OF REVISED ORGANIC ACT OF THE VIRGIN ISLANDS, RELATING TO REAPPORTIONMENT

Mr. JACKSON. Mr. President, I introduce, for appropriate reference, a bill to amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands.

I ask unanimous consent that the letter from the Department of the Interior accompanying the bill be printed in full at this point in the RECORD.

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

The bill (S. 3036) to amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands, introduced by Mr. JACKSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The letter presented by Mr. JACKSON is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 3, 1966.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed herewith is a proposed bill "To amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands."

We recommend that the proposed bill be referred to the appropriate committee for consideration, and we recommend that it be enacted.

Under existing law (48 U.S.C. 1571(b)) the Virgin Islands is divided into three legislative districts—the Districts of St. Thomas, St. Croix, and St. John—and the 11 members of the legislature are elected as follows: two senators from the District of St. Thomas, two senators from the District of St. Croix, one senator from the District of St. John, and six senators at large who are elected by the qualified electors of the Virgin Islands from the Virgin Islands as a whole. The same law provides that in the election of the six senators at large each elector shall be permitted to vote for two candidates and the candidates receiving the greatest number of votes are declared to be elected up to the number to be elected at that election.

After 11 years of experience with the existing law, a period which comprehends very substantial political development in the Virgin Islands with the achievement of an ever increasing sense of political maturity, and the pronouncements of the Supreme Court of the United States concerning legislative reapportionment, we believe that the existing law should be modified to reflect experience, the wishes of the people of the Virgin Islands, and external circumstances of the times. The enclosed draft proposal amending the existing law, if enacted, would, in our opinion, provide the necessary revision of the present law.

Recognizing the development of political maturity in the government and people of the Virgin Islands, the proposed amendment would leave to local enactment the details of legislative apportionment. Criteria by which to judge the propriety of any reapportionment are not detailed since it seems to us presumptuous at this point in time to attempt to forecast just what criteria may emerge from current litigation concerning this very point. In lieu of specific criteria, the proposed amendment incorporates and makes applicable to any reapportionment the language of the equal protection clause of the 14th amendment of the Constitution, which language is the basis of the Supreme

Court's one-man, one-vote decisions. While those decisions are not for application in the Virgin Islands, we nevertheless strongly believe in the correctness of the principle stated and by the foregoing we would provide for its enforcement in the Virgin Islands, should the need for such enforcement ever arise.

The proposed amendment also provides that electors shall be entitled to vote for the whole number of candidates to be elected, whether by district or at large. The substitution of this procedure for the existing "two of six" provision seems to us to be required if we are to be consistent.

Finally, the proposed amendment contains a transitory provision extending the existing law until such time as a reapportionment is effected, subject to a provision that the second proviso pertaining to the number of candidates for whom an elector may vote shall become effective upon enactment.

This proposal is consistent with the wishes of the people and government of the Virgin Islands, although it does not follow the form of the recommendation of the Virgin Islands Constitution Convention as adopted February 25, 1965. That recommendation followed the format of the existing law and detailed a new apportionment of the legislature to be enacted by the Congress. For the reasons stated, we have suggested that the Congress authorize local legislation in this regard subject to the stated provisos. The deletion of the "two of six" provision is common to the recommendation of the Constitutional Convention and the enclosed proposal.

The Bureau of the Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the administration's program.

Sincerely yours,

HARRY R. ANDERSON,
Assistant Secretary of the Interior.

PROPOSED LEGISLATION RELATING TO EDUCATION

IMPROVED ASSISTANCE FOR ELEMENTARY AND SECONDARY SCHOOLS

Mr. MORSE. Mr. President, it is my responsibility and my privilege as chairman of the Subcommittee on Education of the Committee on Labor and Public Welfare to introduce certain education bills that have been sent to Congress by the administration. It will be my responsibility, after hearings have been completed on the bills and the committee makes whatever report of proposed legislation to the Senate that it decides to make, to be in charge of the bills.

I now send to the desk, for appropriate reference, the administration bill to strengthen and improve programs of assistance for our elementary and secondary schools. I ask unanimous consent that the text of the bill and a fact sheet concerning it, which was prepared by the Office of Education of the Department of Health, Education, and Welfare, be printed at this point in my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and fact sheet will be printed in the RECORD.

The bill (S. 3046) to strengthen and improve programs of assistance for our elementary and secondary schools, introduced by Mr. MORSE, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S. 3046

A bill to strengthen and improve programs of assistance for our elementary and secondary schools

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Elementary and Secondary Education Amendments of 1966".

TITLE I—AMENDMENTS TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

Part A—Financial assistance to educational agencies for the education of children of low-income families

Extension of Program to June 30, 1970

SEC. 101. Section 202 of the Act of September 30, 1950, Public Law 874, Eighty-first Congress, as amended, is amended to read as follows:

"Duration of Assistance

"SEC. 202. The Commissioner shall, in accordance with the provisions of this title, make payments to State educational agencies for the period beginning July 1, 1965, and ending June 30, 1970."

Grants for Indian Children in Schools Operated by the Department of the Interior

SEC. 102. Section 203(a)(1) of such Act of September 30, 1950, is amended to read as follows: "From the sums appropriated for making grants under this title for a fiscal year, the Commissioner shall reserve such amount, but not in excess of 3 per centum thereof, as he may determine and shall allot such amount among Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Department of the Interior (to meet the special educational needs of educationally deprived children in elementary and secondary schools operated for Indian children by that Department) according to their respective needs for such grants. The maximum grant which a local educational agency in Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands shall be eligible to receive, and the terms upon which payments shall be made to the Department of the Interior for such Indian children, shall be determined pursuant to such criteria as the Commissioner determines will best carry out the purposes of this title."

Payments to State Educational Agencies for Assistance in Educating Migratory Children of Migratory Agricultural Workers

SEC. 103(a) Section 203(a) of such Act of September 30, 1950, is amended by inserting after paragraph (5) the following new paragraph:

"(6) A State educational agency which has submitted and had approved an application under section 205(c) for any fiscal year shall be entitled to receive a grant for that year under this title for establishing or improving programs for migratory children of migratory agricultural workers. The maximum total of grants which shall be available for use in any State for any fiscal year shall be an amount equal to the Federal percentage of the average per pupil expenditure in the United States multiplied by the full-time equivalent of the estimated number of such migratory children aged five to seventeen, inclusive, who reside in the State part time, as determined by the Commissioner in accordance with regulations. For purposes of this paragraph, the "average per pupil expenditure" in the United States shall be the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the computation is made, of all local educational agencies in the United States, plus any direct current expenditures by States for operation of local educational agencies (without regard to the sources of funds from which such expenditures are made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year."

(b) Section 205 of such Act is amended by adding the following new subsection at the end thereof:

"(c)(1) A State educational agency or a combination of such agencies may apply for a grant for any fiscal year under this title to establish or improve, either directly or through local educational agencies, programs of education for migratory children of migratory agricultural workers. The Commissioner may approve such an application only upon his determination—

"(A) that payments will be used for programs and projects (including the acquisition of equipment and where necessary the construction of school facilities) which are designed to meet the special educational needs of migratory children of migratory agricultural workers, and to coordinate these programs and projects with similar programs and projects in other States, including the transmittal of pertinent information with respect to school records of such children;

"(B) that in planning and carrying out programs and projects there has been and will be appropriate coordination with programs administered under part B of title III of the Economic Opportunity Act of 1964; and

"(C) that such programs and projects will be administered and carried out in a manner consistent with the basic objectives of clauses (1)(B) and (2) through (8) of subsection (a), and of section 206(a).

The Commissioner shall not finally disapprove an application of a State educational agency under this paragraph except after reasonable notice and opportunity for a hearing to the State educational agency.

"(2) If the Commissioner determines that a State is unable or unwilling to conduct educational programs for migratory children of migratory agricultural workers, or that it would result in more efficient and economic administration, or that it would add substantially to the welfare or educational attainment of such children, he may make special arrangements with other public or nonprofit private agencies to carry out the purposes of this subsection in one or more States, and for this purpose he may set aside on an equitable basis and use all or part of the maximum total of grants available for such State or States."

(c)(1) The portion of section 206(a) of such Act which precedes clause (1) is amended by striking out "participate in the program of this title" and inserting in lieu thereof "participate under this title (except with respect to the program described in section 205(c) relating to migratory children of migratory agricultural workers)".

(2) The first sentence of section 207(a)(1) of such Act is amended by inserting "it and" after "the amount which".

(3) Section 210 of such Act is amended by striking out "section 206(b)" and inserting in lieu thereof "section 205(c) or 206(b)".

(4) Section 211(a) of such Act is amended by striking out "section 206(a)" and inserting in lieu thereof "section 205(c) or 206(a)".

Eligibility for Grants; Clarifying Definition of "Average Per Pupil Expenditure" in a State

SEC. 104. (a)(1) The portion of section 203(b) of such Act of September 30, 1950,

which precedes paragraph (1) thereof is amended by inserting "the sum of" before "the number", and by inserting after "subsection (c))" the following: ", and the number of children of such ages of families receiving an annual income in excess of the low income factor from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act".

(2) Section 203(b)(1) of such Act is amended by striking out all that follows "shall be" and inserting in lieu thereof "at least ten."

(3) Section 203(b)(2) of such Act is amended by striking out "shall be one hundred or more" and inserting in lieu thereof "shall be at least ten".

(b) The last sentence of section 203(a)(2) is amended to read as follows: "For purposes of this subsection, the 'average per pupil expenditure' in a State shall be the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the computation is made, of all local educational agencies in the State, plus any direct current expenditures by the State for operation of local educational agencies (without regard to the source of funds from which such expenditures are made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year."

Raising the Low-Income Factor to $3,000 After June 30, 1967

SEC. 105. Section 203(c) is amended to read as follows:

"(c) For the purposes of this section, the 'Federal percentage' shall be 50 per centum and the 'low-income factor' shall be $2,000 for each of the two fiscal years ending prior to July 1, 1967, and they shall be 50 per centum and $3,000, respectively, for each of the three succeeding fiscal years."

Using Most Recent Aid-For-Dependent-Children Data Available after June 30, 1967

SEC. 106. Effective with respect to fiscal years beginning after June 30, 1967, the third sentence of section 203(d) of such Act of September 30, 1950, is amended to read as follows: "The Secretary of Health, Education, and Welfare shall determine the number of children of such ages from families receiving an annual income in excess of the low-income factor from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act on the basis of the most recent satisfactory data available to him."

Repealing Provision for Special Incentive Grants

SEC. 107. (a) Title II of such Act of September 30, 1950, is amended by striking out section 204.

(b) Such title II is further amended by—

(1) striking out "basic grant", "BASIC GRANTS" and "basic grants" each time they occur and inserting in lieu thereof "grant", "GRANTS" or "grants", as the case may be;

(2) striking out "or a special incentive grant" in the portion of section 205(a) which precedes clause (1); and

(3) striking out in section 207(a)(2) the portion which follows the comma and inserting in lieu thereof "except that this amount shall not exceed the maximum amount determined for that agency pursuant to section 203."

Treatment of Income of Employees Receiving Aid for Dependent Children

SEC. 108. The following new section is added immediately after section 212 of such Act:

"SEC. 213. (a) Notwithstanding the provisions of title IV of the Social Security Act, a State plan approved under section 402 of such Act shall provide that for a period of not less than twelve months, and may provide that for a period of not more than twenty-four months, the first $85 earned by any person in any month for services rendered to any program assisted under this title of this Act shall not be regarded (A) in determining the need of such person under such approved State plan, or (B) in determining the need of any other individual under approved State plan.

"(b) Notwithstanding the provisions of subsection (a) of this section, no funds to which a State is otherwise entitled under title IV of the Social Security Act for any period before the first month after the adjournment of the State's first regular legislative session which adjourns more than sixty days after enactment of this Act, shall be withheld by reason of any action taken pursuant to a State statute which prevents such State from complying with the requirements of subsection (a) of this section."

Use of Grants for Planning Programs and Projects, Including Construction

SEC. 109. (a) The portion of section 205(a)(1) of such Act of September 30, 1950, which precedes subclause (A) thereof is amended to read as follows: "(1) that payments under this title will be used for programs and projects (including the acquisition of equipment, and, where necessary, the construction of school facilities and plans made or to be made for such programs, projects, and facilities)".

(b) Title II of such Act is amended by redesignating clauses (5) through (8) of section 205(a) and references thereto as clauses (6) through (9), and by inserting after (4) the following new clause:

"(5) in the cause of an application for payments for planning, (A) that the planning was or will be directly related to programs or projects to be carried out under this title and has resulted, or is reasonably likely to result, in a program or project which will be carried out under this title, and (B) that planning funds are needed because of the innovative nature of the program or project or because the local educational agency lacks the resources necessary to plan adequately for programs and projects to be carried out under this title;"

Providing That a Program or Project Must Be at Least a Certain Minimum Size To Be Approved

SEC. 110. Section 205(a)(1)(B) of such Act of September 30, 1950, is amended by inserting "(and to this end involve an expenditure of not less than $5,000)" after "which are of sufficient size, scope, and quality".

Computing Amount of Payments for State Administrative Expenses

SEC. 111. Clause (1) of section 207(b) of such Act of September 30, 1950, is amended to read as follows:

"(1) 1 per centum of the total maximum grants for State and local educational agencies of the State as determined for that year pursuant to sections 203 and 208".

Providing a More Current Base for Determining Maintenance of Effort

SEC. 112. Section 207(c)(2) of such Act of September 30, 1950, is amended by striking out "for the fiscal year ending June 30, 1964" and inserting in lieu thereof "for the second preceding fiscal year".

Continuing and Revising Provision for Adjustments Where Necessitated by Appropriations

SEC. 113. (a) Section 208 of such Act of September 30, 1950, is amended by striking out "for the fiscal year ending June 30, 1966," and inserting in lieu thereof "for any fiscal year".

(b) Such section 208 is further amended by adding at the end thereof the following: "In order to permit reductions made pursuant to this section for any fiscal year to be offset at least in part, the Commissioner may set dates by which (1) State educational agencies must certify to him the amounts for which the applications of educational agencies have been or will be approved by the State, and (2) State educational agencies referred to in section 203(a)(6) must file applications. The excess of (1) the total of the amounts of the maximum grants computed for all educational agencies of any State under section 203, as ratably reduced under this section, over (2) the total of the amounts for which applications of agencies of that State referred to in clauses (1) and (2) of the preceding sentence are approved shall be available, in accordance with regulations, first to educational agencies in that State and then to educational agencies in other States to offset proportionately ratable reductions made under this section."

Definitions

Broadening definition of "local educational agency"

SEC. 114. (a)(1) Section 303(6) is amended to read as follows:

"(6)(A) For purposes of title I, the term 'local educational agency' means a board of educational or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State. Such term includes any State agency which directly operates and maintains facilities for providing free public education.

"(B) For purposes of title II, the term 'local educational agency' means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school, and it also includes (except for purposes of sections 203(a)(2), 203(b), and 205(a)(1)) any State agency which is directly responsible for providing free public education for handicapped children (including mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education)."

(2) The first sentence of section 203(a)(5) of such Act is amended by striking out ", on a non-school-district basis,".

(3) Section 203(a)(3) is amended to read as follows:

"(3) In the case of local educational agencies which serve in whole or in part the same geographical area, and in the case of a local educational agency which provides free public education for a substantial number of children who reside in the school district of another local educational agency, the State educational agency may allocate the amount of the maximum grants for those agencies among them in such manner as it determines will best carry out the purposes of this title."

Providing for a more precise definition of "current expenditures"

(b) Section 303(5) of such Act is amended to read as follows:

"(5) The term 'current expenditures' means expenditures for free public education, including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges,

and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay, and debt service, or any expenditures made from funds granted under title II of this Act or title II or III of the Elementary and Secondary Education Act of 1965."

Part B—School library resources, textbooks, and other instructional materials

Appropriations Authorized

SEC. 121. Section 201(b) of the Elementary and Secondary Education Act of 1965 (Public Law 89–10) is amended to read as follows:

"(b) For the purpose of making grants under this title, there are hereby authorized to be appropriated the sum of $100,000,000 for the fiscal year ending June 30, 1966, $105,000,000 for the fiscal year ending June 3, 1967, and such sums as may be necessary for each of the three succeeding fiscal years."

Indian Children in Schools Operated by the Department of the Interior

SEC. 122. Section 202(a) of such Act is amended by—

(a) striking out "2 per centum" in the first sentence and inserting in lieu thereof "3 per centum";

(b) striking out "and" after "the Virgin Islands," in the first sentence, and inserting after "the Pacific Islands" in that sentence ", and the Department of the Interior (for library resources, textbooks, and other printed and published instructional materials for the use of children and teachers in elementary and secondary schools operated for Indian children by that Department)"; and

(c) inserting after the first sentence thereof the following new sentence: "The terms upon which payments shall be made to the Department of the Interior for such purposes shall be determined pursuant to such criteria as the Commissioner determines will best carry out the purposes of this title."

Assuring Each State at Least $30,000 Per Year for Administrative Expenses

SEC. 123. Clause (2) of section 203(a) is amended by inserting immediately before the semicolon at the end thereof "or $30,000, whichever is greater".

Part C—Supplemental educational centers and services

Appropriations Authorized

SEC. 131. Section 301(b) of the Elementary and Secondary Education Act is amended to read as follows:

"(b) For the purpose of making grants under this title, there is hereby authorized to be appropriated the sum of $100,000,000 for the fiscal year ending June 30, 1966, $150,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for each of the three succeeding fiscal years."

Indian Children in Schools Operated by the Department of the Interior

SEC. 132. Section 302(a) of such Act is amended by—

(a) striking out "2 per centum" in the first sentence and inserting in lieu thereof "3 per centum";

(b) striking out "and" after "the Virgin Islands," in the first sentence and inserting after "the Pacific Islands," in that sentence "and the Department of the Interior (for carrying out the purposes set forth in paragraphs (a) and (b) of section 303 for the benefit of Indian children in elementary and secondary schools operated by that Department)"; and

(c) inserting after the first sentence thereof the following new sentence: "The terms upon which payments shall be made to the Department of the Interior for such Indian children shall be determined pursuant to such criteria as the Commissioner determines will best carry out the purposes of this title."

Part D—Cooperative Research Act Amendments

Permitting the Research Training Program To Be Carried Out Through Contracts as Well as Grants

SEC. 141. Section 2(b) of the Cooperative Research Act (20 U.S.C. 331a) is amended to read as follows:

"(b)(1) The Commissioner is authorized to make grants to universities and colleges and other public or private agencies, institutions, and organizations to assist them in providing training in research in the field of education (including such research described in section 503(a)(4) of the Elementary and Secondary Education Act of 1965), including the development and strengthening of training staff and curricular capability for such training, and, without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5), to provide by contracts or jointly financed cooperative arrangements with them for the conduct of such activities; except that no such grant may be made to a private agency, organizations, or institution other than a nonprofit one.

"(2) Funds available to the Commissioner for grants or contracts or jointly financed cooperative arrangements under this subsection may, when so authorized by the Commissioner, also be used by the recipient (A) in establishing and maintaining research traineeships, internships, personnel exchanges, and pre- and post-doctoral fellowships, and for stipends and allowances (including traveling and subsistence expenses) for fellows and others undergoing training and their dependents not in excess of such maximum amounts as may be prescribed by the Commissioner, or (B) where the recipient is a State educational agency, in providing for such traineeships, internships, personnel exchanges, and fellowships either directly or through arrangements with public or other nonprofit institutions or organizations.

"(3) No grant shall be made or contract or jointly financed cooperative arrangement entered into under this subsection for training in sectarian instruction, or for work to be done in an institution, or a department or branch of an institution, whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation or to prepare them to teach theological subjects."

Consolidating Research Authority Under Section 2

SEC. 142. Section 4(b) of the Cooperative Research Act is amended by striking out the second sentence thereof.

Amending the Definition of "Construction" To Include the Acquisition of Existing Buildings

SEC. 143. Section 5(4) of the Cooperative Research Act is amended to read as follows:

"(4) The terms 'construction' and 'cost of construction' include (A) the construction of new buildings, and the acquisition, expansion, remodeling, replacement, and alteration of existing buildings, including architects' fees, but not including the cost of acquisition of land (except in the case of acquisition of an existing building) or off-site improvements, and (B) equipping new buildings and existing buildings, whether or not acquired, expanded, remodeled, or altered."

Part E—Grants to strengthen State departments of education

Appropriations Authorized

SEC. 151. Section 501(b) of the Elementary and Secondary Education Act of 1965 is amended to read as follows: "For the purpose of making grants under this title, there are hereby authorized to be appropriated the sum of $25,000,000 for the fiscal year ending June 30, 1966, $22,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for each of the three succeeding fiscal year."

Technical Amendment Regarding Interchange of Personnel With States

SEC. 152. Effective as of April 11, 1965, section 507(c)(3)(D) of the Elementary and Secondary Education Act of 1965 is amended by inserting ", and for retention and leave accrual purposes," after "toward periodic or longevity step increases".

Part F—Effective date

SEC. 161. The provisions of this title shall be effective with respect to fiscal years beginning after June 30, 1966.

TITLE II—FEDERALLY AFFECTED AREAS

Part A—Amendments to Public Law 874

Subpart 1—Major Amendments

SEC. 201. Section 3 of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), as amended, is amended in the following respects:

Changing method of computing entitlement to eliminate present eligibility requirement and include an absorption provision

(a)(1) Paragraphs (1) and (2) of subsection (c) of section 3 are amended to read as follows:

"(c)(1) The amount to which a local educational agency is entitled under this section for any fiscal year shall be—

"(A) with respect to children determined under subsection (a), an amount equal to the local contribution rate (determined under subsection (d)) multiplied by the number of children determined under subsection (a) minus a number equal to 3 per centum of the total number of children who were in average daily attendance during that year and for whom the agency provided free public education, and

"(B) with respect to children determined under subsection (b), an amount equal to one-half of the local contribution rate (determined under subsection (d)) multiplied by the number of children determined under subsection (b) minus a number equal to 6 per centum of the total number of children who were in average daily attendance during that year and for whom the agency provided free public education.

"(2) No local educational agency shall be entitled to receive any payment for a fiscal year unless the total number of children for whom the agency will receive such payments is ten or more. Notwithstanding the provisions of paragraph (1), whenever and to the extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this Act, the Commissioner may waive or reduce the 3 per centum deduction contained in clause (A) of paragraph (1), or the 6 per centum deduction contained in clause (B) of paragraph (1)."

(2) Subsection (c) is further amended by inserting immediately after paragraph (2) the following new paragraph:

"(3) For the purposes of this subsection, a local educational agency may count as children determined under subsection (b) any number of children determined under subsection (a)."

Method of determining local contribution rate

(b) Subsection (d) of section 3, relating to the computation of the local contribution rate, is amended as follows:

(1) The first sentence of subsection (d) is amended by striking out "and the local educational agency".

(2) Clauses (1) and (2) of the first sentence of subsection (d) are amended to read:

"(1) he shall place each school district within the State into a group of generally comparable school districts; and

"(2) he shall then divide (A) the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which he is making the computation, which all of the local educational agencies within any *such* group of comparable school districts made from revenues derived from local sources, by (B) the aggregate number of children in average daily attendance to whom such agencies provided free public education during such second preceding fiscal year."

(3) The third sentence of subsection (d) is amended by striking out "If, in the judgment of the Commissioner, the current expenditures in those school districts which he has selected under clause (1)" and substituting in lieu thereof "If, in the judgment of the Commissioner, the current expenditures in the school districts within the generally comparable group as determined under clause (1)".

(4) The fourth and fifth sentences of subsection (d) are repealed.

Exclusion of property which is subject to local taxation

SEC. 202. Subsection (1) of section 303, relating to the definition of "Federal property", is amended by striking out the following sentence: "Such term includes real property which is owned by the United States and leased therefrom and the improvements thereon, even though the lessee's interest, or any improvement on such property, is subject to taxation by a State or a political subdivision of a State or by the District of Columbia."

Subpart 2—Minor and Technical Amendments

SEC. 211. Section 3 is further amended in the following respects:

Providing that children of servicemen shall be deemed to reside with a parent employed on Federal property

(a)(1) The first sentence of subsection (b) of section 3 is amended by—

(A) inserting "(1)" before "resided on Federal property",

(B) inserting "(2)" before "resided with a parent", and

(C) inserting before the period at the end thereof ", or (3) had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949)".

(2) The second sentence of subsection (b) is repealed.

Providing that all Federal payments will be deduction from gross entitlements on the same basis

(b) Subsection (e) of section 3 is amended to read as follows:

"(e) In determining the total amount which a local educational agency is entitled to receive under this section (other than subsection (c)(4) thereof) for a fiscal year, the Commissioner shall deduct (1) such amount as he determines that agency derived from other Federal payments (as defined in section 2(b)(1)) but only to the extent such payments are not deducted under the last sentence of section 2(a), and only to the extent the payments are made with respect to property on which children, counted for purposes of this section, live or on which their parents work, and (2) such amount as he determines to be the value of transportation and of custodial and other maintenance services furnished such agency by the Federal Government during such year. The Commissioner shall make no deduction under this subsection for any fiscal year in which the sum of the amounts determined under clauses (1) and (2) of the preceding sentence is less than $1,000."

Making the appropriation for one fiscal year available through the following year to meet obligations of the current year

SEC. 212. Section 5(b) is amended by adding at the end thereof the following new sentence: "Sums appropriated pursuant to this Act shall remain available for obligation and payment as provided in this Act until the close of the fiscal year next succeeding the fiscal year for which they were appropriated."

Where a local educational agency cannot or will not educate children living on Federal property

SEC. 213. Section 6 is amended by redesignating subsection (f) as subsection (g), and by inserting immediately after subsection (e) the following new subsection:

"(f) If no tax revenues of a State or of any political subdivision of the State may be expended for the free public education of children who reside on any Federal property within the State, or if no tax revenues of a State are allocated for the free public education of such children, then the property on which such children reside shall not be considered Federal property for the purposes of sections 3 and 4 of this Act. If a local educational agency refuses for any other reason to provide in any fiscal year free public education for children who reside on Federal property which is within the school district of that agency or which, in the determination of the Commissioner, would be within that school district if it were not Federal property, there shall be deducted from any amount to which the local educational agency is otherwise entitled for that year under section 3 or 4 an amount equal to (1) the amount (if any) by which the cost to the Commissioner of providing free public education for that year for each such child exceeds the local contribution rate of that agency for that year, multiplied by (2) the number of such children."

SEC. 214. Section 303 is amended in the following respects:

Extending to all property the provision which permits Federal property used for housing to be counted as Federal property for one year after transfer by the United States

(a) Clause (B) of the second last sentence of section 303(1) is amended by striking out "housing".

Repeal of exclusion of property used for provision of local benefits

(b) The last sentence of section 303(1) is amended by—

(1) striking out "(A) any real property used by the United States primarily for the provision of services or benefits to the local area in which such property is situated."; and

(2) redesignating clause (B), (C), and (D) as clauses (A), (B), and (C), respectively.

Eliminating eligibility of federally connected children in thirteenth and fourteenth grades

(c)(1) Subsection (4) of section 303, relating to the definition of "free public education", is amended by striking out "for the purposes of title II".

(2) Subsection (15) of that section, relating to the definitions of "elementary school" and "secondary school", is amended by striking out "For the purpose of title II, the" and inserting "The" in lieu thereof.

Authorizing the Commissioner to establish a method of counting children for the purpose of determining average daily attendance

(d) Subsection (10) of section 303 is amended to read as follows:

"(10) Average daily attendance shall be determined in accordance with State law, except that (A) the average daily attendance of children with respect to whom payment is to be made under section 3 or 4 of this Act shall be determined in accordance with regulations of the Commissioner, and (B) notwithstanding any other provision of this Act, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, for purposes of this Act the attendance of such child at such school shall be held and considered (i) to be attendance at a school of the local educational agency so making or contracting to make such tuition payment, and (ii) not to be attendance at a school of the local educational agency receiving such tuition payment or entitled to receive such payment under the contract."

Part B—Amendments to Public Law 815

Reducing Percentage Increase Required for Eligibility and Lengthening Increase Period to 4 Years

SEC. 221. (a) Section 5(c) of the Act of September 23, 1950 (Public Law 815, Eighty-first Congress), as amended, is amended by striking out "at least 5 per centum" and inserting in lieu thereof "at least 6 per centum".

(b) Section 15(15) is amended by inserting "third or fourth" immediately before the phrase "regular school year" the first time that phrase occurs in the subsection, and by striking out "or the regular school year preceding such school year".

(c) Section 15(16) is amended by striking out "two" and inserting "four" in lieu thereof.

(d) Section 5(f) of such Act is amended to read as follows:

"(f) In determining under this section the total of the payments which may be made to a local educational agency on the basis of any application, the total number of children counted for purposes of paragraph (1), (2), or (3), as the case may be, of subsection (a) may not exceed—

"(1) the number of children whose membership at the close of the increase period for the application is compared with membership in the base period for purposes of that paragraph, minus

"(2) the number of such children whose membership at the close of the increase period was compared with membership in the base year for purposes of such paragraph under the last previous application, if any, of the agency on the basis of which any payment has been or may be made to that agency."

Reduction in the Non-Federal Growth Requirement

SEC. 222. Section 5(d) of such Act is amended by striking out "107 per centum" and by inserting in lieu thereof "106 per centum".

Extending the Time for Determining the Number of Unhoused Children by Authorizing the Commissioner To Make the Estimate for a Period Extending One Year Beyond the Increase Period

SEC. 223. Section 4 of such Act is amended by inserting "the year following" immediately before the phrase "the increase period".

Exclusion of Property Which Is Subject to Local Taxation

SEC. 224. Section 15(1) of such Act, relating to the definition of "Federal property", is amended by striking out the following sentence: "Such term includes real property which is owned by the United States and leased therefrom and the improvements thereon, even though the lessee's interest, or any improvement on such property, is subject to taxation by a State or a political

subdivision of a State or by the District of Columbia."

Making the Provisions Relating to Indians Living on Reservations Permanent

SEC. 225. (a) The first sentence of section 14(b) of such Act is amended by striking out "ending prior to July 1, 1966," and ", not to exceed $60,000,000 in the aggregate,".

(b) The third sentence of section 14(b) is amended by striking out ", except that after June 30, 1966, no agreement may be made to extend assistance under this section".

Providing That Children Residing on Federal Property Who Have a Parent in the Uniformed Services Will Be Considered as Federally Connected

SEC. 226. Section 5(a)(1) of such Act is amended by inserting "(A)" immediately before the phrase "with a parent employed on Federal property" and by inserting immediately before the comma preceding the phrase "multiplied by 95 per centum" the following: ", or (B) who had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949)".

Providing for Transfer of Title to Facilities to the Local Educational Agency Where It Is in the Federal Interest To Do So

SEC. 227. Section 10 of such Act is amended by inserting "(a)" immediately before the first word thereof, and by adding the following new subsection:

"(b) When the Commissioner determines it is in the interest of the Federal Government to do so, he may transfer to the appropriate local educational agency all the right, title, and interest of the United States in and to any facilities provided under this section (or sections 204 or 310 of this Act as in effect January 1, 1958). Any such transfer shall be without charge, but may be made on such other terms and conditions, and at such time as the Commissioner deems appropriate to carry out the purposes of this Act."

Repeal of Exclusion of Property Used for Provision of Local Benefits

SEC. 228. The last sentence of section 15(1) of such Act is amended by—

(1) striking out "(A) any real property used by the United States primarily for the provision of services or benefits to the local area in which such property is situated,"; and

(2) redesignating clauses (B), (C), and (D) as clauses (A), (B), and (C), respectively.

Eliminating Eligibility of Federally Connected Children in Thirteenth and Fourteenth Grades

SEC. 229. Section 15(4) of such Act, relating to the definition of "free public education," is amended by inserting ", except that such term does not include any education provided beyond grade 12" immediately before the period at the end of the sentence.

Including American Samoa in Definition of "State"

SEC. 230. Section 15(13) of such Act, relating to the definition of "State," is amended by inserting "American Samoa," immediately before "the Virgin Islands".

Part C—Effective date

SEC. 241. The amendments made by this title shall be effective for fiscal years beginning after June 30, 1966, except that if the amendment made by section 213 would have reduced the payments under such Act to a local educational agency for the fiscal year ending June 30, 1966 (if it had been in effect for that year), the amendment shall not apply to that local educational agency for fiscal years ending prior to July 1, 1968.

CXII——321—Part 4

The fact sheet presented by Mr. MORSE is as follows:

FACT SHEET

Elementary and Secondary Education Amendments of 1966—Appropriations requested for fiscal year 1967

[In millions]

Title I, amendments to the Elementary and Secondary Education Act of 1965 (Elementary and Secondary Education Act of 1965, Public Law 89–10):	
Part A, opportunity for the disadvantaged (title I of Elementary and Secondary Education Act of 1965)	$1,070
Part B, school library resources, textbooks, and other instructional materials (title II of Elementary and Secondary Education Act of 1965)	105
Part C, supplementary educational centers and services (title III of Elementary and Secondary Education Act of 1965)	150
Part D, research (title IV of Elementary and Secondary Education Act; Cooperative Research Act)	80
Part E, strengthening State departments of education (title V of Elementary and Secondary Education Act of 1965)	22
Total	1,427
Title II, amendments to federally affected areas program:	
Part A, operation of schools (Public Law 874)	183.4
Part B, construction of schools (Public Law 815)	22.9
Total	206.3
Total Elementary and Secondary Education Amendments of 1966	1,633.3

TITLE I—AMENDMENTS TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

Part A—Opportunity for the disadvantaged (1966 amendments to title I of the Elementary and Secondary Education Act of 1965, Public Law 89–10)

Background

The close tie between poverty, low academic achievement, and poor schools has long been recognized. The 10 States with the lowest per capita income have consistently high levels of Selective Service rejection. Two-thirds of the families headed by persons with fewer than 9 years of education live in poverty. In the 18- to 24-year-old age bracket, 20 percent of the young men and women with an eighth-grade education or less are unemployed.

The poor school, whether situated in the rural or urban slum, breeds disinterest resulting in a dropout rate far above that in schools serving high-income neighborhoods. In the inner city high schools, as many as 60 percent of the students enrolled in the 10th grade may drop out before graduation.

The Federal Government assumed a responsibility for helping provide quality education to all children with the passage of the Elementary and Secondary Education Act of 1965. Title I of this law established a billion dollar program aimed at educationally deprived children. The Congress appropriated $775 million for the first year of this program.[1]

[1] An additional appropriations request for $184 million is currently before the Congress for fiscal year 1966, making a total request for this title of $959 million.

Local public school districts are eligible to receive a share of these funds based on half the average current school expenditures per child in the State, multiplied by the number of school-age children in the district from families having an annual income below $2,000 or from families receiving aid for dependent children payments in excess of $2,000.

As of January 31, 1966, an estimated 6,000 projects are being supported at an approximate cost of $550 million. More than 3.5 million children are already benefiting; new programs are being approved daily.

A sample of 484 of these projects indicates educationally deprived children are receiving a variety of services. Almost two out of every three projects call for remedial reading. Forty percent involve summer programs to develop and reemphasize student interest in various fields. Thirty percent of the projects are using teacher aids and other subprofessional personnel. Moreover, emphasis has been placed on the early years of education. Sixty-eight percent of the children are in the grades from preschool through sixth.

Proposal

The program would be extended through fiscal year 1970. The current authorization formula would be continued through fiscal year 1967. In fiscal year 1968 and the following 2 years, however, the low-income factor would be raised to $3,000 and the most recent data on aid to families with dependent children would be used. Thus, 2.9 million additional children would be counted, a total of 8.4 million. This would increase the authorization by approximately $600 million.

The incentive grant proposals scheduled to go into effect in fiscal year 1967 would be repealed because they would be erratic and would fail to help the neediest school districts with the largest numbers of disadvantaged children. The estimated savings of $400 million would thus be available for making basic grants to more than 20,000 school districts.

Local school districts would be permitted to use part of their grants for planning, including planning for school construction. The districts would have to demonstrate that the planning funds would lead to a program for educationally deprived children. Moreover, schools would be required to show that the planning grants are needed because of the innovative nature of the program or because the schools lack the resources to plan adequately.

Special provision would be made to meet the special educational needs of educationally deprived Indian children in Bureau of Indian Affairs schools. In fiscal year 1965, there were nearly 150,000 Indian children between the ages of 6 and 18. Only 134,000 of them were enrolled in school, one-third of them in schools maintained by the Bureau of Indian Affairs. Of those not enrolled in school, more than 8,000 were unable to attend because of lack of facilities. An additional 4,000 lived in dormitories away from home so that they might receive an education. Of those who attend school, 50 percent drop out before they complete the 12th grade. On the reservations, young adults—those under 45 years of age—average an eighth grade education, compared to a national average of almost 12 years of school.

Funds would also be made available for the education of migratory children of migratory agricultural workers. Each year, approximately 150,000 migrant children accompany their parents from community to community and from State to State. Those migrating from some home bases are estimated to spend only 2 to 6 weeks in any one school district during the harvest season. Well over half of all migrant children are not achieving at their grade level; a substantial number of them are 2 years or

more behind in their schooling. Of all migrants over the age of 25, one-third have only a fourth grade education or less. An additional 43 percent have no more than an eighth grade education. The median years of school completed by migrants over the age of 25 is 6.5.

A total of $1.07 billion would be requested for fiscal year 1967, $111 million more than the appropriations request in fiscal year 1966.

Part B—School library resources, textbooks, and other instructional materials (1966 amendments to title II of the Elementary and Secondary Education Act of 1965, Public Law 89-10)

Background

Quality in textbooks and school library programs is related to students' academic achievement, to remaining in high school, and to continuing on to college or a job. Almost 70 percent of the public and more than 50 percent of the private elementary schools have no libraries. Nearly one-half of the elementary schoolchildren in the United States attend schools that do not have libraries. The current public school levels of 6.2 library books per pupil and $2.28 annual expenditure for books per pupil are well below the recommended professional standards of 10 books and $4 to $6 annual expenditure for books per pupil.

In addition, school systems in 33 cities with a population of more than 90,000 do not provide free high school textbooks. A family with children in high school may have to spend $15 to $20 per student for current textbooks. In 1961 families spent $90 million for textbooks, 40 percent of that year's total textbook expenditures. Sales of textbooks in 1963 for kindergarten through grade 12 were $293 million, or about $6.11 per student. This amount would hardly purchase two new textbooks, which is inadequate in view of the rapid accumulation and changing nature of knowledge.

In the Elementary and Secondary Education Act, Congress recognized the Federal responsibility for the improvement of school libraries and instructional materials. The first year appropriation was $100 million.

Title II funds may be used to purchase textbooks as well as library books and audiovisual materials. The money may also be used to purchase periodicals and documents, films and recordings, but not equipment.

By February 10, 46 States had submitted their State plans for title II to the Office of Education. Thirty-four of these plans had been approved potentially affecting 40 million students and 1.5 million teachers in these States.

Acquisition of library resources has been given priority by the States. Every State plan calls for spending at least half of the money for school library resources. Twenty of the 34 State plans require at least two-thirds of the money to be used for this category.

By summer, the remaining plans should be approved with children in all States feeling the impact of the program by next September

Proposal

The program for library resources, textbooks, and other instructional materials would be continued through fiscal year 1970. Special provisions would be made for Indian children presently not covered by the program.

State departments of education would be able to expend up to 3 percent of their allotment, or $30,000, whichever is the greater, for the administration of the program at the State level.

Funds authorized for fiscal year 1967 would be $105 million, up $5 million from this year's appropriation. Such sums as may be necessary would be authorized for the next 3 years.

Part C—Supplementary educational centers and services (1966 amendments to title III of the Elementary and Secondary Education Act of 1965, Public Law 89-10)

Background

Seventy percent of the Nation's public secondary schools have no language laboratories. Seventy-five percent of our elementary schools do not have the services of a guidance counselor for even 1 day a week. In 40 States, there are still high schools without science laboratories.

The supplementary centers and services which Congress authorized under title III of the Elementary and Secondary Education Act were based on the premises that communities and local school districts know their deficiencies and that they are most able to devise remedies for their own needs.

A wide variety of services can be used to raise the quality of education on the local level. The title encourages school districts to look at their educational needs and develop original and innovative programs to enrich courses of study.

By the first deadline, 746 title III proposals were submitted requesting more than $75 million for these supplementary centers and services. One hundred and forty-seven planning projects and 70 operational projects were approved. An estimated 20 million persons are to be served by these efforts—children and teachers in public and private schools, preschoolers, adults, handicapped children and out-of-school youth.

More than half of these projects were for multipurpose programs, such as media and material centers, cultural enrichment programs and mobile activities. Almost one-third were for special activities outside the regular curriculum, such as guidance counseling, remedial instruction, special education for the talented, and self-instruction.

By the close of this fiscal year, it is expected that 1,000 projects will have been approved affecting some 2,000 school districts; however, the available funds will help less than 10 percent of the Nation's 24,000 school districts.

Proposal

The program for supplementary centers and services would be continued through fiscal year 1970. Special provisions would be made for Indian children presently not covered by the program.

Funds authorized for fiscal year 1967 would be $150 million, doubling this year's appropriation. Such sums as may be necessary would be authorized for the next 3 years.

Part D—Research (1966 amendments to title IV of the Elementary and Secondary Education Act of 1965, Public Law 89-10, and to the Cooperative Research Act of 1954)

Background

While $42 billion will be spent on education in the United States this year, less than 1 percent will be expended for educational research. Private industry allocates up to 10 percent and more for research and development.

The Cooperative Research Act of 1954 (Public Law 83-531) was passed to provide support for research to develop new knowledge about the process and content of education and to devise new applications of this knowledge in solving these problems.

Despite the small U.S. investment in educational research, important progress has been made. For example, blind children are being taught to read at four times the previous rate. Under the braille system, the average sixth grade blind child is able to read at the rate of 60 words a minute. A new technique, which uses an accelerated rate of words on tape, enables the child to comprehend oral instruction at the rate of about 240 words a minute or, in some instances, as many as 400 words a minute.

Using programed instructional materials developed by researchers, fourth and sixth graders at the experimental Oakleaf Elementary School in suburban Pittsburgh scored higher than college freshmen on science tests prepared by the University of Pittsburgh.

Preschool children have been taught to read, and to read well, in experimental programs that stimulate their curiosity and intellectual drive.

As of June 30, 1965, more than 1,700 projects had been supported. In 1966, with the increased funds available, 346 additional projects will receive support. Moreover, nine Research and Development Centers at universities have been established to focus attention on high priority problem areas.

Seeking to improve the depth of U.S. educational research, Congress appropriated $100 million over 5 years under title IV of the Elementary and Secondary Education Act for the constructing and equipping of national and regional research facilities. In so doing, it amended the Cooperative Research Act to include a national program of educational laboratories. Nine development grants have already been made. The research program was also expanded to provide for the training of educational researchers. Seven hundred people will be trained in the summer of 1966, with an additional 1,300 receiving training in the fall.

Proposal

The program would be broadened to permit research training contracts including those with profitmaking organizations. Moreover, authority would be added to permit the acquisition of existing buildings for research facilities (now only new buildings may be constructed).

Part E—Strengthening State Departments of Education (1966 amendments to title V of the Elementary and Secondary Education Act of 1965, Public Law 89-10)

Background

The State provides instructional leadership and technical services to local school districts, and coordinates education planning and activity. These activities demand strong State education agencies. Funneling of Federal funds through the State agencies has intensified the need. The agencies must plan disbursements and submit plans, programs, and accomplishments to the U.S. Office of Education and other Federal agencies.

But despite growing demands upon the State education agencies, most are seriously understaffed in almost every field. One State education department last year had only 75 professionals to assist 1,300 schools and 20,000 local school people. Under circumstances such as these, State educational leadership has often been inadequate.

To strengthen State education departments under title V of the Elementary and Secondary Education Act, Congress appropriated $17 million. Applications for funds have been approved for the 50 States, the District of Columbia, the Virgin Islands and Puerto Rico. All call for hiring additional personnel, estimated to total more than 1,500.

Ninety-one percent of the proposals outline efforts to strengthen capacity for planning and developing new educational programs, for evaluating existing programs, and for coordinating research activities. Some 88 percent of the States said they planned to improve their general administration.

In addition, 83 percent of the States want to provide more leadership to local school districts and educational agencies. Such leadership would include the services of consultants and technical assistance.

Almost two-thirds of the States submitted plans for improving teacher education, teacher certification, and teacher licensing. In many cases the States hope to raise the level of teacher qualifications.

An equal percentage of States hope to strengthen statistical and data collection

methods with automatic processing equipment, and to improve methods of communication between State offices, school districts and individual schools.

Groups of States are also joining forces for a team attack on common problems in education using the funds reserved for experimental projects under title V. In New England, for example, States will use funds to plan a program for educational assessment.

Proposal

The program for strengthening State departments of education would be continued through fiscal year 1970.

Funds authorized for fiscal year 1967 would be $22 million, up $5 million from this year's appropriation. Such sums as may be necessary would be authorized for the next 3 years.

TITLE II—AMENDMENTS TO FEDERALLY AFFECTED AREAS PROGRAM (1966 AMENDMENTS TO PUBLIC LAW 815 AND PUBLIC LAW 874)

Background

Congress has recognized that Federal activities have an impact on local school districts. The influx of new families generated by these activities and the loss of tax revenue resulting from Federal acquisition of property has caused severe strain on school districts across the Nation. To help relieve this strain, the Lanham Act was adopted in 1941 to provide Federal assistance to communities "impacted" by Federal defense installations. In 1950, the 81st Congress passed two laws which were designed to set up a uniform nationwide formula to continue the program, Public Law 81–815 for school construction and Public Law 81–874 for operating expenses. As a result, the Federal Government has assisted with the construction of school facilities where Federal activities have caused a rapid increase in school enrollment and has compensated local school districts for educating federally connected children.

Funds are made available to local educational agencies providing free public education to substantial numbers of children in the following two major categories: (1) those whose parents work and live on Federal property (category A children) and (2) those whose parents either live or work on Federal property (category B children).

Since the program began in 1950, more than $2.36 billion has been appropriated for operation and maintenance of schools and $1.23 billion for school construction. More than 61,000 classrooms serving almost 2 million children have been built.

The relative number of federally connected enrollments has remained constant, at around 15 percent, and Federal payments have averaged about 5 percent of the total operating costs of eligible school districts each year since the program was enacted in 1950.

In the 1965 budget submitted to Congress, the President recommended that a thorough study be made of the program of Federal assistance to federally impacted areas. Of particular concern was the effect that Federal activities have on the fiscal and economic resources of local communities for the education of their children.

Congress approved this recommendation and appropriated $200,000 for the study. A contract for the project was concluded with the Stanford Research Institute.

The proposed amendments are based upon the major recommendations of the study.

Proposal

The amendments to Public Law 874 are designed to make major revisions in the impacted areas program—making the payments to school districts more equitable across the Nation and, consequently, reducing the cost of the program.

The three major amendments are as follows:

1. The present eligibility requirement would be eliminated and school districts would be required to absorb without Federal payment a minimum percentage of federally connected children.

As the law presently operates, if the total number of federally connected children constitutes 3 percent of the enrollment in a school district, that district receives payment for all federally connected children. However, if the number of federally connected children constitutes 2.9 percent of the enrollment, the district receives no payment whatsoever. The result is that some districts educate federally connected children at Federal expense while others carry out this responsibility with local revenues.

This amendment would require each local educational agency to absorb without Federal payment a number of A category children equal to 3 percent of total attendance and a number of B category children equal to 6 percent of total attendance. Payments would be made only for the number of children above the absorption level in each category. If a local educational agency has less than the minimum percentage of A category children, it may count those children in the B category.

2. The method of computing the Federal contribution would be uniformly based on a local cost of education basis.

The rate of Federal payment is designed to (a) meet the cost of education in the locale where the child is being educated, and (b) replace the revenue lost to the school district by the loss of tax on property owned by the Federal Government.

Some districts now receive Federal payments in excess of the amount required to compensate them for burdens imposed by Federal activities.

In order to limit Federal payments to the burden actually imposed by Federal activities, this amendment would eliminate the local educational agency's option to use one-half the national average per pupil expenditure or one-half the State average per pupil expenditure as its rate of payment.

Each local educational agency would also be placed in a group composed of generally comparable districts in the State. The local contribution rate of each agency within a group would be the average per pupil expenditure of the entire group. At present, a local agency is able to select the districts to which it considers itself to be generally comparable, and this often results in overpayment.

3. Federal property which is leased to a private concern and is, therefore, subject to local taxation would not be considered Federal property with regard to ascertaining the Federal connection of pupils who reside on that property or whose parents are employed on that property.

Federal property leased to private individuals is subject to local taxation, therefore, the local school district may derive taxes from the property. This amendment would provide that any Federal property which is subject to local taxation on the leasehold interest no longer would be considered Federal property for purposes of the act. Since the States have the power to tax this type of property, they have a source of revenue which makes it unnecessary for the Federal Government to pay a portion of the cost of educating children connected with the property.

The temporary provisions for construction of school facilities, Public Law 815, would be allowed to expire, except those which apply to Indian children living on Indian reservations. The temporary provisions apply essentially to children whose parents either work or reside on Government property, but not both.

A number of minor and technical amendments would also be made in both laws to improve cost effectiveness, to streamline administration, and to eliminate minor inequities.

The effect of the amendments would be to reduce the cost of the two programs from $466 million (estimated cost for fiscal year 1967 under present provisions) to about $206 million. Of the 4,077 school districts now eligible under Public Law 874, about 1,200 would not be eligible. All participating schools would receive a reduced Federal payment. Overpayments, cited in the Stanford Research Institute study, would be virtually eliminated. Savings, thus effected in the impacted areas program, could be used to finance the expansions recommended by the administration in the Elementary and Secondary Education Amendments of 1966.

Estimated amounts under Elementary and Secondary Education Amendments of 1966

	Education of children of low-income families,[1] title I		School library resources, textbooks, and instructional material,[2] title II	Supplementary educational centers and services,[3] title III	Strengthening State departments of education,[4] title V	Estimated total, Elementary and Secondary Act of 1965, amended
	Grants	Administration				
United States and outlying areas	$1,058,721,000	$11,689,000	$105,000,000	$150,000,000	$18,700,000	$1,344,110,000
50 States and District of Columbia	1,026,959,370	10,996,268	101,850,000	145,500,000	18,326,000	1,303,631,638
Alabama	31,151,253	311,513	1,800,874	2,732,702	361,015	36,357,357
Alaska	1,732,923	75,000	129,701	382,290	118,744	2,438,658
Arizona	9,318,065	93,181	853,113	1,332,790	217,266	11,814,415
Arkansas	20,327,061	203,271	966,884	1,583,973	241,611	23,322,800
California	70,147,541	701,475	9,787,430	12,589,383	1,437,553	94,663,382
Colorado	8,790,792	87,908	1,114,118	1,598,167	252,769	11,843,754
Connecticut	6,472,728	75,000	1,458,132	2,099,636	280,390	10,385,886
Delaware	1,776,563	75,000	270,021	546,903	134,006	2,802,493
Florida	24,715,289	247,153	2,748,090	4,056,634	483,058	32,250,224
Georgia	33,586,697	335,867	2,256,992	3,327,457	431,120	39,938,133
Hawaii	2,136,088	75,000	407,038	709,210	150,904	3,478,240
Idaho	2,291,324	75,000	382,890	718,382	154,511	3,622,107
Illinois	54,906,856	549,669	5,591,129	7,487,586	755,185	69,350,425
Indiana	16,529,689	165,297	2,650,790	3,669,950	452,975	23,468,701
Iowa	16,776,967	167,770	1,531,091	2,134,442	296,258	20,956,528

See footnotes at end of table.

Estimated amounts under Elementary and Secondary Education Amendments of 1966—Continued

	Education of children of low-income families,[1] title I		School library resources, textbooks, and instructional material,[2] title II	Supplementary educational centers and services,[3] title III	Strengthening State departments of education,[4] title V	Estimated total, Elementary and Secondary Act of 1965, amended
	Grants	Administration				
Kansas	$9,639,316	$96,393	$1,175,453	$1,788,552	$259,100	$12,958,814
Kentucky	27,100,922	271,009	1,593,703	2,492,249	308,713	31,766,596
Louisiana	34,487,814	344,878	2,003,958	2,786,147	351,879	39,974,676
Maine	3,610,490	75,000	544,811	907,359	169,830	5,307,490
Maryland	13,715,571	137,156	1,904,186	2,633,905	339,343	18,730,161
Massachusetts	14,876,237	148,762	2,728,985	3,869,475	420,266	22,043,725
Michigan	31,242,404	312,424	4,887,784	6,135,629	719,819	43,298,060
Minnesota	22,063,088	220,631	2,068,916	2,763,034	353,642	27,469,311
Mississippi	27,787,106	277,871	1,260,296	1,954,221	283,476	31,562,970
Missouri	26,855,025	268,550	2,401,130	3,264,755	402,645	33,192,105
Montana	3,418,579	75,000	395,520	720,585	152,336	4,762,020
Nebraska	6,325,882	75,000	796,691	1,246,523	200,033	8,644,129
Nevada	856,179	75,000	229,847	473,397	133,251	1,767,674
New Hampshire	1,306,195	75,000	349,514	655,047	140,440	2,526,196
New Jersey	22,090,176	220,902	3,371,589	4,746,261	503,589	30,932,517
New Mexico	8,818,773	88,188	620,337	967,954	184,013	10,679,265
New York	98,643,466	986,435	8,618,018	12,235,977	1,101,390	121,585,286
North Carolina	47,513,169	475,132	2,504,777	3,755,963	470,811	54,719,852
North Dakota	4,694,910	75,000	357,659	682,180	146,721	5,956,470
Ohio	35,244,655	352,447	5,643,817	7,461,900	812,434	49,515,253
Oklahoma	15,644,836	156,448	1,262,746	1,929,491	283,311	19,276,832
Oregon	7,416,851	75,000	1,013,281	1,536,447	240,762	10,282,341
Pennsylvania	50,315,211	503,152	5,972,654	8,201,297	787,239	65,779,553
Rhode Island	3,633,284	75,000	445,330	817,275	148,487	5,119,376
South Carolina	24,715,094	247,151	1,363,223	2,125,418	300,222	28,751,108
South Dakota	6,253,895	75,000	399,827	725,914	151,982	7,606,618
Tennessee	28,967,138	289,671	1,888,685	2,920,727	373,661	34,439,882
Texas	69,840,209	698,402	5,588,951	7,725,464	890,024	8,743,050
Utah	2,587,221	75,000	610,149	955,527	189,883	4,417,780
Vermont	1,573,613	75,000	216,741	493,228	126,442	2,485,024
Virginia	27,539,809	275,398	2,182,362	3,305,677	409,477	33,712,723
Washington	9,690,586	96,906	1,637,304	2,340,062	327,026	14,091,884
West Virginia	15,282,360	152,824	932,364	1,540,777	234,491	18,142,816
Wisconsin	16,243,444	162,434	2,386,251	3,156,334	369,614	22,318,077
Wyoming	1,405,377	75,000	188,761	451,235	127,086	2,247,459
District of Columbia	4,840,649	75,000	356,087	714,509	145,197	6,131,442
Outlying areas	31,761,630	692,732	3,150,000	4,500,000	374,000	40,478,362

[1] Estimated distribution based on State maximum possible allotments, fiscal year 1966. Base data do not include handicapped or migrant children. 3 percent of the grant amount reserved for the outlying areas (including Bureau of Indian Affairs).

[2] Estimated distribution of $105,000,000 (3 percent reserved for the outlying areas, including BIA) on the basis of the estimated total elementary and secondary school enrollment, fall 1965.

[3] Estimated distribution of $150,000,000 (3 percent reserved for the outlying areas, including BIA) with a basic allotment of $200,000 to the 50 States and District of Columbia and the balance distributed: ½ on the 5 to 17 population, July 1, 1963, and ½ on the total resident population, July 1, 1963.

[4] Estimated distribution of $18,700,000 (2 percent reserved for the outlying areas, excluding BIA) with a basic allotment of $100,000 to the 50 States and District of Columbia and the balance distributed on the basis of the total public school enrollment, fall 1965. The State allocation does not include the 15 percent set aside for experimental projects.

Mr. MORSE. Mr. President, for the reasons given in my floor statement on March 2, 1966, in colloquy with my colleagues on the Subcommittee on Education, relative to the proposals to cut back on educational expenditures, some of which are contained in the measure just introduced, I am sorry to have to report that I have grave reservations as to various aspects of the introduced measure.

However, since I am a firm believer in the principle that any administration should have a full hearing upon its legislative recommendations, I have introduced the administration bill so that the merits and the demerits of the proposal can be fully and properly explored through the hearings process.

Nevertheless, I am reserving my right as a Senator and as chairman of the subcommittee—and let this be made crystal clear to the Senate and to the administration—to offer amendments to the bill and to support in committee and on the floor of the Senate such changes in it as, in my judgment, I feel will be warranted by the testimony presented during the hearings.

Mr. President, I ask unanimous consent that the measure I have just introduced lie upon the table until the close of business, Friday, March 11, 1966, so that such Senators as may wish to do so may have the opportunity to add their names as cosponsors.

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

IMPROVEMENT OF PUBLIC AND PRIVATE PROGRAMS OF ASSISTANCE FOR INSTITUTIONS OF HIGHER EDUCATION AND STUDENTS ATTENDING THEM

Mr. MORSE. Mr. President, I now send to the desk, for appropriate reference, the administration bill to strengthen and improve public and private programs of assistance for institutions of higher education and students attending them. I ask unanimous consent that the text of the measure and a fact sheet concerning it which was prepared by the Office of Education of the Department of Health, Education, and Welfare be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and fact sheet will be printed in the RECORD.

The bill (S. 3047) to strengthen and improve public and private programs of assistance for institutions of higher education and students attending them, introduced by Mr. MORSE, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S. 3047

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Amendments of 1966".

TITLE I—EXTENSION OF ASSISTANCE TO HIGHER EDUCATION

Part A—Extension of and Amendments to the Higher Education Facilities Act of 1963

Extension of Grants for Construction of Undergraduate Academic Facilities

SEC. 101. (a) Section 101 of the Higher Education Facilities Act of 1963 is amended to read as follows:

"SEC. 101. (a) For the purpose of enabling the Commissioner of Education (hereinafter in this Act referred to as the "Commissioner") to make grants to institutions of higher education for the construction of academic facilities in accordance with the provisions of this title, there is hereby authorized to be appropriated the sum of $230,000,000 for the fiscal year ending June 30, 1964, and for the succeeding fiscal year, $460,000,000 for the fiscal year ending June 30, 1966, $453,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for each of the four succeeding fiscal years. In addition to the sums authorized to be appropriated under the preceding sentence for each fiscal year, there is hereby authorized to be appropriated for that fiscal year for making such grants the difference (if any) between any specific sums authorized to be appropriated under the preceding sentence for the preceding fiscal year and the sums which were appropriated for such preceding year under such sentence.

"(b) Sums appropriated pursuant to subsection (a) of this section shall remain avail-

able for reservation as provided in section 109 until the close of the fiscal year next succeeding the fiscal year for which they were appropriated."

Payments for Administrative Expenses and for Planning

SEC. 102. Subsection (b) of section 105 of the Higher Education Facilities Act of 1963 is amended to read as follows:

"(b) The Commissioner is authorized to expend not exceeding $3,000,000 during the fiscal years ending June 30, 1965, and June 30, 1966, and not exceeding $7,000,000 for the fiscal year ending June 30, 1967, and each of the four succeeding fiscal years, in such amounts as he may consider necessary (1) for the proper and efficient administration of the State plans approved under this title and under part A of title VI of the Higher Education Act of 1965, including expenses which he determines were necessary for the preparation of such plans, and (2) for grants, upon such terms and conditions as the Commissioner determines will best further the purposes of this Act, to State commissions for conducting, either directly or through other appropriate agencies and institutions, comprehensive planning to determine the construction needs of institutions (and particularly combinations and regional groupings of institutions) of higher education. Not more than $3,000,000 may be expended in any fiscal year for the purposes set forth in clause (1)."

Extension of Grants for Construction of Graduate Academic Facilities; Extending Availability of Appropriations

SEC. 103. (a) Section 201 of the Higher Education Facilities Act of 1963 is amended to read as follows:

"SEC. 201. In order to increase the supply of highly qualified personnel critically needed by the community, industry, government, research, and teaching, the Commissioner shall, during the fiscal year ending June 30, 1964, and each of the seven succeeding fiscal years, make construction grants to assist institutions of higher education to improve existing graduate schools and cooperative graduate centers, and to assist in the establishment of graduate schools and cooperative graduate centers of excellence. For the purpose of making grants under this title, there is hereby authorized to be appropriated the sum of $25,000,000 for the fiscal year ending June 30, 1964, the sum of $60,000,000 for the fiscal year ending June 30, 1965, the sum of $120,000,000 for the fiscal year ending June 30, 1966, the sum of $60,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for each of the four succeeding fiscal years. In addition to the sums authorized to be appropriated under the preceding sentence for each fiscal year, there is hereby authorized to be appropriated for that fiscal year for making such grants the difference (if any) between any specific sums authorized to be appropriated under the preceding sentence for the preceding fiscal year and the sums which were appropriated for such preceding year under such sentence. Sums appropriated pursuant to this title for any fiscal year shall remain available for grants under this title until expended."

Extension of Loans for Construction of Academic Facilities

SEC. 104. Section 303(c) of the Higher Education Facilities Act of 1963 is amended—

(1) by striking out "four" in the first sentence and inserting "seven";

(2) by striking out in the second sentence all that follows "the two succeeding fiscal years" and inserting in lieu thereof ", $200,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for each of the four succeeding fiscal years."; and

(3) by amending the third and fourth sentences to read as follows: "In addition to the sums authorized to be appropriated under the preceding sentence for each fiscal year, there is hereby authorized to be appropriated for that fiscal year, for making such loans, the difference (if any) between any specific sums authorized to be appropriated under the preceding sentence for the preceding fiscal year and the sums which were appropriated for such preceding year under such sentence. Sums appropriated pursuant to this subsection for any fiscal year shall be available without fiscal-year limitation for loans under this title."

Clarifying Amendment of Definition of Development Cost

SEC. 105. Subsection (c) of section 401 of the Higher Education Facilities Act of 1963 is amended (1) by inserting "(1)" immediately after "(c)", (2) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively, (3) by redesignating subclauses (A) and (B) as subclauses (i) and (ii), and (4) by adding at the end thereof the following new paragraph:

"(2) In determining the development cost with respect to an academic facility, the Commissioner may include expenditures for works of art for the facility of not to exceed 1 per centum of the total cost (including such expenditures) to the applicant of construction of, and land acquisition and site improvements for, such facility."

Repeal of Authority To Prescribe a Schedule of Fees for Certain Inspections and Related Activities

SEC. 106. The Higher Education Facilities Act of 1963 is amended by striking out subsection (b) of section 304 and by redesignating subsection (c) and references thereto as subsection (b).

Part B—Extension of assistance to developing institutions

SEC. 111. Paragraph (1) of section 301(b) of the Higher Education Act of 1965 is amended by inserting "the sum of $30,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for each of the three succeeding fiscal years" after "1966,".

TITLE II—STUDENT LOAN PROGRAMS

Loan Reimbursement Payments for Teachers

SEC. 201. Title II of the National Defense Education Act of 1958 is amended by redesignating subsection (c) of section 205 as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) In order to encourage students who have obtained a loan under this title to refinance such loan through the student loan program carried out under part B of title IV of the Higher Education Act of 1965, and likewise to encourage students to obtain new loans under such part B program in lieu of obtaining such loans under this title, a student who does so with the approval of the educational institution involved shall, with respect to so much of the loan under such part B as—

"(1) is a refinancing of a student loan made by the institution under this title, or,

"(2) in the case of a loan under such part B obtained in lieu of a loan from the institution, does not exceed the amount which he was eligible to borrow from the institution,

be entitled, in accordance with regulations of the Commissioner, to have the following loan reimbursement payments made to him by the Commissioner: An amount equal to 10 per centum of the applicable total principal amount of any such loan shall be paid for each complete academic year or its equivalent (as determined under regulations of the Commissioner) of service as a full-time teacher in a public or other nonprofit elementary or secondary school in a State, in an institution of higher education, or in an elementary or secondary school overseas of the Armed Forces of the United States, until an amount equal to 50 per centum of such total has been paid. The annual amount shall be 15 per centum (rather than 10 per centum) for each complete academic year or its equivalent (as so determined) of service as a full-time teacher in a public or other nonprofit elementary or secondary school which is in the school district of a local educational agency which is eligible in that year for assistance pursuant to title II of the Act of September 30, 1950, Public Law 874, Eighty-first Congress, as amended, and which for purposes of this paragraph and for that year has been determined by the Commissioner, pursuant to regulations and after consultation with the appropriate State educational agency, to be a school in which there is a high concentration of students from low-income families, except that the Commissioner shall not make such determination with respect to more than 25 per centum of the total of the public and other nonprofit elementary and secondary schools in any one State for any one year; and for the purpose of payments pursuant to this sentence, an aggregate amount equal to an additional 50 per centum of the applicable total principal amount of any such loan may be so paid. No payment shall be made under this subsection for service performed more than fifteen years from the execution of the note or written agreement evidencing it."

Encouraging Private Capital for National Defense Student Loans

SEC. 202. Section 203 of the National Defense Education Act of 1958 is amended by designating the present text as subsection (a) and by inserting at the end thereof the following new subsection:

"(b)(1) For the purpose of substituting for direct Federal support to the maximum extent practicable private and other non-Federal funds for student loans, the Commissioner is authorized to provide the following forms of assistance, upon such terms and conditions as he may deem appropriate, for the benefit of students attending institutions of higher education:

"(A) If an institution of higher education borrows non-Federal funds (or otherwise receives or makes available repayable non-Federal funds) for use as capital contributions to a student loan fund established under this title, the Commissioner may (i) guarantee timely repayment of all or part of such funds (plus interest thereon), (ii) agree to reimburse the institution for up to 90 per centum of the loss to it from defaults on student loans made from such funds, (iii) agree to pay to the institution the amount of the interest differential (as defined in paragraph (3) of this subsection) with respect to such funds, and (iv) agree to pay the institution the amount of administrative expenses authorized by clause (3) of section 204 to be paid out of a student loan fund with respect to such funds.

"(B) If an institution of higher education arranges for a student assistance organization (as defined in paragraph (3) of this subsection) to make loans to students attending the institution, the Commissioner may enter into an agreement with the organization upon the terms set forth in section 204 and may (i) guarantee timely repayment of funds (plus interest thereon) borrowed by the organization for use as capital contributions to a student loan fund established under this title, (ii) agree to reimburse the organization for up to 90 per centum of the loss to it from defaults on student loans made from such borrowed funds, (iii) agree

to pay to the organization the amount of the interest differential with respect to such borrowed funds, and (iv) agree to pay to the organization the amount of administrative expenses authorized by clause (3) of section 204 to be paid out of a student loan fund with respect to such funds. A student assistance organization with which the Commissioner makes an agreement pursuant to this subparagraph shall be deemed to be an institution of higher education for purpose of applying the other provisions of this title.

"(C) If an institution of higher education enters into arrangement with one or more lenders pursuant to which the lender makes loans (upon terms and conditions set forth in section 205(b)) in such amounts and to such students as the institution may determine on the basis of the criteria set forth in section 205, the Commissioner may (i) guarantee to the lender timely repayment of the loans (including amounts thereof which are canceled), (ii) agree to pay to the lender such amount as the Commissioner determines will give the lender, considering the interest on the loan, a reasonable rate of return on such loans, and (iii) agree to pay to the institution, with respect to the aggregate amount of outstanding principal on such loans, an amount equal to the amount of administrative expenses authorized by clause (3) of section 204 to be paid from a student loan fund. The Commissioner shall condition any such assistance upon agreement by the institution to pay the Commissioner promptly an amount equal to 10 per centum of the amount paid by him to the lender on account of defaults on such students loans.

"(2) The assistance provided by the Commissioner pursuant to paragraph (1) shall be subject to the following limitations:

"(A) If the interest on an obligation is exempt from income taxation by reason of section 103(a) of the Internal Revenue Code of 1954, the Commissioner shall not guarantee timely payment of that obligation except during such time or times as it is held beneficially by a holder which is exempt from income tax because it is a State or an instrumentality of a State or because of section 501(c) of such Code.

"(B) No payment shall be made under this subsection with respect to a loan if the rate of interest on that loan exceeds such per centum per annum on the principal obligation outstanding as the Secretary (after consultation with the Secretary of the Treasury) determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the rate of interest the borrower pays or would have to pay with respect to other loans of a similar duration.

"(3) For purposes of this subsection—

"(A) the term 'interest differential' means the excess of (i) the amount of interest paid by an institution or organization with respect to sums deposited by it as capital contributions to a student loan fund established under this title, over (ii) the amount of interest received by it on student loans made from such funds;

"(B) the term 'student assistance organization' means a nonprofit organization authorized to make loans to students in one or more institutions of higher education."

Revolving Fund; Appropriations Authorized

SEC. 203. (a) Section 203 of the National Defense Education Act of 1958 is further amended by adding at the end thereof the following new subsections:

"(c) There is hereby created in the Treasury a separate fund (hereinafter in this section called 'the fund') which shall be available to the Commissioner without fiscal year limitation as a revolving fund for making Federal capital contributions to institutions which have agreements with the Commissioner under this title but which for legal or other reasons are unable (as determined by the Commissioner) to take adequate advantage of assistance under subsection (b). Federal capital contributions made from the fund shall be made upon such terms and conditions as the Commissioner may deem appropriate, and they may be made without regard to the allocation provisions of sections 202 and 203(a). There shall be deposited in the fund all amounts appropriated pursuant to subsection (d) of this section, all sums appropriated pursuant to section 201 and not obligated prior to the date of enactment of this subsection, amounts received by the Commissioner as repayments of capital contributions, and any other moneys, property, or assets derived by him from his operations in connection with the fund, including any moneys derived directly or indirectly from the sale of assets, or beneficial interests or participation in assets, of the fund. There shall be paid from the fund all payments to institutions of higher education required by section 208 with respect to student loans financed from capital contributions from the fund and all expenses and payments of the Commissioner in connection with the sale (through the Federal National Mortgage Association or otherwise) of participations in obligations acquired under this title. If at any time the Commissioner determines that moneys in the fund exceed the requirements of the fund, such excess shall be transferred to the general fund of the Treasury.

"(d)(1) There are authorized to be appropriated $150,000,000 for the fiscal year ending June 30, 1967, and such sums for the succeeding fiscal year as may be necessary for making payments into the fund established under subsection (c).

"(2) In order to receive Federal capital contributions from the fund (and notwithstanding section 205(b)(8)), an institution must agree to require each student who receives a loan financed from such capital contributions to authorize in writing assignment to the Commissioner of the note or other agreement evidencing that loan; and the note or other agreement evidencing each prior loan made by the institution to the student under this title, and the institution must agree to assign to the Commissioner so much of these notes and agreements as he may determine. The institution shall continue to collect, as agent of the Commissioner and for so long as he may determine, payments of principal and interest with respect to any such notes and agreements which may be assigned, and while the institution is so collecting the provisions of clause (3) of section 204 (regarding administrative expenses and collection costs) shall continue to apply to the loans evidenced by such notes and agreements. Ten per centum of such payments with respect to notes and agreements which have been assigned shall be retained by the institution and 90 per centum of such payments shall be paid to the Commissioner.

"(e) (1) For any fiscal year, the aggregate of (A) the amount of loans which may be guaranteed under clause (i) of subparagraph (A), (B), or (C) of subsection (b), (B) the amount of any other loans with respect to which the Commissioner agrees to pay the interest differential authorized by subsection (b), (C) the amount of Federal capital contributions made from the fund established under subsection (d), and (D) the amount of student loans with respect to which the Commissioner may become liable, by virtue of section 205(c), to make loan reimbursement payments may not exceed such maximum amount as may be authorized by an appropriation Act, except that this amount in turn may not exceed the amount authorized to be appropriated for that year by section 201. Whenever a specified maximum amount is so authorized by an appropriation Act, there shall be established on the books of the Treasury as indefinite appropriations such sums as may be necessary from time to time to enable the Commissioner to make payments required by a contract of guaranty or by any other undertaking made by him pursuant to subsection (b) with respect to such maximum amount.

"(2) For any fiscal year, the share of the maximum amount determined under paragraph (1) which shall be available for students attending any institution shall be determined by the Commissioner by allocating such maximum amount among institutions and organizations with which he has agreements under this title in a manner which he deems to be consistent, considering the availability of student loan assistance under title IV–B of the Higher Education Act of 1965, with the provisions of sections 202 and 203."

(b) Section 206(b) of such Act is amended to read as follows:

"(b) After September 30, 1966, each institution with which the Commissioner has made an agreement under this title shall pay to the Commissioner, not less often than quarterly, 90 per centum (or such lesser proportion as the Commissioner may deem to be equitable in light of the relative Federal and non-Federal contributions to the loan fund) of the amounts received by the institution after that date in payment of principal or interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any administrative costs or collection costs authorized by clause (3) of section 204 to be paid from the student loan fund and not already reimbursed), and the remainder of such amounts shall be retained by the institution."

Authorizing Loan Insurance for Loans To Refinance Loans Made From Federally Assisted Student Loan Funds

SEC. 204. (a) Title IV of the Higher Education Act of 1965 is amended by redesignating subsections (b) and (c) of section 427, and references thereto, as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) A loan by an eligible lender shall also be insurable by the Commissioner under the provisions of this part if it is made for the purpose of enabling the borrower to repay one or more loans obtained by him from a loan fund established under title II of the National Defense Education Act of 1958. The Commissioner shall promulgate such regulations as he may deem appropriate to assure that loans which are insurable by virtue of this subsection shall be used for the purpose for which they are made. A loan shall be insurable by virtue of this subsection only if it is evidenced by a note or other written agreement which meets the requirements of clause (2) of subsection (a), except that if the repayment period has begun for any loan which is to be repaid, the new loan may not be insured under this part unless its repayment period begins when the loan is paid to the borrower. The amount of any loan which is made insurable by virtue of this subsection shall not be included in determining whether a student has exceeded the annual or aggregate limits set forth in section 425(a)(1)."

(b) Section 428(c)(1)(A) (as redesignated by section 101(b) of this Act) is amended by inserting at the end thereof and before the semicolon ", except that there shall not be included in determining such amount the amount of any loan made pursuant to regulations of the Commissioner for the purpose of enabling the borrower to repay one or more loans obtained by him from a loan fund established under title II of the National Defense Education Act of 1958".

The fact sheet presented by Mr. MORSE is as follows:

FACT SHEET

Higher Education Amendments of 1966—Appropriations requested for fiscal year 1967

[In millions]

Title I, extension of assistance to higher education:	
Part A, amendments to the Higher Education Facilities Act of 1963 (Public Law 88–204):	
Grants for undergraduate facilities construction (title I)	$453
Grants for State administrative expenses and planning grants	7
Grants for graduate facilities construction (title II)	60
Loans for undergraduate and graduate school construction (title III)	[1] 200
Total (part A)	720
Part B, extension of assistance to developing institutions (title III of the Higher Education Act of 1965, Public Law 89–329)	30
Title II, amendments to the national defense student loan program	150
Total, Higher Education Amendments of 1960	900

[1] $100,000,000 in additional loan funds is to be made available through the sale of notes from this program to private financial institutions under legislation to be submitted to the Congress at a later date.

HIGHER EDUCATION AMENDMENTS OF 1966

Since the end of World War II, higher education has become one of the major factors contributing to the continued strength and vitality of American society. Before 1946, higher education was generally considered to be a luxury available to only a fortunate few.

The increased complexity of postwar American life, a thirst for knowledge on the part of young people, and a growing demand for college graduates have had a profound effect upon the higher education system. College enrollment has doubled in the last decade. There are now nearly 6 million students in American colleges. By 1975 enrollment is expected to reach 8.6 million. Freshman enrollments for 1965 are 18 percent above those of the previous year. The number of colleges and universities rose from 866 at the end of World War II to almost 2,200 in 1966, and there is every indication that this spectacular growth will continue.

Concurrent with the rapid expansion of the higher education system at the undergraduate level, there has been growth in demand for postgraduate education. Students with bachelor's degrees are seeking to go on to graduate school. Colleges, vocational and technical schools, business, and industry are requiring professional employees to have postgraduate education as a prerequisite for work in an increasing number of specialized fields. Ten years ago, approximately 240,000 students were enrolled in graduate schools. Last September, that number had increased to 570,000. The demand for graduate education is not expected to abate. Projections indicate that by 1974 there will be almost 1.1 million graduate students. It is estimated that an additional 40 strong graduate centers are needed to meet the Nation's manpower requirements.

Cost-of-living increases, better teachers' salaries, and the cost of improving the quality of education have resulted in a rapid increase in the cost of going to college. In public institutions, college costs in 1940 were approximately $850 a year. By 1965, that cost had almost doubled, $1,560. It is estimated that the average annual cost of attending a public institution will be $2,400 in 1980. In private institutions the costs have risen from $1,100 in 1940 to $2,370 in 1965—by 1980 it is estimated that the average annual cost will be $3,640.

Congress has recognized that the vital role of higher education in national affairs has created a need for a national effort to assist both institutions of higher education and students. In 1958, the National Defense Education Act was enacted. This act, established to improve education at all levels, included the popular national defense student loan program. In 1963, Congress passed the Higher Education Facilities Act to assist in construction of libraries, laboratories, and classrooms.

The Higher Education Act of 1965 authorizes support for a broad range of higher educational activities. Significant is title III, designed to strengthen developing institutions. Congress recognized that if the goals of American higher education are to be met, every college must develop to its full potential.

TITLE I—ASSISTANCE TO HIGHER EDUCATION

Part A—Amendments to the Higher Education Facilities Act of 1963 (Public Law 88–204)

Background

The demand for student space in our institutions of higher education has resulted in a great expansion of facilities, but demand has far outpaced supply. Neither the tax-assisted State and municipal institutions nor the private colleges have sufficient resources to build and improve quickly enough. It is estimated that this year more than $1 billion in non-Federal funds will be spent for undergraduate facilities. Even with more than $600 million in Federal grants and loans, the unmet need for facilities since 1961 is estimated to amount to more than $4 billion.

The Higher Education Facilities Act of 1963 reflects the recognition by Congress of the Federal obligation to help colleges and universities increase their facilities. The purpose of the law: To provide present and future generations of American youth with ample opportunity for the fullest development of their intellectual capacities.

The Higher Education Facilities Act of 1963 established three major programs for the construction, rehabilitation, alteration, conversion, or improvement of college facilities: Grants for undergraduate facilities, grants for graduate facilities, and loans for both undergraduate and graduate facilities.

Funds were first appropriated for these programs in fiscal year 1965. Since that time, grants and loans have been affecting the education of millions of students.

Title I of the law establishes grants to public and private nonprofit colleges and universities for undergraduate classroom, laboratory, and library construction. These grants are used to pay up to a third of construction or improvement cost.

In fiscal year 1965, $224 million provided support for 516 projects. Total cost of these projects was $900 million. A survey indicated, however, that grant applications during that year exceeded available funds by more than $245 million. In the current fiscal year, 542 applications requesting a total of $217 million have been received, and State commissions forward only those applications for which sufficient Federal funds are available in the State allotment. To date 126 projects have been approved at a cost of $47 million. Demand for funds already exceeds the amount available in many States and all applications have not yet been forwarded to the Office of Education.

Title II of the law establishes grants to public and nonprofit private colleges and universities, for graduate classroom, laboratory, and library construction. These grants are used for up to a third of construction or improvement cost.

Under a fiscal year 1965 appropriation of $60 million, 85 grants were awarded out of 125 applications. More money has been requested during the current fiscal year than the total funds appropriated. Thirty-one grants, totaling $18.3 million, had been made by the end of January on the recommendation of the advisory committee. If demand continues, about $100 million will be requested by graduate schools in this fiscal year. Every indication points to a continuing demand.

Federal loans are available for undergraduate and graduate school construction under title III of the Higher Education Facilities Act of 1963. This program complements the grant programs established by titles I and II. Federal contribution under both programs may not exceed three-fourths of the cost of construction of any academic facility.

In fiscal year 1965, 133 loans were approved, totaling more than $107 million. This fiscal year, the demand for loans is expected to be twice the amount of funds appropriated. By the middle of the fiscal year applications were $20 million more than the $110 million appropriation.

Proposal

All three programs would be extended 5 years through fiscal 1971. Funds authorized for undergraduate school construction grants (title I) for fiscal year 1967 would be $460 million, the same as in fiscal year 1966. Of this amount, $453 million would be for construction grants; $7 million would be available for the administration of State plans and for comprehensive planning of construction needs of institutions of higher education. Such sums as may be necessary would be authorized for the next 4 years. Funds would remain available for grants until the close of the fiscal year after their appropriation.

Funds authorized for graduate school construction grants (title II) for fiscal year 1967 would total $60 million, the same as in fiscal year 1966. Such sums as may be necessary would be authorized for the next 4 years. Funds appropriated under this title would remain available for grants until expended and would not lapse with the end of the fiscal year.

Funds authorized for undergraduate and graduate facilities construction loans (title III) for fiscal year 1967 would be $200 million, an increase of $90 million over this year's appropriation. Such sums as may be necessary would be authorized for the next 4 years. Funds authorized under this title would remain available for grants until expended and would not lapse with the end of the fiscal year.

Part B—Extension of assistance to developing institutions (title III of the Higher Education Act of 1965, Public Law 89–329)

Background

The small college plays an important role in the American higher education system. Of the 2,134 institutions of higher education, 1,238 have an enrollment of less than 1,000. More than 80 percent of our colleges enroll less than 2,500 students. Nearly one-half of our college students attend small colleges.

The familiar problems which beset all institutions of higher education are especially critical for developing institutions. One out of every four of our colleges and universities is not accredited. These colleges lack adequate financial support, breadth in course offerings, and sufficient numbers of faculty members. Typically found within this group is the small colleges.

Weaknesses in faculty and administration frequently make them unable to compete successfully for funds from private sources or to participate in other Federal programs. Ninety percent of Federal research money has gone to fewer than 100 institutions and 40 percent went to the top 10.

Other factors compound the problems of smaller institutions. Currently, American universities graduate only about half the

number of Ph. D.'s that the Nation needs. Of these, less than half go into college teaching. The larger university, with its research facilities and attractive salary scale, has a hiring advantage over the small college. It becomes less and less possible for smaller institutions to acquire and hold the better scholars.

Title III of the Higher Education Act of 1965 is a major effort to alleviate the problems of the small college. It is aimed at augmenting the teaching resources of small colleges through faculty exchanges and national fellowships for young graduate students and instructors in large universities. Cooperative programs are being assisted in order to encourage contracts with larger universities for joint use of available faculty and facilities. Cooperation of this nature will help solve the facility and financial problems that are related to the smallness of the institution.

An advisory committee, which will assist the Commissioner in approving applications, has been appointed and has begun to function. Regulations, guidelines, and applications have been printed and distributed to institutions of higher education. Grants are scheduled to be announced in June.

Proposal

The program for strengthening developing institutions would be extended through fiscal year 1970. Funds authorized for fiscal year 1967 would be $30 million, up $25 million from this year's appropriation. Such sums as may be necessary would be authorized for the succeeding 3 years.

TITLE II—AMENDMENTS TO THE NATIONAL DEFENSE STUDENT LOAN PROGRAM

Background

The national defense student loan program was established in 1958 in order to assist able and needy college students in financing a college education. Under the program, Federal funds are made available as low-interest loans to students who need money for tuition, books, supplies, and living costs. Loans carry a 3-percent interest rate and are repayable over a 10-year period, starting 9 months after graduation or termination of the required academic workload. Students who can demonstrate need and who attend a participating college, university, business school, or technical institution at least half-time are eligible for the loans.

Since the program became operational 7 years ago, more than 890,000 students attending 1,700 colleges and universities in all 50 States have borrowed approximately $800 million. The average annual loan during the first full year of the program was $438. In 1965 the average loan was $524. In fiscal year 1965, 319,025 loans were made totaling $166,333,271.

Borrowers who teach in elementary and secondary schools may have up to one-half of their loan forgiven over a 10-year period. If the school in which the borrower teaches is designated as one which serves an area with a high concentration of pupils from low-income families, 100 percent of the loan may be "forgiven" at a rate of 15 percent per year. Since the beginning of the program, $14.1 million has been canceled.

In 1965, the 89th Congress authorized the establishment of a much broader student loan program with the enactment of the Higher Education Act of 1965 (Public Law 89–329). Title IV–B of that act provides for a program of federally insured reduced-interest privately financed student loans on terms similar to those in the national defense student loan program. Under this program, the Federal Government assists State and private student loan insurance programs by underwriting annual loans of up to $1,500 on terms essentially comparable to those under the NDEA. Loans must be repaid within 5 to 10 years after graduation, beginning 9 months after the student leaves school. There is a 3-year moratorium on repayment for borrowers serving in the Armed Forces or in the Peace Corps. Minimum annual loan repayment is $360.

Proposal

Title II of the National Defense Education Act would be amended in several ways to facilitate the substitution of private capital for direct Federal appropriations in meeting student loan needs.

1. Funds borrowed by an institution of higher education or a student assistance organization would be guaranteed by the Federal Government except for tax-exempt obligations held by a taxable lender.

2. Ninety percent of the loss from defaults on student loans would be covered by the Federal Government, and 10 percent by the institution of higher education.

3. The Federal Government would subsidize the difference between interest payments received from student loans and the interest which the institution or student assistance organization pays to borrow the funds.

4. The Federal Government would pay one-half of the expenses of administering the loan fund, but not more than 1 percent of the outstanding loans (as in existing sec. 204(3) of National Defense Education Act).

5. In order to assure that college loan funds will have sufficient capital to make loans to students during fiscal year 1967, appropriations of $150 million would be authorized to be deposited in a revolving fund for allocation to institutions of higher education which for legal or other reasons are unable to take advantage of private capital with the Federal assistance outlined above. Such sums as may be necessary would be authorized for this purpose in fiscal year 1968.

6. These institutions would agree to require each student borrower to authorize the assignment to the Commissioner of Education of his note and all previous notes evidencing loans made by that institution to such student. The institution could be required to continue to collect payments of principal and interest on these loans as the Commissioner's agent (and would receive the above-mentioned administrative expenses). The Commissioner could then sell participations in obligations so acquired (through the Federal National Mortgage Association or otherwise) and thus secure the funds from the private capital market for deposit in the revolving fund to replace the capital contributions made out of the revolving fund.

7. After September 30, 1966, institutions would be required to return the Federal Government's share of repayments received on National Defense Education Act student loans to the Commissioner for deposit in the revolving fund.

8. Teacher loan cancellation provisions comparable to the benefits contained in the existing NDEA program would be included in the new legislation. Students receiving loans from private lending institutions which are insured under title IV–B of the Higher Education Act of 1965 would be entitled to loan reimbursement payments for subsequent service as a teacher if the student is refinancing a National Defense Education Act loan or would have qualified as an eligible borrower under the national defense student loan program. These reimbursements would equal 10 percent of the total loan for each year of service (up to 5) as a teacher in a public or other nonprofit elementary or secondary school or in an institution of higher education. As in the recently enacted amendment made by the Higher Education Act of 1965, such payments would equal 15 percent for each year of service as an elementary or secondary school teacher in a school in which there is a high concentration of students from low-income families. (Not more than 25 percent of the schools in a State may be so designated.) A student could thus be reimbursed for all of his loan (instead of 50 percent).

9. The total amount of the student loans which are assisted by these various means could not exceed the authorization now provided in NDEA title II ($190 million for fiscal year 1967)—whether this assistance is provided by assisting colleges to obtain loan funds by guarantee or subsidy of the interest differential on these borrowed funds or by making capital contributions from the revolving fund, or by entitling students who receive insured loans to loan reimbursement payments.

10. Allocation of the maximum amount of federally assisted loans which would be available to students at each institution of higher education would be determined in a manner consistent with the present NDEA allocation formula, considering the availability of student loan assistance under title IV–B of the Higher Education Act of 1965.

Higher Education Amendments of 1966

	Total State amounts	Public community colleges and public technical institutes [1]	Undergraduate institutions other than public community colleges and public technical institutes [2]
U.S. and outlying areas	$453,000,000	$99,660,000	$353,340,000
50 States and District of Columbia	448,561,491	98,464,092	350,097,399
Alabama	7,687,016	2,334,674	5,352,342
Alaska	355,212	71,953	283,259
Arizona	4,337,575	831,654	3,505,921
Arkansas	4,526,373	1,301,745	3,224,628
California	45,967,763	7,169,021	38,798,742
Colorado	5,318,536	1,045,570	4,272,966
Connecticut	5,786,285	1,033,228	4,753,057
Delaware	986,795	170,908	815,887
Florida	11,556,393	2,700,126	8,856,267
Georgia	$9,031,172	$2,509,621	$6,521,551
Hawaii	1,702,750	404,421	1,298,329
Idaho	1,923,231	522,673	1,400,558
Illinois	22,305,020	4,208,831	18,096,189
Indiana	11,754,921	2,697,957	9,056,964
Iowa	7,548,459	1,790,236	5,758,223
Kansas	5,965,569	1,218,198	4,747,371
Kentucky	7,155,939	1,898,091	5,257,848
Louisiana	8,324,527	2,154,865	6,169,662
Maine	2,315,520	662,541	1,652,979
Maryland	7,344,771	1,543,111	5,801,660
Massachusetts	13,636,029	2,508,574	11,127,455
Michigan	20,370,683	4,186,616	16,184,067
Minnesota	9,884,901	2,375,812	7,509,089

See footnotes at end of table.

Higher Education Amendments of 1966—Continued

	Total State amounts	Public community colleges and public technical institutes [1]	Undergraduate institutions other than public community colleges and public technical institutes [2]
Mississippi	$5,311,059	$1,375,194	$3,935,865
Missouri	10,428,673	2,186,952	8,241,721
Montana	1,844,963	441,070	1,403,893
Nebraska	3,854,780	885,507	2,969,273
Nevada	714,109	129,471	584,638
New Hampshire	1,701,519	404,047	1,297,472
New Jersey	11,784,552	2,783,000	9,001,552
New Mexico	2,602,555	640,700	1,961,855
New York	36,839,093	6,315,153	30,523,940
North Carolina	11,516,400	3,236,112	8,280,288
North Dakota	1,878,723	446,007	1,432,716
Ohio	23,761,920	5,363,602	18,398,318
Oklahoma	6,792,546	1,624,114	5,168,432
Oregon	5,331,905	1,168,833	4,163,072
Pennsylvania	25,648,779	6,438,491	19,210,288
Rhode Island	2,153,672	439,500	1,714,172
South Carolina	5,495,709	1,690,533	3,805,176
South Dakota	$1,949,424	$474,728	$1,474,696
Tennessee	8,923,462	2,349,334	6,574,128
Texas	23,699,371	5,440,791	18,258,580
Utah	3,703,404	724,696	2,978,708
Vermont	1,149,998	256,325	893,673
Virginia	8,695,492	2,259,429	6,436,063
Washington	8,258,184	1,788,441	6,469,743
West Virginia	4,635,829	1,306,008	3,329,821
Wisconsin	10,878,947	2,597,357	8,281,590
Wyoming	873,920	198,807	675,113
District of Columbia	2,347,063	159,464	2,187,599
American Samoa	47,512	20,419	27,093
Canal Zone	153,570	40,838	112,732
Guam	4,176,068	1,118,271	3,057,797
Puerto Rico	61,359	16,380	44,979
Virgin Islands			

[1] Estimated distribution on the basis of the State products of (1) total high school graduates and (2) fiscal year 1967 allotment ratios with limits of 0.3333 and 0.6667.

[2] Estimated distribution with ½ distributed according to an estimated fall 1965 enrollment in grades 9 to 12, and ½ distributed according to fall 1965 enrollment in institutions of higher education.

NOTE.—Data on enrollments in institutions of higher education were partially estimated.

Mr. MORSE. Mr. President, for the same reasons as were developed in my floor statement of March 2, 1966, I am further constrained to express my reservations with respect to the measure which I have just introduced. Again, the matter can be fully explored during our hearings.

Mr. President, I ask unanimous consent that the Higher Education Amendments of 1966 bill be held at the desk until the close of business, Friday, March 11, 1966, to permit cosponsorship of such Senators as may wish to avail themselves of this opportunity.

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

REPRESENTATION IN CONGRESS FOR RESIDENTS OF THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. President, ever since I can remember in the course of my service in Congress—and that goes back a third of a century—there has been agitation to provide the District of Columbia with a voting representative in the House of Representatives. It appears that this can be done only by amending the Constitution, but for one reason or another no action on such a proposal has ever been taken by either House of Congress.

The Constitution confers upon Congress exclusive jurisdiction over the seat of the Federal Government. At the time when the Constitution was formulated, there was ample reason for such action. The Continental Congresses were subjected to considerable pressure and on occasion there were threats and demonstrations which jeopardized the safety of Members of Congress. But it was never contended that the inhabitants of the area which was to be marked out as the seat of government should not have a voice in government. In fact, James Madison in discussing the matter in the 43d of the Federalist Papers speaks of the inhabitants who will occupy the area to become the seat of government to the effect that, "They will have had their voice in the election of the government which is to exercise authority over them," and further that they will have "a municipal legislature for local purposes, derived from their own suffrages."

It has been a long struggle to secure a vote for the residents of the District of Columbia that they might share in the selection of a President.

It has also been a long struggle to secure action on a home-rule measure which will provide some form of a municipal legislature, and even now that proposal, passed in different forms in the House and Senate in the first session of the present 89th Congress, is still beset with much disagreement and controversy.

Neither of these matters is affected by the constitutional resolution which I am introducing today. This concerns itself wholly and singly with the proposal to give the District of Columbia voting representation in the Congress in such manner as Congress shall provide. It is therefore merely the bare constitutional authority to make this possible and leaves it to the Congress how it shall be done.

Insofar as I can determine, the present population of the District is in excess of 800,000 persons. If all of them had their legal domicile in the District, it would exceed the populations of 12 States. Even when allowance is made for those who maintain their legal residence in the States from whence they come, the stationary, domiciled population of the District is very substantial and it merits a voice in the Congress.

This in no way affects or impairs the exclusive jurisdiction of the Congress over the seat of government. It merely recognizes the realities of our time. District residents no less than the residents of the 50 States are affected by general legislation enacted by Congress dealing with revenues, welfare, pollution, and a vast variety of other matters and hence deserve to be heard through a representative of their own choosing who is clothed with a right to vote which shall be of equal weight as that of other Members of Congress.

I ask unanimous consent to have printed in the RECORD the text of the resolution, and also an article from the Washington Star, entitled "Representation—The Next Logical Step."

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

The joint resolution (S.J. Res. 142) proposing an amendment to the Constitution of the United States providing for representation in the Congress for the District constituting the seat of government of the United States, introduced by Mr. DIRKSEN (for himself and Mr. MANSFIELD), was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States which shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE —

"SECTION 1. The District constituting the seat of government of the United States shall be given voting representation in Congress in such measure as the Congress may direct."

The article presented by Mr. DIRKSEN is as follows:

REPRESENTATION—THE NEXT LOGICAL STEP

Starting tomorrow, at the urging of the President, the Bayh subcommittee will hear a parade of Senators support a variety of proposals for revising the electoral voting system through a new constitutional amendment. The revision is overdue, for the system clearly contains faults.

Those hearings, however, have another, greater importance to Washingtonians. They provide the simple, logical means by which Congress, without impairing the chances for electoral reform can simultaneously correct a far more invidious and senseless voting

fault—the denial of representation in Congress to District residents.

District representation is entirely germane to electoral reform. As President Johnson has noted, the lack of a District voice in Congress would rob Washingtonians of participation in a presidential election thrown *into* Congress by the failure of any candidate to win a majority of the Nation's electoral votes. Any electoral reform, therefore, must inevitably deal with this problem. But the only proper way is to deal with it directly—by granting District residents the basic right of a voice in Congress.

Fortunately this direct approach already has attracted strong congressional support. Majority Leader MANSFIELD forthrightly endorses it. Minority Leader DIRKSEN promises to sponsor, at the proper time, the necessary corrective language. Their sentiments are echoed by other House and Senate leaders, and outside the Halls of Congress the story is the same. District Democratic and Republican leaders, who agree on little else, unequivocally support the idea.

The historic injustice which this move would correct requires no extensive review here. Nowhere in the Constitution or in the deliberations preceding it is there the slightest suggestion of any intent to deny residents of the Nation's Capital the right to representation in Congress. Nearly two centuries ago, discussing in The Federalist (No. 43) the Founding Fathers' proposal to create a seat of government over which Congress would have complete authority, James Madison stated what he thought was the fact—that the inhabitants of the area "will have their voice in the government which is to exercise control over them."

In the drafting, however, the District was forgotten. The Constitution provided for the election of representatives to Congress only through the political machinery of the States. Since the District is a Federal area, and not a State, the oversight left its residents with no basis for participation. And although resolutions to correct it have been introduced in every session of Congress for the past 90 years, this situation has remained a source of frustration and shame to the local community.

Congress finally came to grips with the issue in 1959. The result was the 23d amendment, ratified by the States in 1961, which gave District residents the right to vote for President. It is too bad, of course, that this amendment did not also provide the missing authorization for congressional representation—for the basic constitutional problems involved in the two forms of enfranchisement were the same. Actually, the Senate did approve such a provision, which was dropped when the House Judiciary Committee decided that one voting plateau for the District—the vote for President—was sufficient for Congress to digest at that time.

Those discussions, however, were by no means wasted. They helped clarify a number of crucial questions which obviously worried Congress. They made plain, for example, that District representation would not alter the unique status of the city as a Federal enclave, nor interfere in any way with the degree of representation in Congress now enjoyed by the States. They affirmed, through expert legal opinion, the view that voting representation cannot be granted by the passage of a simple law without first amending the Constitution. In 1962, moreover, extensive hearings on the same subject by the Kefauver subcommittee threw further valuable light on these questions.

From the practical viewpoint, past hearings also have produced another important conclusion: that while the merits of the case entitle the District to voting representation in both the House and Senate, Congress evidently is not prepared to grant that full package all at once. Everything said on the subject points to an inclination to grant these rights progressively, a step at a time.

All that need now be done, therefore, and all that should now be sought, is a few words, added to whatever constitutional amendment on electoral reform which Congress may propose, providing in effect that the District constituting the seat of government of the United States shall be given voting representation in Congress, in such manner as the Congress may direct.

Such simple language would correct the constitutional error which for 165 years has precluded Congress from granting any form of meaningful representation to the District. It would commit neither this Congress nor future Congresses to anything in absolute terms. But it would leave the door open for Congress in the future to grant such representation as it sees fit. And in enabling District citizens to travel the road toward full enfranchisement gradually, it also would avoid the need for future changes in the Constitution itself.

This language would not make the District a State, or move the city in that direction. Rather, it would reaffirm the unique character of the District as the permanent seat of government—set aside forever from the States. Representation would not alter Congress responsibilities, but would make it possible for Congress to discharge them more effectively.

This language would have no bearing whatever on the question of "home rule," the drive to establish an elected municipal government. The two concepts are separate, distinct, and in no sense mutually antagonistic.

Far from overburdening a constitutional amendment on electoral reform, the addition of the District voting provision should assist its passage through Congress and its ratification. There is evidence of strong sympathy across the Nation for the granting of District voting rights. The 23d amendment giving District residents the vote for President was ratified by three-fourths of the States in 9 months—the briefest ratification period of any amendment since 1804, when there were merely 16 States, rather than 50.

The 23d amendment also was initiated under circumstances strikingly similar to the present. It was first related in 1959 to a proposed anti-poll-tax amendment, as national representation should now be related to electoral reform. It received its major impetus, moreover, in the same Senate subcommittee which Senator BAYH now heads. We trust, in the hearings which open tomorrow, that the new subcommittee will follow that precedent.

In this era of righting voting wrongs, more than ever before, the plight of District residents stands forth as a cynical anachronism. It is high time, to borrow the 1959 phrase of the House Judiciary Committee, that we move to the next plateau.

MEMORANDUM FROM GEN. LEWIS HERSHEY, DIRECTOR OF THE SELECTIVE SERVICE SYSTEM ON PRESENT OPERATIONS OF THE SYSTEM INCLUDING LOCAL DRAFT BOARDS

Mr. DIRKSEN. Mr. President, as the military requirements for manpower for Vietnam increase, the authorities can look to only two sources for such additional personnel. The first source is voluntary enlistments. If an insufficient number of men volunteer for training and service, they must look to the Selective Service System for inductees. As the available pool of eligible men diminishes, the System may find it necessary to examine the whole complement of those who have been previously deferred, and this examination may include students, married men without dependents or who may not be living in a normal family relationship, and others.

It was but natural that as draft calls increased and began to affect groups who were heretofore deferred, the number of letters and telephone calls to Members of both Senate and House should increase, inquiring whether the Selective Service System had modified its criteria for eligibility for training and service. I have made inquiry of the System and requested a simple, short memorandum setting forth the present basis for draft calls in the hope that it could be printed as a document and provide material assistance to Senate Members in responding to such inquiries.

In addition, I have discussed this with General Hershey.

I ask unanimous consent that the memorandum from General Hershey be printed in the CONGRESSIONAL RECORD and also as a Senate document.

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

The memorandum ordered to be printed in the RECORD is as follows:

SELECTIVE SERVICE TODAY: MARCH 2, 1966

The Selective Service System exists to insure the maintenance of the Armed Forces necessary for our defense.

To insure that the Nation shall be prepared to raise and support the military forces required, the Congress in the law imposed on all men within liable ages the obligation to perform military service.

The Congress created the Selective Service System to determine through local board classification decisions the order in which men are called to discharge the military obligation. This order is determined by the numbers of men needed by the Armed Forces and by the needs of the civilian society which are met through temporary deferment of the individual's military service. These two considerations constitute the national interest which governs local board classifications.

Under the law and regulations every registrant is deemed available for service (class I–A) until it is demonstrated to the satisfaction of the local board that he should be temporarily deferred or exempt in the national interest. A registrant who is deferred earns no vested right to the deferment. If the needs of the Armed Forces or pertinent information about the individual convince the local board that his deferment is no longer in the national interest, he again becomes available for the service which he is obligated to perform under the law.

During the current buildup of the Armed Forces, the demands for manpower by the Armed Forces have increased several fold over a year ago. Monthly draft calls have been in the 30,000 to 40,000 range.

Enlistments have increased substantially, a major part of them being traceable directly to the existence of the selective service obligation and local board processing. For example, in the last 5 months about 180,000 men have enlisted after they had been examined and found qualified for induction, many of them after induction orders had been mailed. In the same period, local boards provided about 170,000 inductees to the Armed Forces.

These increased demands on the Nation's manpower resource do not permit the continued liberal deferments of a year ago.

The available manpower 19 to 26 has steadily declined through induction, enlistment and failure to qualify under Armed Forces medical, mental, and moral standards.

In order to maintain a source for inductions and enlistments, the Selective Service System is faced with the necessity of returning to class I–A (available for service) some men currently deferred. The largest deferred categories from which additional manpower can be made available are (1) those men deferred because they do not meet current Armed Forces standards, but who would be qualified under lower standards such as would prevail, for example, in time of war; (2) fathers and persons with other dependents who would suffer extreme hardship if the registrant were inducted: and (3) students.

It has been determined that the student population should be screened more closely. To that end, the System is instituting a program similar to that used during and after Korea of considering a student's standing in his class or his score on a special test which will be made available to any student desiring to take it in May and June of this year. These criteria are advisory only as the law provides that no local board can be required to defer a student solely on the basis of any test score, grades, class standing, and similar criteria.

A few men who were found disqualified by the Armed Forces under Armed Forces qualification test criteria prior to November 1, 1965, will be produced under new criteria announced by the Secretary of Defense on that date. But their numbers will be small. They are only those high school graduates who scored 16 to 31 on the AFQT but did not score sufficiently high on supplemental tests to be qualified. Under the new standards, the high school diploma qualifies such a registrant irrespective of his score on the supplemental tests.

The local boards, through classification and reclassification, keep up to date the determinations of availability of registrants. Those remaining in or reverting to class I–A constitute the pool of men available for service. These men are delivered to the Armed Forces for examination, and if they are found qualified, they are called for induction in a sequence established by regulation. That sequence of selection is:

1. Men declared delinquent for failure to comply with the selective service law who have attained the age of 19 years in the order of their dates of birth with the oldest being selected first.

2. Volunteers for induction who have not attained the age of 26 years in the sequence in which they have volunteered for induction.

3. Nonvolunteers who have attained the age of 19 years and have not attained the age of 26 years and who (a) do not have a wife with whom they maintain a bona fide family relationship in their homes, in the order of their dates of birth with the oldest being selected first, or (b) have a wife whom they married after August 26, 1965, and with whom they maintain a bona fide family relationship in their homes, in the order of their dates of birth with the oldest being selected first.

4. Nonvolunteers who have attained the age of 19 years and have not attained the age of 26 years and who have a wife whom they married on or before August 26, 1965, and with whom they maintain a bona fide family relationship in their homes, in the order of their dates of birth with the oldest being selected first.

5. Nonvolunteers who have attained the age of 26 years in the order of their dates of birth with the youngest being selected first.

6. Nonvolunteers who have attained the age of 18 years and 6 months and who have not attained the age of 19 years in the order of their dates of birth with the oldest being selected first.

In order to fill calls, local boards since December 1965 have been ordering for induction from the first four categories.

The current pool of available manpower 19 to 26 may well be depleted by June of this year through disqualification, enlistments and inductions if enlistments and inductions continue at the rates which have prevailed over the last 5 months. In order to insure adequate manpower for induction and enlistment, some men now deferred must revert to class I–A, available for service. The task of the local board is to determine which registrants these should be.

There is attached to this report an analysis as of January 31, 1966, of the pool of available manpower and an estimate of losses and additions to that pool through June 30, 1966, indicating that available manpower will be exhausted unless there is an additional input into class I–A from registrants now deferred.

In connection with classification and reclassification, which is the process of maintaining an inventory of potential military manpower, some interest has been expressed, and some misunderstanding is apparent, of a group within the I–A pool identified as not available for preinduction examination because already ordered for examination.

A I–A pool divided simply between those examined and qualified, and not examined does not provide sufficiently refined information on which to plan or to assess the System's ability to meet anticipated demands. After a registrant is classified as available for service, other processing is necessary before he can be delivered for induction. The law requires that a preinduction examination be given by the Armed Forces to determine acceptability. Changes in his status such as enlistment or other changes making his classification out of class I–A may occur.

The Armed Forces examining stations currently are examining nearly 200,000 registrants each month. These registrants typically are ordered to report for examination throughout the month with the examination day typically falling in the next month. Thus, on the last day of any month, there will be in the examination pipeline a number approximately equal to the monthly rate of examination. Others are in the examination pipeline because, for various reasons, they have not yet been delivered for examination, or, if examined, the determination of acceptability has not yet been made by the Armed Forces.

In the interest of efficient operation it is important to know how many men class I–A are in the examination and induction pipelines, as well as to know the numbers not yet ordered for either examination or induction.

Present regulations provide for the following classifications:

Class I–A: Available for military service.

Class I–A–O: Conscientious objector available for noncombatant military service only.

Class I–C: Member of the Armed Forces of the United States, the Coast and Geodetic Survey, or the Public Health Service.

Class I–D: Member of Reserve component or student taking military training.

Class I–O: Conscientious objector available for civilian work contributing to the maintenance of the national health, safety, or interest.

Class I–S: Student deferred by statute.

Class I–Y: Registrant available for military service, but qualified for military service only in event of war or national emergency.

Class I–A: Conscientious objector performing civilian work contributing to the maintenance of the national health, safety, or interest.

Class II–A: Registrant deferred because of civilian occupation (except agriculture and activity in study).

Class II–C: Registrant deferred because of agricultural occupation.

Class II–S: Registrant deferred because of activity in study.

Class III–A: Registrant with a child or children (special rules apply to physicians, dentists and allied specialists): and registrant deferred by reason of extreme hardship to dependents.

Class IV–A: Registrant who has completed service; sole surviving son.

Class IV–B: Officials deferred by law.

Class IV–C: Aliens.

Class IV–D: Minister of religion or divinity student.

Class IV–F: Registrant not qualified for any military service.

Class V–A: Registrant over the age of liability for military service.

Selective service is the oldest and most universal method of raising armed forces. Modern selective service in the United States dates from September 1940, and has been continuous since that time, except for a brief period from March 1947 to June 1948. Even during the period March 1947 to June 1948, when an active Selective Service System was not in operation, the Congress provided by law for the Office of Selective Service Records to preserve the knowledge and methods of selective service. Selective service in the United States is based on the accepted principle of the universal obligation and privilege of citizens to defend the Nation.

The present Selective Service System is not an experiment. The history of compulsory military service in this country has made one fact abundantly clear. No system of compulsory service in this country could long endure without the support of the people. The people of the country will support a compulsory system only to the extent that they have confidence in its fairness and they will have confidence in a system only to the extent which they themselves operate it.

The Selective Service System is, therefore, founded upon the grassroots principle, in which boards made up of citizens in each community determine when registrants should be made available for military service. There are more than 4,000 of these local boards located in every community throughout the Nation. More than 40,000 citizens contribute their services without pay as members of these local boards, and in various capacities as advisers to the local boards and to the registrants.

The selective service law further recognizes the importance of the decentralization principle by making the Governor of each State the nominal head of selective service within his State. The law further requires a State headquarters in each of the States, and provides for a State director in each to administer the State headquarters and to represent the Governor. The State director and local board members are appointed by the President, upon recommendation of the Governor.

Study of availability of registrants for induction based upon Jan. 31, 1966, availability reports and estimates of new 19-year-olds available and qualified for induction through June 30, 1966

1. I–A and I–A–O, single and married after Aug. 26, 1965:	
Examined and qualified	66,705
Less 11-percent induction rejection rate experience	7,338
Total	59,367
Not examined	38,074
Less 40-percent preinduction rejection rate experience	15,230
Total	22,844
Less 11-percent induction rejection rate experience	2,513
Total	20,331

Study of availability of registrants for induction based upon Jan. 31, 1966, availability reports and estimates of new 19-year-olds available and qualified for induction through June 30, 1966—Continued

1. I–A and I–A–O—Continued	
Not available because ordered for examination	204,378
Less 40-percent preinduction rejection rate experience	81,751
Total	122,627
Less 11-percent induction rejection rate experience	13,489
Total	109,138
New 19-year-olds (monthly)	150,000
Less 40-percent preinduction rejection rate experience	60,000
Total	90,000
Less 11-percent induction rejection rate experience	9,900
Total	80,000
Less enlistments, deferment for high school, college, fathers, dependency, etc., leaves about 20,000 available for induction each month, 5 months	100,000
Total, this group	288,836
2. I–A, I–A–O, married on or before Aug. 26, 1965:	
Examined and qualified	81,696
Less 11-percent induction rejection rate experience	8,987
Total	72,709
Not examined	79,751
Less 40-percent preinduction rejection rate experience	31,900
Total	47,851
Less 11-percent induction rejection rate experience	5,264
Total	42,587
Not available because ordered for examination	75,298
Less 40-percent preinduction rejection rate experience	30,119
Total	45,179
Less 11-percent induction rejection rate experience	4,518
Total	40,661
Total, this group	155,957
Single and married after Aug. 26, 1965	288,836
Married on or before Aug. 26, 1965	155,957
Total	444,793
Less enlistments, 50,000 a month, 5 months	250,000
Less calls, 40,000 a month, 5 months	200,000
Available and qualified, as of June 30, 1966	−5,207
Gross available	444,793
Less	450,000

The above study is based upon the assumption that no registrants in the two groups would be in the examination pipeline, but that all would have been examined and the local boards would have the records of acceptability. This condition of a clear pipeline is, of course, unattainable.

Mr. DIRKSEN. Mr. President, I merely wish to say that thereafter I shall ask consent for the printing of 100,000 copies to assist Senators in answering their mail and the inquiries that are presently reaching them.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED—AUTHORITY TO FILE INDIVIDUAL VIEWS

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that individual views may be filed with the report of the Committee on Foreign Relations of the Senate on the bill (H.R. 12169) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

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

TAX ADJUSTMENT ACT OF 1966—AMENDMENT

AMENDMENT NO. 500

Mr. JAVITS submitted an amendment, intended to be proposed by him, to the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes, which was ordered to lie on the table and to be printed.

ADDITIONAL COSPONSORS OF BILLS

Mr. AIKEN. Mr. President, at its next printing I ask unanimous consent that the name of the Senator from Wyoming [Mr. McGEE] be added as a cosponsor of S. 2888, a bill to assure dairy products under school programs.

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

Mr. SMATHERS. Mr. President, I ask unanimous consent that the name of the Senator from Indiana [Mr. BAYH] be added as a cosponsor to S. 2928, a bill introduced by Senator EDWARD M. KENNEDY to correct racial imbalance in the public schools.

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

ADDITIONAL COSPONSORS OF BILLS

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

Authority of February 18, 1966:

S. 2947. A bill to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act: Mr. ALLOTT, Mr. BARTLETT, Mr. BIBLE, Mr. BREWSTER, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. DOMINICK, Mr. DOUGLAS, Mr. ERVIN, Mr. FONG, Mr. JORDAN of North Carolina, Mr. KENNEDY of New York, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCGEE, Mr. MCINTYRE, Mr. METCALF, Mr. MONDALE, Mr. MONRONEY, Mr. MORSE, Mr. MURPHY, Mr. PASTORE, Mr. PELL, Mr. SCOTT, Mrs. SMITH, and Mr. YARBOROUGH.

Authority of February 21, 1966:

S. 2951. A bill to amend title V of the Social Security Act to provide a grant-in-aid program to assist the States in furnishing aid and services with respect to children under foster care: Mr. FONG, Mr. FULBRIGHT, Mr. HARTKE, Mr. KENNEDY of Massachusetts, Mr. LONG of Missouri, Mr. MCCARTHY, Mr. PELL, Mr. RANDOLPH, and Mr. YARBOROUGH.

NOTICE OF PUBLIC HEARINGS BY THE JUDICIARY SUBCOMMITTEE ON CRIMINAL LAWS AND PROCEDURES

Mr. McCLELLAN. Mr. President, for the information of the Senate and other interested persons, I want to announce that the first of a series of hearings has been scheduled by the Subcommittee on Criminal Laws and Procedures of the Committee on the Judiciary. The hearings will begin Tuesday, March 22, 1966, at 10 a.m., in room 2228, New Senate Office Building.

The subject matter to be explored is concerned with possible legislation to combat the rising crime rate in the United States. Testimony will also be taken on six bills dealing with various aspects of criminal law and procedure, and presently pending before the subcommittee.

Mr. President, I announce also that, in the meantime, it is expected that other bills will be introduced, bills which probably will later be included among those upon which we shall take testimony at the time of this series of hearings.

Because of the widespread concern over this serious domestic problem of our constantly increasing crime rate, the subcommittee hopes to have the benefit of the testimony of outstanding leaders in the fields of law enforcement. Attorney General Nicholas deB. Katzenbach will be the first witness at 10 a.m. on Tuesday, March 22, 1966.

The first series of these hearings will continue through Thursday, March 24, and will be resumed at a later date yet to be announced.

The six bills on which we will hear testimony are:

S. 2187, a bill which provides that any person who knowingly and willfully becomes or remains a member of the Mafia, or similar organizations, shall be imprisoned for not less than 5 years and fined not more than $20,000.

S. 2188, a bill to prohibit the obstruction of criminal investigations of any department, agency, or the Armed Forces of the United States.

S. 2189, a bill to amend the Communications Act of 1934 and make it unlawful except by order of a court of competent jurisdiction to intercept, disclose, or use the contents of a wire communication except in the normal course of employment, or by the President to obtain information to protect the national security, and for other purposes.

S. 2190, a bill to permit the compelling of testimony before courts of the United States in proceedings with respect to certain crimes, and the granting of immunity in connection with such testimony.

S. 2191, a bill which provides that a person who is a narcotic addict and desires to obtain treatment for that addiction may file with the clerk of the U.S.

district court a statement setting forth his request; sets procedures for determining addiction; and provides for civil commitment, and other after care and rehabilitation procedures.

S. 2578, a bill that provides, among other things, that confessions, otherwise admissible, shall not be inadmissible in Federal courts solely because of delay in taking an arrested person before a U.S. Commissioner or other committing magistrate.

POSTPONEMENT OF HEARING ON NOMINATION OF MILES W. LORD, OF MINNESOTA, TO BE U.S. DISTRICT JUDGE, DISTRICT OF MINNESOTA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that the public hearing scheduled for Wednesday, March 9, 1966, at 10:30 a.m., on the nomination of Miles W. Lord, of Minnesota, to be U.S. district judge, district of Minnesota, vice Dennis F. Donovan, retired, has been temporarily postponed.

ADMINISTRATION FISCAL POLICY ABOUT RIGHT IN UNCERTAIN ECONOMIC SITUATION

Mr. PROXMIRE. Mr. President, 2 weeks ago I called the Senate's attention to the warning of George Shea in the Wall Street Journal that the inflationary impact of the Vietnam war has already been felt in the increase in obligational authority, and that the coming year is likely to see a decrease in obligational authority—not Vietnam war spending, but obligational authority, that is, orders for future spending. Shea argued that in the past it has been the obligational authority, not the spending itself, that has shoved prices up.

Today Mr. Shea returns to the fray with another thoughtful column contending that there are private forces tending to diminish price pressure and possibly turn the price trend around, as well as public pressures. He cites the accumulating effect of credit restraint and the shortage of money. At least 10 municipalities have postponed the bond issues they planned because interest rates are too high, according to Shea, and in many of these cases they will also postpone construction.

This is not an isolated consequence. And in this huge economy of ours the greatest front of economic expansion has been in the capacity to meet future production—plant capacity itself has been growing at a very rapid rate, and so have both the labor force and the skills of that labor force.

While it is still true that most economists contend that inflation is likely, and while new orders and plant investment continue to rise, the stock market's cold and realistic assessment continues to be steadily down—certainly not a bet on runaway inflation.

All this suggests that the cautious, careful approach of the administration in its moderate suggestion of mild revenue increases may be about right.

I ask unanimous consent that the Shea article from today's Wall Street Journal be printed in the RECORD at this point.

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

APPRAISAL OF CURRENT TRENDS IN BUSINESS AND FINANCE

The human tendency to project present conditions into the future and thus pretend to the possession of foreknowledge extends to all topics of conversation, including weather, sports, and economic affairs. The question is whether it applies to current predictions of inflation.

This tendency to project is easily tolerated in regard to the weather and sports. We've all probably ourselves fallen into the practice of announcing, with an air of profundity, at 9 a.m. on a summer day with the thermometer already above 85, that "it's going to be a hot one." And we've heard TV golf announcers predict, after the hole's final putt—clearly the fourth stroke—is sunk, that the player "is going to take a 4." Such minor pretensions are amusing but unimportant.

More critical are the occasions when the economic trend is about to change. Forecasts made at such times have been known to prove sadly out of kilter. Fortunately for those in the profession of making economic predictions, the business over the decades has been on the way up most of the time. For that reason projections of a continuation of current conditions have been much more frequently optimistic than pessimistic, and for exactly the same reason they've been more often right than wrong.

Just now the almost universal forecast is that the Nation faces inflation on top of the boom of the past 5 years. The reasons are quickly listed. Unemployment is down to 4 percent of the labor force, with actual shortages reported in many occupations and some regions. Manufacturing output is reportedly at or above 90 percent of capacity, and rates of spending on new plants and equipment are rising so fast they are absorbing an increasing proportion of available capacity, leaving a reduced portion to satisfy consumption, though that is rising too as incomes expand.

That this situation has produced an inflationary trend there is no doubt. Wage boosting has speeded up. Announcements of price increases greatly outnumber price cuts, as the report from purchasing agents on another page makes clear, and most indexes of commodity prices are up substantially in the past year and quite sharply in the past few months.

The main reason why forecasters expect these trends to continue or even to become accentuated is that Vietnam spending is scheduled to rise in the fiscal year that starts next July. But, as shown here 2 weeks ago, it is arguable that the impact of Federal warlike escalation comes when the orders are placed rather than when the money is paid out. On that basis, the effect of the escalation may have been felt in large part already, because contract authorizations of the Federal Government, according to the budget issued in January, are at their high this fiscal year; they are scheduled to fall off a little in the new fiscal year.

The projections of further inflation also assumed that the rest of the economic system—the part not influenced by Vietnam—is going to keep expanding too. Perhaps this assumption will prove correct, but there is no assurance that it will.

Indeed, one factor will tend to reduce general business activity, and that is the growing shortage of lendable money. There is no way of knowing how strong a depressant it will prove to be, but there is no doubt it is a depressant.

The main evidence of this shortage, of course, is the general rise in the interest charges being demanded by lenders. The borrowing being done apparently exceeds the savings being set aside; hence those who have money to lend want to be paid more for lending it. Also, both banks and insurance companies are known to be rationing the new loans they make.

Because the rise in business activity in the last few years has depended heavily on new borrowings, it is probable that no further speeding up in the expansion is possible now that the money isn't available to finance such a speed-up. Actually the rise in the cost of borrowing as well as the short supply of available funds may already be having a limiting and even constricting effect on new outlays that have been planned.

One sign of this effect is that during the past week at least 10 local governments decided not to sell at this time bond issues they had scheduled. Obviously these postponements will not in all cases prevent the spending, as some localities already have funds on hand and others can borrow the money on a temporary basis, but some of the decisions not to sell bonds were accompanied by decisions to delay construction.

What makes the rise in interest rates and the growing shortage of funds particularly impressive as a potentially deflationary influence is that it has come about mainly as a result of the forces of the market itself. The latest monthly bulletin of the Federal Reserve Board says that in the past year "the Federal Reserve sought to limit credit expansion." But the restrictive policy is considerably milder than at previous like occasions such as 1957–58 and 1959–60. Yet the latest rise in interest rates is broader and has reached higher levels.

Unless relieved for unexpected reasons, this tightness surely must have its effect on economic activity. Shortage of money, as many a businessman knows from experience, is just as restrictive as shortages of materials or labor. The more the trend to inflation continues the greater is likely to become the shortage of funds, which suggests the possibility of a turn to deflation sooner than anyone now expects.

GEORGE SHEA.

CHILD NUTRITION ACT OF 1966 COULD MEAN LESS MILK FOR NEEDY

Mr. PROXMIRE. Mr. President, last Friday I had an opportunity to discuss the Department of Agriculture's proposed 80-percent cutback in the special milk program for schoolchildren with Department officials. I was frankly shocked to discover that the proposed Child Nutrition Act of 1966 could mean less, not more, milk for the needy even though the principal aim of the legislation is to provide free milk for the needy as well as milk for children who attend a school which does not have a school lunch program.

To be more specific, the proposed legislation would provide first and foremost for those schools which do not have a school lunch program. The children in those schools would continue to pay less for their milk because of Federal reimbursements. The Department believes that $10 million to the $21 million the legislation provides is sufficient for school milk to go to such schools.

However, if the Department's estimates are incorrect the entire $21 million might possibly be used to help schools without a lunch program. This

means that not one cent would go to the needy unless, of course, they attended a lunchless school.

Let us assume that the Department's estimates are correct. If so, the remaining $10½ million would go to help the needy—over $500,000 is to be used for administrative expenses. How many needy children would this provide for? The Department says 1 million.

This sounds like a lot of children, Mr. President. Yet the Department of Health, Education, and Welfare in estimating how funds were to be disbursed to counties under the Elementary and Secondary Education Act of 1965 stated that there were 4,911,143—or almost 5 million—children of grammar and high school age whose parents had an annual income of less than $2,000. These are our hard-core poor. A ceiling of $3,000 annual income would undoubtedly increase this figure substantially.

In other words only 20 percent of the really poverty-stricken children in our school systems will get free milk if the proposed legislation is enacted. Would it not be far better to continue to provide at least partial reimbursement assistance for 17 or 18 million children, including 2 million poor than to help only 20 percent or 1 million, of our hard-core needy? Or better yet, why not expand the program to assist more needy rather than cut it by 80 percent? I believe these alternatives are clearly more desirable, Mr. President. This is why I have introduced legislation to make the school milk program in its present form a permanent one at a higher level of funding. I am delighted that 63 of my Senate colleagues agreed with me and decided to cosponsor the bill.

PERSONAL PRIVILEGE

Mr. MORSE. Mr. President, over the weekend, several reports in the newspapers and on the radio and television made false statements concerning the views of the senior Senator from Oregon in regard to his plans for the coming political campaign. Some of the news media reported that the senior Senator from Oregon plans to campaign against candidates for office who support what the senior Senator from Oregon considers to be the illegal, immoral, and unjustifiable unilateral warmaking of the United States in southeast Asia.

Let the RECORD show that what the Senator from Oregon said, and what his position will be, is that I shall campaign for Democratic candidates who are opposed to the escalating unilateral course of action that the United States is following in southeast Asia, because I consider it to be immoral, illegal, and unjustifiable.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Is there further morning business?

WHAT A WASTE

Mr. YOUNG of Ohio. Mr. President, last month in the Senate I denounced the fact that while many hospitals in Vietnam and elsewhere in southeast Asia are overcrowded with our wounded and sick from Vietnam, there are two 200-bed field hospitals stored for civil defense purposes at Oak Harbor and Port Clinton, Ohio. This outrageous situation is duplicated in other cities in Ohio and in other States. Without a doubt thousands of these hospital beds and other equipment could be put to good use by our Medical Corps officers in Army, Naval, and Air Force hospitals in Vietnam, Thailand, Okinawa, Guam, and elsewhere to add to the comfort and care of our servicemen.

Subsequently, Jack Ballantine, State editor of the Cleveland Press, one of the great newspapers of Ohio and of the Nation, personally investigated this scandalous situation and reported his findings in an article which appeared in the Cleveland Press on February 26, 1966, entitled "Supplies for 118 Hospitals Are Gathering Dust in Ohio." Jack Ballantine is to be commended on the excellent job of reporting he did on uncovering this waste of taxpayers' money and more important this tragic misuse and waste of hospital supplies and equipment.

Among the items he found in this stored hospital was a supply of insulin whose usefulness expired nearly 3 years ago and a supply of other serum and testing equipment whose usefulness expires next month.

The most shocking discovery revealed as a result of Mr. Ballantine's investigation is the fact that there are 117 other civil defense emergency hospitals scattered throughout Ohio, each costing at least $50,000. This is an inexcusable waste of $6 million of taxpayers' money. Some of the equipment and supplies date back to 1955.

The Ohio health department was assigned custody of these stored hospitals in 1961, although ownership remains with the Federal Government, and officials of the General Services Administration are supposed to inspect the material regularly. When questioned regarding these hospitals John Bolin, a State health department official, stated that he had no idea of what other outdated medicines remained in the 117 other civil defense emergency hospitals in various places throughout Ohio.

Mr. President, this same intolerable situation exists in other States and is just one more example in a long list of silly schemes and unworkable programs concocted by boondoggling civil defense officials.

I ask unanimous consent that the article by Jack Ballantine be printed in the RECORD at this point as part of my remarks.

Mr. President, Civil Defense officials have asked for an appropriation of more than $133 million for the coming fiscal year. These bureaucrats never seem to learn. After 15 years, after the complete waste of more than a billion and a half taxpayers' dollars, and after announcements of hundreds of silly and useless schemes, including siren sounding and fantastically unworkable evacuation programs, they still hope to continue the ridiculous Civil Defense boondoggle. There is perhaps no other function or agency of the Federal Government that has been so thoroughly discredited. Few citizens any longer take its operations seriously. Many communities throughout the Nation have discontinued their civil defense programs and expenditures officially, such as Portland, Oreg., or have ignored them to the point where for all practical purposes they have been abolished.

Shortly after he took officer, Mayor Lindsay, of New York City, announced that he would abolish that city's office of civil defense and said that scrapping it would mean a considerable savings for the city. Let us hope that other mayors and Governors follow this commonsense action by the mayor of New York City.

Mr. President, unfortunately, too few Governors, mayors, and county commissioners can resist the temptation of Federal matching funds to provide in many cases a comfortable haven in the political storm for political hacks and defeated officeholders. While enjoying public sinecures they do little except talk vaguely about survival plant, write messages to other bureaucrats, stage alerts to annoy their neighbors, and distribute countless reams of literature.

Daily, I—and I am sure all of my colleagues likewise—receive phone calls and letters from mayors and other municipal officials requesting assistance in having their applications for public works and other projects expedited.

At the same time, the Federal Government is encouraging these officials to spend millions of taxpayers' dollars for civil defense employees and ridiculous civil defense programs. If we cut off the head of the bureaucratic octopus in Washington, its wasteful satellites in States and cities will soon wither away.

Mr. President, there appeared in the Cleveland Press of March 1, 1966, a very thoughtful editorial entitled "What a Waste" deploring the situation which I described in Oak Harbor, Ohio, and the waste of Federal funds for local civil defense programs. This editorial concisely and clearly sets forth the futility of our civil defense program as now operated. I commend this to my colleagues, and ask unanimous consent that it be printed in the RECORD at this point as part of my remarks.

Mr. President, let us put an end to wasting more of the taxpayers' money on storing hospitals and medical equipment which will never be used, on buying so-called survival biscuits, on digging ridiculous holes in the ground and placing ugly black and yellow signs on public and other buildings, and on a thousand and one other absurd programs perpetrated by the civil defense boondogglers.

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

[From the Cleveland Press, Feb. 26, 1966]

SUPPLIES FOR 118 HOSPITALS ARE GATHERING DUST IN OHIO

(By Jack Ballantine)

OAK HARBOR.—"Chief, we ought to get rid of this old stuff."

The civil defense worker handed Ottawa County Civil Defense Director Howard Brown a box of outdated insulin.

It was packaged in March 1961. The manufacturer's label said the insulin's usefulness expired nearly 3 years ago in March 1963.

The box was in a refrigerator on the second floor of the town hall here where a 200-bed civil defense emergency hospital is stored.

"Put it back in the refrigerator," Brown instructed his aid. "The Government must have said it was OK."

John Bolin, of the State health department, said the Federal Government, which owns the packaged hospital, inspects the materials regularly.

Tags on boxes with bandages, blankets, instruments and other medical supplies, however, indicated the packages were last inspected in November 1964, by Federal employees from the General Services Administration's civil defense depot at Shelby.

Bolin said these inspectors must have approved the outdated insulin or it would not be in the refrigerator.

The supplies for a 200-bed CD hospital here and supplies for others stored elsewhere recently were cited by U.S. Senator STEPHEN M. YOUNG as an outrageous situation.

The Senator called for use of the hospitals for wounded servicemen in Vietnam.

If the Senator's demands are to be heeded, the Government will have to move fast to salvage some of the medicine and testing materials that are approaching their expiration dates.

The 5-year-old insulin already has far exceeded its recommended usefulness. The time on other serum and testing equipment expires next month.

Tetanus serum in the three refrigerators that hold medicine here expires next year.

Bolin, executive coordinator of the Ohio health department's health mobilization unit, said he had no idea how much other outdated medicine remains in 117 other CD emergency hospitals scattered throughout the State.

He said the health department was assigned custody of the hospitals in 1961, but inspection is a function of the U.S. General Services Administration.

James F. Worster, deputy director of Ohio's Civil Defense Division, offered the State's help if the Federal Government wants to move the emergency hospitals to combat areas.

"If there is need for any of these units in Vietnam, we'll pack them on trucks and get them to the nearest port for shipment overseas right now," Worster said.

Bolin said the most costly perishable item under refrigeration is human albumen serum. Three large cases of it are stored here. The serum was manufactured in 1960 and its time expires in 1970, according to the packing list.

Bolin said each of the 118 CD hospitals stored in Ohio is worth $50,000. There is none in Cuyahoga County because it is a primary target city, he said.

The boxes, bags, and other packages include everything needed for a 200-bed hospital, including bedding, heavy duty cots, operating tables and instruments, X-ray equipment, water tank, and power generators.

Some of the equipment and supplies date back to 1955.

The medical supplies are sufficient to serve 200 patients for 30 days, Bolin said.

[From the Cleveland Press, Mar. 1, 1966]

WHAT A WASTE

Item in the Press: "For the first time in 15 years Lake County will get Federal funds for its civil defense program * * * an estimated $15,000 this year."

Item in the Press: "The civil defense worker handed Ottawa County Civil Defense Director Howard Brown a box of outdated insulin. * * * The box was in a refrigerator on the second floor of the Oak Harbor Town Hall where a 200-bed civil defense emergency hospital is stored."

What will the $15,000 buy for Lake County? Warning signals for one thing. Warning signals for what? A nuclear attack, perhaps, if a potential enemy is idiotic enough to give warning that an ICBM is enroute.

It might buy new medical supplies in the event that it has a plentiful supply of outdated stuff on hand.

Trouble is, no one can be quite sure of the kind of protection $15,000 will buy. Nobody in Washington quite knows, and if somebody does, he has neglected to pass along his valuable knowledge.

As Senator STEVE YOUNG has said so rightly time and time again, the U.S. Civil Defense program is a terrible waste of money. Not to mention the material which has been rotting in secret hideaways for who knows how many years.

It all adds up to waste, waste, waste.

Oak Harbor Town Hall isn't the only place with aging goods.

There are 117 other instant hospitals all over Ohio. And deep in the recesses of our own county courthouse on Lakeside Avenue, food and medicine is piled far and high against a doomsday attack.

Washington has done nothing to bring civil defense into line with reality. No one knows really what to do in the event of a nuclear holocaust, so the program goes on and on aimlessly and wastefully.

But a civil defense program geared for natural disaster, and organized in cooperation with the Red Cross, are possibilities that deserve greater financial and manpower consideration.

Mrs. NEUBERGER. Mr. President, will the Senator from Ohio yield?

Mr. YOUNG of Ohio. I am glad to yield to the distinguished Senator from Oregon.

Mrs. NEUBERGER. I should like to join the Senator from Ohio who, I note, is continuing to keep up the good public relations in exposing what the Senator calls the boondoggle in civil defense. I believe that experience has shown that more money is being wasted in so-called civil defense than in any other branch of Government.

Mr. YOUNG of Ohio. I am very grateful to the Senator from Oregon for her comments. We have wasted approximately $1,500 million of the taxpayers' money on this civil defense boondoggle. No one in America is better off because of it; in fact, we are that much worse off.

HOOVER'S SUCCESSOR

Mrs. NEUBERGER. Mr. President, during the long 9-hour flight to Oregon, I became acquainted with Rex Stout, the inimitable creator of Nero Wolfe.

The Saturday Review published a review of Mr. Stout's newest production "The Doorbell Rang" which seems to be based on his personal experience with the FBI.

The Nation for March 7 comments on lampooning the Director of that institution, Mr. Hoover, and reviews the status of bills in Congress which call for the advice and consent of the Senate in finding a replacement for the Director of the FBI when that time shall come.

Mr. President, I ask unanimous consent to have the article published in the Nation printed in the RECORD.

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

HOOVER'S SUCCESSOR

Rex Stout's "The Doorbell Rang," which no doubt J. Edgar Hoover regards as a vicious lampoon, actually tells the sober truth about an institution that has become more powerful than the executive department to which it belongs. Successive Attorneys General have stepped warily whenever duty led them near the sacred precincts of the Federal Bureau of Investigation, for they have been keenly aware that Attorneys General come and go but J. Edgar Hoover goes on forever. Well, not quite forever—he is a year or more past retirement age and is rumored to have handpicked his successor. If one is to judge by a recent speech, his protege will carry on, if appointed, in the Hoover tradition of covering the faults of the FBI with periodic ululations about the menace of communism which, despite the valiant efforts of Mr. Hoover and his 14,300 employees and a budget of almost $150 million, apparently keeps mounting.

Senator EVERETT MCKINLEY DIRKSEN is surely not one to ignore whatever residual peril still lurks in that quarter, but he may have a sneaking suspicion that J. Edgar has been pulling the wool over the eyes of credulous citizens during most of his 40 years of service, and has thereby managed to create an imbalance in the Justice Department which should be redressed at the first opportunity. That will be when J. Edgar finally decides that, though the country can ill spare his services, the day has come when it must try. Anticipating the inevitable, Senator DIRKSEN on January 7, 1965, introduced S. 313, relating to the appointment of a new FBI Director. The bill was reported out favorably from the Committee on the Judiciary and passed the Senate on May 24, 1965; it was then referred to the Committee on the Judiciary of the House of Representatives. This same bill also passed the Senate in June 1963, but died in the House during the 88th Congress.

This legislation should be a matter of first priority in the present session. The bill itself can be read in 20 seconds. The malarkey in the covering report, lauding Mr. Hoover's achievements, may be profitably skipped, but here is the text: *"Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,* That, effective as of the day following the date on which the present incumbent in the office of Director ceases to serve as such, the Director of the Federal Bureau of Investigation shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate prescribed for level II of the Federal Executive Salary Schedule."

That is to say, J. Edgar Hoover is not to be permitted to perpetuate himself in office by nominating his successor for the President to appoint; rather, the appropriate Senate committee is to scrutinize whoever shall be nominated, hear objections to him, if any, and recommend his confirmation only if it finds him fit. The Director of the FBI occupies an office as important as that of any Federal judge, even Justices of the Supreme Court. The appointment, when it comes, should receive the most critical attention of the Senate, and preparation for it should be made now.

HOSPITALS AS COMMUNITY HEALTH RESOURCE

Mrs. NEUBERGER. Mr. President, the Senate Special Committee on Aging, in conducting hearings on long-term care in Boston last August, heard from a very able and articulate hospital administrator, Dr. John H. Knowles, director of the Massachusetts General Hospital. Dr. Knowles presented a realistic appraisal of the critical situation facing hospitals and nursing homes in meeting the urgent medical demands of today, while

giving ample attention to preparing for the needs of tomorrow. Recognizing the urgency for rational and responsible planning, Dr. Knowles admonished the medical profession and hospitals for their lack of leadership:

The Federal Government, the public, and our political representatives have grown restless and impatient with our irrational behavior as regards chronic and continuing aftercare and have attempted to rationalize and improve our services with the new medicare bill, which encourages continuing care, home care, and nursing home care.

More recently, in an article published in the Journal of the American Hospital Association, Dr. Knowles once again has stirred within the medical community a need for immediate and responsible action. In this unusually perceptive article, the hospital administrator describes how hospitals can plan a broader role as community health centers. He refers to the clinics as an ideal setting "to structure service and research in social medicine," and he speaks of comprehensive medicine as the "coordination of all the various caring elements in the community with those of the medical profession by a team of individuals representing all disciplines, with all the techniques and resources available to the physician and his patient."

Mr. President, I ask unanimous consent that Dr. Knowles article, "The University Hospital as a Community Health Resource," be printed in the RECORD.

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

THE UNIVERSITY AS A COMMUNITY HEALTH

The university hospital has emerged as the primary health resource of the community. Contemporary medical needs are met while tomorrow's physicians, nurses, dietitians, and technicians are trained—thereby serving short-term as well as the long-range health interests of the community. There might be other, more central functions of the teaching hospital, but I firmly and perhaps naively believe that teaching, research, care and service are inseparable, and that they embellish and complement each other. It is true that teaching and research needs are not always compatible with the community's monetary service needs; this might stem from inflexibility and lack of style and imagination on the part of many medical faculty members who might be too busy garnering grants for basic science research to be concerned with the opportunities for continuing sociological research or who might be unable to teach medicine unless the right patient with the right disease was present.

Because of a lack, or perhaps intolerance of imagination and long-range planning in the university, the medical school, and the affiliated hospitals, the ties that bind and rationalize the functions of doctor, nurse, patient, hospital, and community care agencies are weak and frayed. The system has been neglected and left unstudied by the most obvious group to undertake it—the university faculty, particularly that of the medical school.

Can we agree that one of the primary aims of medical education is to rationalize the behavior of doctors, nurses, social workers, patients, and the institutions they need and use? If the roles of each were made reasonable and understandable, then our final goals of serving the health wants and needs of the community could be realized efficiently, with minimal emotional, intellectual, physical, and financial cost. Can we honestly say that anything but a furtive attempt has been made in this direction as everything is sacrificed on the altar of biological science and superspecialism? This represents to my mind, irrational behavior in this day and age of limited manpower and expanding needs. I hope the chords of my song do not sound like shrill, high notes of paranoia, or the muddy deep notes of pessimism, but I wish to stimulate and prod and not to scratch backs and sing sweetly of our triumphs and successes.

At the turn of this century, a leaflet describing the work of the Massachusetts General Hospital read in part:

"The Massachusetts General Hospital is a private institution, supported solely by voluntary contributions and the receipts from those patients who pay board * * *" After describing the types of application for admission, the statement continues:

"Contagious cases are not admitted to the hospital, and only such chronic cases as can be partially relieved by temporary treatment.

"Regular charges to paying patients are as follows: In the Jackson Ward (private) $35 per week; and Bigelow Wards, $21 per week; in small rooms in the Townsend in the General Wards, $10.50 per week.

"The outpatient department is for the poor only and is open between 9 and 10 in the morning, Sundays and holidays excepted."

Today a similar flyer would read:

"The Massachusetts General Hospital is a part private, part public institution—supported by (1) voluntary contributions and endowment income, (2) involuntary payments by overcharged private patients, (3) State and Federal funds under the Social Security Act of 1935 and the Kerr-Mills amendment of 1960, (4) the reimbursements of Blue Cross and commercial insurance companies, (5) the payments of a steadily diminishing number of direct paying patients, and (6) progressively smaller amounts of money from the United Fund.

"Contagious cases, including tuberculosis, are admitted to the hospital, and chronic cases are accepted for rehabilitation as well as help with their ultimate disposition to the necessary chronic care facilities.

"Regular charges to paying patients, third-party payers such as the Blue Cross, and to State welfare departments are (when appropriate) $350 per week in a private room, $315 in a semiprivate, and $280 in a wardroom.

"The outpatient department is for all social and economic classes, and in conjunction with the emergency ward is open 7 days a week, 24 hours a day, including all holidays and leap year."

A CHANGING CONCEPT

Comparison of these two statements shows a change in the character and the function of the hospital, evolving from a totally voluntary low-cost passive receptacle for the indigent sick to a quasi-voluntary, high cost positive force for all social and economic classes. It is now called, euphemistically, the health center. The three major revolutions affecting medicine in the past half century—the expansion of medical knowledge through science; the development of social welfare programs, including the various forms of prepayment for medical care; and the establishment of the present form of medical education—have made today's hospital what it is not. Medical science is well established, its triumphs legion. The social and economic programs and problems of medical care are unstudied and unknown in most medical schools. Contemporary medical education has grown from the Flexner report without significant major change since 1910. Will medical shape its social future or merely confine itself to its current conventional wisdom, which states that truth, wisdom and utility starts and stops with the paradigm of biological science, that most glorious form of contemporary entertainment? Can medicine shape its future without knowledge and research in the social sciences? Would it just as soon have the voter and the politician play the major role, as they are at present?

The tremendous expansion of science in the past half century has led to an enormous increase in medical knowledge and technology. This in turn has led to superspecialization and to supercosts. The rising expectations of our expanding population are being fulfilled, while the frustration of rising costs and the increasingly discontinuous and frequently irrational distribution of services thwarts the best intentions of doctors, administrators, trustees, and political representatives. One investigating body after another berates the house of medicine for its lack of regional planning, its apparent inattention to the overutilization of health services, and its indifference to the development of low-cost facilities as represented by the better utilization of ambulatory clinics, public health-preventive medicine units, and nursing homes.

ROLE OF UNIVERSITY HOSPITAL

Meanwhile, the university hospital plows through these troubled waters with what might be called "la belle indifference," sailing under the flag of biological science. Schools of public health that do concern themselves with the social, economic, organizational, and distributional problems of medical care long since have been splintered off from the medical school. The undergraduate medical curriculum and the intellectual shutters of the medical student have been closed involuntarily to his expanding body of information. Departments of preventive medicine too often confine themselves to the campus and are rarely seen on the firing line of the hospital or are given only a fleeting moment in the curriculum to cross the arid desert of epidemiology and biostatistics.

The university hospital continues to see what is interesting and leaves what is difficult to the community and its other hospitals, struggling physicians, political representatives, and voters. The outside expert—the politician, the social historian, the economist, the social psychologist—today has a clearer view of the problems of medical care than do the experts of the inner sanctum—the medical faculty—and therefore, their products: the practicing physician and medical faculty of tomorrow. Medical faculties are incredibly busy nationally and internationally, and are growing increasingly complacent as their prestige and coffers are swelled and their territory is improved and expanded by munificent sums of money from the Federal Government.

PHYSICIAN EDUCATION PROBLEMS

The practicing physician, isolated from the major socioeconomic problems of scientific medicine in medical school and the university hospital and generally confined to biological science for his intellectual development, has also not realized the major aim of education—to, as Lionel Trilling said, "be at home in and in control of the modern world." If, as John Dewey said, "Education is the fundamental method of social progress and reform," how much social progress and reform has been brought about by the medical profession and the present medical curriculum?

Turning to the house officer, the deficiencies of his education in the university hospital are real and occur for several reasons: First, the patient population is highly selective, representing on the teaching service a gathering of the aged and medically indigent with acute, advanced, complicated, and frequently rare somatic disease. Second, there is little emphasis on the social and economic factors of disease and hospitalization, save for a brief recording of the type of health insurance and the occupational and family

history. Third, there has been inadequate integration of the private patient into a meaningful teaching situation. Fourth, because of the restrictions of the traditional, acute curative function of the teaching hospital, preventive medicine and public health interests play almost no part in the teaching process, and there is no extension of the student and house officer's interest or knowledge into the community so far as existing facilities for the aftercare of the chronically ill are concerned. Finally, there remains little or no knowledge of the hospital as one of society's major institutions—its history, its structure, its contemporary social and economic problems, its various subcultures, and its technology.

How can the hospital and the medical profession realize their ultimate role as a social force when there is little or no knowledge or interest in the rationalization of the role of doctors, patients, and hospital? The medical ostrich has buried its head in the sands of biological science and has turned its backside to the major social issues of medical care today. As a result, our services are now being rationalized for us, to a certain extent by our local political structure but to a larger extent by the Federal Government. Perhaps this is right and desirable, but I retain the old-fashioned idea that a voluntary, private system of medical education, hospitals, doctors, and medical care supported and understood by the local community can develop the best system.

When medicare takes effect on July 1, 1966, the Massachusetts General Hospital will find roughly 25 percent of its patients and perhaps 35 percent of its costs being partially or wholly paid from Washington by a still unknown route and rate of reimbursement. Of our total budget of roughly $10 million for research and $28 million for patient care, over one-half may soon be supplied by city, State, and Federal funds. When these various governments have had complete control of the economic lifeline, the grinding inefficiency of an expanding bureaucracy and indifference to the renovation of hospital facilities and equipment by evanescent political representatives demand that now we must understand the problems and play a part of in shaping our own future. I think we are withholding ourselves from the expanding social problems of medicine and sacrificing social progress to biological science.

EXPANDING ROLE NECESSARY

For these reasons I believe that the university hospital must expand its role as a community health resource and the university must turn its rich intellectual resources to the socioeconomic problems of medical care. It will no longer suffice to maintain just an acute, curative, passive receptacle for the sick, on a solid but narrow base of biological science. Our role must expand, and it can without losing what we have developed so successfully to date. Initially the medical curriculum must be changed to include the social history of medicine and social and economic studies of doctors, patients, hospitals, and other health and welfare institutions. Schools of public health and their disciplines should be reintegrated into the medical curriculum, leaving sanitary engineering, if necessary, to schools of engineering. Simultaneously, the university must become the uniting force among hospitals and health facilities and train its intellectual resources on the problems of rationalizing health services. In this connection, the mere collection of data and the use of techniques will be no substitute for the proper interpretation by and the wise foresight of the planners. We must also realize that those who make the decisions may not be the best implementers of necessary change. Occasionally the collection of massive social and economic data degenerates into a "mind-stunting morass of useless fiddle-faddle," important only to the comfortable thoughts of the bureaucrat. The best qualities of the intellect are needed here as they now exist in biological science.

AN INTERFACING RELATIONSHIP

The university hospital represents the interface between the university and the community and serves the health needs of the community in three ways—by responding to the needs of the sick and injured today in terms of immediate service, by conserving knowledge and transmitting it to students for future health needs, and by adding to knowledge through research. It is the community's needs with which we must immediately be concerned. Patients and doctors use the university teaching hospital for two major purposes: (1) continuing and comprehensive care for their total health wants and needs as their primary resource and (2) consultative and technical services for their special (or unexpected, emergent) needs, not obtainable in their local health facilities.

It is impossible to predict the social and political pictures that we will view 10, 20, or even 5 years from today, but several principles should apply in both areas in the future:

1. There should be one social environment for all classes of patients without respect to race, color, creed, or financial status.

2. The benefits of teaching should be available to all patients, rich and poor, "interesting" or uninteresting. The uninteresting patient does not exist, but is a figment of the constricted imagination of the inadequate teacher. Certainly every group should enjoy the same benefits of teaching.

3. The prime service function of the university hospital, i.e., complete, continuing care, on consultative and referral care, should be identified clearly and approached rationally so as to use limited resources effectively and efficiently and facilitate regional planning.

4. In the case of either function, social and mental disease are vital concomitants of somatic disease or represent the primary disturbance. An expansion of the traditional function of the ambulatory clinic is absolutely necessary. The clinics, emergency services, and the department of psychiatry represent important doorways to the community and provide the setting where experiment and ongoing study of the community service function can best be done.

As for psychiatry, the development of preventive and social psychiatry is imperative, as it will extend the hospital's interest to the community and its social systems, which lie at the roots of mental and social disease. Active intervention in these systems may prevent illness or provide for patient rehabilitation. The reintegration of some of the practices and interests of the segregated specialty psychiatric institution is desirable, particularly the concept of the therapeutic environment, so that more of the community's mentally ill can be cared for in their own locales and can be reintegrated more quickly and easily into job and home from the urban general hospital.

COMPREHENSIVE CARE

The clinic is an ideal setting to structure service and research in social medicine. An expansion of the function of the ambulatory clinic is long overdue and should spring from a foundation of comprehensive care. Comprehensive medicine in this context means the coordination of all the various caring elements in the community with those of the medical profession by a team of individuals representing all disciplines, with all the techniques and resources available to the physician and his patient. The aim of these individuals would be to provide total care—somatic, psychic, and social—to those in need and to study and investigate the expanding social and economic problems of medical care with the intent of rationalizing and thereby improving the organization and provision of health services.

COORDINATED ACTION NEEDED

Thus, in addition to traditional medical, surgical, psychiatric, and social service disciplines, there would be representatives of the State's departments of public health and social welfare, the religious professions, academic preventive medicine and public health departments, the social sciences, and the visiting nurse association. The present plan would bring the community's health agents into the hospital for ease of communication, coordinated action, study, and research. In this way, a community health center could be created in the environment of the hospital to which individuals could turn and expect advice or help for all their various needs in time of crisis.

Public health and preventive medicine disciplines would be represented for their interest in the problems of infectious disease, air and water pollution, alcoholism, narcotic addiction, venereal disease, maternal and neonatal deaths, screening large segments of the population for the early detection, treatment and prevention of disease, and industrial hygiene. Their traditional interests in the integrity and health of the family units as manifested, for example, by the development of home care programs would be of value. Most importantly, the public health officer's capacity to organize, develop, and administer health programs would bring a discipline back into the mainstream of medicine.

HUB OF ACTIVITIES

Improvement of chronic, terminal care, and convalescent facilities would spring from the hospital-based public health unit, the hospital being one of the major referral agencies. With medicare, for instance, it will be the referring agency for nursing homes. Continuity of care for the chronically ill could be improved by better liaison with nursing homes, which ultimately must be on the main beat of the teaching hospital. Continued scrutiny of the distribution of and need for health facilities for the whole community would be logically carried out here. Voluntary regional planning might even be possible.

Social science techniques would help in determining attitudes and motivations that determine why individuals and communities do or do not use existing health services and public health programs and how the attitudes of those who work in hospitals affect those who come for help. Patient care research, such as objective measurement of the quality of care and the degree of its fulfillment, would be conducted here. Continuing economic studies could be carried out with trained economists and hospital administrators. Prepayment plans for comprehensive care could be formulated by a clinic-based group practice on an experimental and demonstration basis.

Representatives of the State's department of public welfare would do well to have an office in the hospital-based community health center. The present lack of communication between hospitals and welfare agents is deplorable, and there will be a marked expansion in their numbers as of July 1, 1966. Too often, members of welfare departments picture themselves as representing the taxpayers instead of properly acting as the agents of the impoverished sick and others in need of help. In this latter role, they join with the hospitals and share mutual goals. In the former instance, they too often pit themselves against the hospitals and the patients.

What better mechanism could be provided than to have a welfare representative in the urban hospital? Administrative costs for State welfare might well be reduced and coordination of positive action for the indigent sick would be provided. On-the-scene

checks of the quality of care and the need for hospitalization could be obtained for the welfare department. Better interpretation of existing social legislation and translation for the benefit of the indigent population would result. Hopefully, new programs to improve ambulatory care and its financing might be formulated. For similar reasons, it would seem desirable to post an agent of the local Blue Cross plan in the ambulatory clinic. Communication and understanding among these powerful groups must improve.

The net result would be that the community would recognize the emergency department as the area for somatic crisis, and they now appear to want the hospital to function in times of mental and social crisis.

TRADITIONAL PRACTICES QUESTIONED

Coincident with this program are several necessary departures from traditional practices.

First, professorial heads of departments and other full-time teachers must commit themselves to this long neglected area of the hospital. They must work there themselves and restructure their academic reward system so that medical care research and work in social welfare will become an important part of medicine. Teaching programs will succeed as comprehensive care is given to the community, and research can then be introduced to study and improve the system.

Second, third-party payers must provide full financial coverage for ambulatory services. Medicare is a step in this direction. When the revolution it causes subsides, one of the most effective ways of reducing hospital costs will have been established. Ambulatory clinics can pioneer in these experiments.

Third, public health officers and their schools as well as academic departments of preventive medicine and State departments of public welfare must be willing to function on the firing line in the hospital rather than maintaining a certain aloofness and built-in protection behind their desks.

Fourth, trustees and administrators must provide one social environment for the care of all classes of patients.

Fifth, a major change in the medical curriculum is long overdue.

BROADER ROLE NECESSARY

Urban teaching hospitals are struggling to coordinate the efforts of an expanding number of individuals and agencies concerned with the health, education, and welfare of the community. The community looks to the university or teaching hospital as a medical center, with the expectation that it will eventually become a community health center. This can occur without its arrogating the solution of all man's ills and without its becoming a surrogate for the community's responsibility. At present, hospitals and medicine provide for but one aspect of a community's health. By an expansion of the psychiatric and ambulatory clinic programs, the hospital can play a broader role as a community health center and bring in for ease of action and communication the key persons necessary for a community's health. The perspective of the medical profession will enlarge, and with the others, the doctor can help provide solutions to the ever-increasing social and economic problems that beset the community. Prevention of disease will assume its proper role in health services. Health services and their planning will be rationalized to an extent that does not exist today.

Is it too much to hope that the issues raised will in time become a part of the medical curriculum so that the medical profession can broaden its horizons in medical school and assume leadership in these broad areas of social welfare? Will the schools recognize mental disease and chronic illness as the two major health problems of our era—problems that are compounded by specialism, rising costs, and our present disorganization of health services—and bend the students' interest and knowledge in this direction? Or shall we wait for the Federal Government to attempt the solution of these problems, recognizing its inability to satisfy the exact needs of each different community? The university hospital is the major community health resource. The time has come to rationalize its functions by ongoing studies, using the disciplines of history, social psychology, and cultural anthropology, economics, political science, and demography—in short, the social sciences—so that rational regional planning can be achieved. Such knowledge can be woven into the curriculum, and a more socially useful and sociable animal may be produced, at home, and in control of the modern medical world, shaping his own future.

Medicine is a social science as well as a biological science. Medical school faculties and those who inhabit the hospitals must recognize this balance and organize medical school curriculums, research development, and hospital function around this basis.

Many of the teaching hospital and medical school controversies fly in the rarefied atmosphere of natural science, and much of the passion of our medical leaders is spent here. Perhaps it is time that medical faculties and university hospitals developed what Max Weber called the three cardinal qualities of the politician: a sense of proportion, a feeling of responsibility, and passion—in this case, a passionate commitment to the solution of medicine's expanding social problems.

HEALTH CLINIC PROBLEMS

Mrs. NEUBERGER. Mr. President, the advent of numerous Federal and State health programs in recent years has added to the increasing rate of problems faced by local participating clinics. Health clinics must deal with the recurring problems of providing adequate health services to all patients irrespective of economic class, devising a fair and rational fee scale, and at the same time comply with Federal, State, and local requirements. Other administrative, medical, and political problems often besiege and hamper the operation of a community health clinic.

A thought-provoking article on the subject was published in the Journal of the American Medical Association. Its author, Dr. Ralph Crawshaw of Portland, Oreg., explores the many facets of these problems and emphasizes the need for more cooperation among participating agencies as well as more understanding between physicians and patients.

Mr. President, I ask unanimous consent to have Dr. Crawshaw's article, "Financing a Small Community Mental Health Clinic," printed in the RECORD.

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

FINANCING A SMALL COMMUNITY MENTAL HEALTH CLINIC

(By Ralph Crawshaw, M.D.)

(EDITOR'S NOTE.—So begins the duty of the manager of a household who has to order the things which nature supplies * * * for surely the members of a household must have health just as they must have life. And as from one point of view the master of the house and the ruler of the state have to consider about health, from another point of view not they but the physician; * * * so in another way the [physician's] art has to consider about money.—Plato: "The Politics," circa 400 B.C.)

Financing a small independent community mental health clinic has applications to other clinics as well as influencing future trends in the economics of medicine. Though the experience is limited to one clinic, it can be considered representative, since the clinic is in a suburban-rural county adjoining a large city, an area of rapid population growth and social change. The clinic offers psychiatric, outpatient service to a population of 107,000 people. At present there are two psychiatric teams operating at the clinic, made up of two part-time psychiatrists (averaging 1¼ days per week each), two half-time psychologists, two full-time social workers, and three clerical workers. It also has the able support of dedicated volunteers and a strong board of directors.

The clinic originated in 1959 through the plans of the local community council. Coincidentally, the State government established matching funds for local clinics to compensate for an increasing shift of State hospital patients back to the local communities. In establishing the clinic the citizens planned that the cost would be met by government and private funds. An independent board of directors was formed and started with a "seed money" grant of $40,000 from a local foundation.

MEETING THE COST

The staff, which was hired in 1961, wished to answer the problem of how to offer adequate, out-patient mental health services to patients of all economic classes, particularly to the deprived middle class. Historically, the wealthy have their specialists, the poor, their medical school clinics, while the middle class are left with their hopes. Immersed in the immediate problems of establishing the clinical program, the staff was unaware of the pitifully artificial system of meeting the cost of local mental health services. By ratifying the clinic's covenant with the State and appointing the clinic as a local mental health agency, both State and county governments appeared to concur in the clinic's existence as an agent of the government. In a legal opinion upholding the county government's action, the district attorney felicitously wrote: "The need is great, the law is clear, the staff is qualified, the action proper." Thus, the clinic staff assumed the county as its primary community, confusing legality with acceptance.

From the first, the clinic considered the patient as the logical person to meet the cost of medical care. Charge the patient for services rendered and use private and public charity to make up any deficit was the staff's first approach. However, charging the patient in an eleemosynary clinic proves a difficult task. Not that the patient does not wish to pay, but each patient is a special case, not a stereotype, demanding separate financial appraisal with incomes ranging from nothing to independently wealthy. The staff's definition of "wealthy" differed at times from some patients who reported an intense sense of deprivation precipitated by the cost of Cadillacs and saddle horses. All patients who could afford private services were referred, if private services were available elsewhere.

RATIONAL FEE SCALE

The immediate temptation in charging clinic patients is to use a Robin Hood approach of robbing the rich and supporting the poor. However, in an affluent society, Robin Hood is not only unpopular, but impractical. A graduated fee scale was the next cliche—but what grade, what fees, and whose scale? Most existing schedules were unrealistically low with a maximum fee that had no apparent rationale. The staff decided to establish a new and, hopefully, rational fee scale.

In order to set a fee scale, a minimum and maximum fee was necessary. The minimum was easy—zero for the destitute. The reasonable maximum fee in an eleemosynary clinic should be the cost, the monetary value, of the service. But what was the cost? The average cost of 1 hour of time with a patient was obtained by dividing the number of dollars spent during a unit of time (a month) by the number of staff hours spent with patients during that time. The result was an average cost of $25 an hour. This figure seemed startling, but is comparable with the dental patient's or a general practitioner's patient's cost per hour. From month to month the cost per hour averaged about $25 an hour, strikingly similar to the results of another documented cost study of an agency.[1] Thus, $25 an hour was set as the maximum fee. Using $25 as a maximum and zero as a minimum, two points of reference were established. The problem then became how to string the points together. No logical way has been found. The staff simply established that anyone who made $10,000 net or more a year paid the maximum, and using the income tax curve (since it is an established and less controversial curve) fees were established for patients with incomes ranging between zero and a net income of $10,000 a year. Thus, a working fee schedule came into existence. By applying the fee schedule the staff found that 20 percent of the costs of the clinic could be met by patient fees. As it turned out, three-fourths of the patients paid less than $10 per hour.

Some considerations, if not conclusions, can be extracted from the experience of determining clinic patient costs. Historically, in public clinics fees have been taken as tokens and little serious effort has been made to use them to support the service. Token payment is attractive to some professionals because it implies lack of economic involvement. Some professionals avoid patient cost considerations by working in institutions where either token fees or no fees are charged and any immediate economic concern can be eliminated in the therapeutic relationship. However, in these same clinics and hospitals, both governmental and private, it is not uncommon for professional staff to turn to private practice as a supplement to poor pay scales. An aura of illicit activity is attached to such moonlighting and it is uncommon for the constructive, economic concepts of private practice to be learned. Rather, the private practitioner tends to be looked on by the clinic worker as a brusque, overworked, uninterested moneygrubber. It is an unpleasant stereotype that can only be matched by the private practitioner's concept of the clinic worker as a coffee-drinking, recordkeeping, bureaucratic drone. Our clinic staff attempted to change both these concepts by taking the best of each, private and clinic, into our practice.

MEASURE OF RESPONSIBILITY

There are many resistances to considering the problem of charging clinic patients. One resistance is calling it socialized medicine, and by pronouncing anathema on heresy the problem is removed from the working arena. Another resistance arises when professionals do not wish to directly acknowledge cost, or patients, similarly, are reluctant to talk about it. Thus, the question of cost remains hidden, not worked through by the patient and therapist through an unspoken, if not unconscious agreement that it is not nice to talk money.

To understand the therapeutic implications of costs consider the private practitioner. In this case, paying for the medical service is a direct part of the doctor-patient relationship. The patient meets the cost or ignores it, as in the case of the patient who never pays a bill. At no time is there a question in the relationship of where the responsibility for payment lies. This implicit understanding of responsibility between the patient and the therapist serves to clearly focus on one important aspect of reality, and Menninger has shown the psychological importance of the understanding of fee between patient and therapist in respecting and developing the patient's sense of responsibility.[2] The therapist at our clinic has a responsibility to insure that the patient completely meets the agreed-upon fee for each hour. The fee is not a token but a part of the therapeutic relationship and is responded to by the therapist as the maximum contribution of the patient, a measure of his responsibility.

If these steps are ignored, an element of complicity, if not conspiracy, enters the relationship. The unconsidered financial agreement breeds any one of many destructive attitudes which can best be illustrated from the therapist's viewpoint: first, the attitude in which therapy is devalued: "Treatment is not worth the full fee and I am cheating you to ask more than a token." Another, and probably more common attitude is one in which the therapist is devalued: "Yes, the treatment is worth the full fee but because I like you, I will get you something wholesale and then, of course, you will like me." Yet another attitude devalues the patient: "Yes, the treatment is worth the full fee but you—poor, miserable soul—are not worth the trouble to collect your insignificant contribution." There are other destructive attitudes but these examples serve to make clear how the "institutional" answer (wherein the therapist fails to properly recognize the patient's economic contribution) subverts therapy.

One example can show how important the fee can be in therapy, irrespective of the absolute amount involved. At the beginning of therapy part of the agreement established by the therapist with the patient is that the patient will be financially responsible for all scheduled appointments, unless otherwise agreed on prior to a missed appointment. This agreement has both practical and theoretical meanings which are constructive to the patient. However, this constructive element cannot be worked through until the patient is confronted with a bill for a missed hour. "I was not here because my car would not start, so why should I pay?" may be the beginning, if handled properly, of a real awareness for the patient of the value of therapy and, most important, his value of himself. Can he assume a prearranged, reasonable responsibility and master it? The therapist's assumption is that he can.

For the low-income patient the economic focus is lost unless the therapist makes an extra effort to clarify the responsibility. Considering the financial support for the low-income patient in whole or in part becomes the responsibility of the therapist, who sees that there is compensation for the difference between what the patient can pay and the actual cost. Whether the difference comes out of the therapist's pocket (as reduced personal income) or someone else's pocket (as a donation or tax), at the point when a contribution is made, the therapeutic relationship becomes broader than the one to one relationship of private practice. Whoever the other contributing person, persons, or institutions are in relationship becomes a potent element in the medical care, and the third party influence must be weighed by the therapist. How the third party sees their contribution is of utmost importance in maintaining the integrity of the therapy. If their contribution is a ritual, forced, or halfhearted—in effect, if the contribution is anything but a thought through, thoroughly evaluated investment in the mental health of the community, the contribution can detract from the therapy. If it is a reluctant, forced, overcontrolled contribution, a distant tax, or a form of tax evasion, the effect may be disastrous on therapy. For example, the therapist cannot maintain his own self-respect if he feels his clinic is maintained as a corporation's tax dodge.

The concept of the therapist having a responsibility in financing therapy places a double and new responsibility on any professional who is attempting to develop adequate clinic services. If he wishes to practice with any sense of personal financial responsibility for the patient, he must then consider the cost per hour with his patient, and he must continually consider the influence on himself and on the patient of the people who are paying for the difference in the cost. Such considerations are not impossible, but they are new. The work may be repulsive to professionals because it draws them into a consideration which seems far from helping their patients directly. Much as the surgeon who has not been particularly interested in who pays for the scalpel but how well it is used, so the psychotherapist has been trained to focus on how well his time is used, not who pays for it. However, such economic work appears as an evolution of medicine, and if avoided, the work may be taken over by nonprofessional groups. As no one financial source fills the gap, the physician (as exemplified in the clinic's experience) is forced to deal with multiple and ambiguous sources of financial support. He enters a struggle not of his choosing.

Working through the economic relationship with the clinic patient did not remove the dilemma of where the other 80 percent of income could be found. Through a series of board and staff discussions, an established priority of financial responsibility was established in seeking the remaining 80 percent. The responsibility starts with the patient and moves first to his family, then to insurance (which represents a larger family of the employer or labor union), private charity, and finally public charity. Public charity, in turn, is seen as first city, then county, State, and, finally, Federal responsibility. The priority proved to have little to do with reality, but the rationale of keeping the financing close to the service continues to seem sound and remains our guide in attempts to meet the costs of mental health services.

NEED FOR LEGITIMACY

The board and clinic staff approached the community with most known ethical activities in order to raise the remaining 80 percent. Sower showed how an independent health council died for lack of legitimacy.[3] The clinic attempted to enhance its legitimacy by having broad community representatives on our board of directors. The members have been a banker, a clergyman, the past president of the State medical society, lawyers of prominence, responsible executives from local industry, a social worker from the county welfare department, a nurse on the faculty of the State school of nursing, as well as other dedicated citizens. The board of directors is flanked by three other boards: one, a lay advisory board made up of interested citizens; another, a medical advisory board having among its members the president of the county medical society and the county health officer; and a third, a psychological advisory board made up of interested clinical psychologists. In addition, there is a clinic volunteer organization which

[1] Goldman, M.: "An Agency Conducts a Time and Cost Study," Social Casework 45: 393–397 (July) 1964.

[2] Menninger, K.: "Theory of Psychoanalytic Technique," New York: Basic Books, 1958, p. 128.

[3] Sower, C., et al.: "Community Involvement," Glencoe, Ill.: Free Press, 1957.

gives not only direct services, but assists in raising money through local charity drives. With all of these individuals, to different degrees, the meaning of their contribution has been worked through and they, in turn, have appealed to the community.

The first task was to acquaint the community with the existence, purpose, and needs of the clinic. The division of work was carried out with the staff giving most of the community talks and the board doing most of the community representations. The staff gave innumerable talks to the PTA and Rotary, Civitan, Kiwanis, study and church groups, while the board undertook prolonged negotiations with foundations, United Good Neighbors, and local and State government. The volunteers worked by sponsoring educational programs with speakers of national prominence, horse shows, pancake feeds, fun-fairs, spaghetti dinners, and dances. The response was good: once the public understood what the money was being spent for, they gave. The local medical society donated office equipment. Direct contributions made up approximately 5 percent of the budget. The United Good Neighbors gave 19 percent, and private foundations gave 10 percent. The majority of the contacted public was interested in seeing that the clinic's needs were filled, which reinforced the staff's idea that the clinic was meeting a felt need of the community.

STATE AND FEDERAL SUPPORT

In exploring governmental sources for money, the reaction to the clinic varied. At the Federal level though no moneys were available to the clinic directly, the governmental officials consistently responded to any requests for information on Federal programs in a helpful, direct way. At the State level cooperation was the keynote starting with a lively dialog between State legislators and clinic staff. The State wished to match whatever could be raised locally, and all contacted State officials cooperated unstintingly in developing support. During one financial crisis the State board of health conributed $2,000 directly, and the division of mental health's matching funds have been continually sustaining, amounting to 45 percent of the budget. At one point three legislators personally donated 1 month's salary to the clinic. In all the interaction with the State, the only control the State has reserved has been the right to audit the clinic's finances and to review the medical program. Neither control has worked any hardship on the clinic. The meaning of the State's contribution has been easily worked through by the therapists with the State officials.

LOCAL CONTROL

With local school districts a strong, growing liaison has developed with increasing clinic service being contracted for by the schools. However, with the local county government, the interaction has been diametrically the opposite. Following the original legalization, an ever-widening gap has grown between the clinic and the county government. The question always comes back to "who will control the clinic," for the county government felt no matter what percent it contributed, its control should be 100 percent. During the first year of clinic operation county appropriated $5,000 (less than 10 percent of the budget) for the clinic. The county government felt, however, that the money could not be given directly to the clinic, despite the State's uninhibited contribution of 50 percent. The $5,000 was placed in the budget of the county health department to be used to buy services from the clinic for consultation and education. However, after rendering $1,265 worth of service, the clinic was informed that their services were no longer needed (presumably the remaining $3,345 was reverted to the county general fund), and no further appropriations have been forthcoming.

The board of directors responded to the apparent widening gap with a series of informal conferences with the county government officials. "The cracker-barrel approach" seemed initially successful, for the officials agreed to hire a social worker whom they would pay and assign to the clinic. Again, no implementation occurred, and the gap continued to widen. Now the county officials, far from being proud of the citizens' effort, began complaining that the clinic was too vocal in importuning the county government. There was no attempt to consider jointly the county's overall mental health problems. The staff's attempt for a mental health seminar for county government died for lack of the county government's response. The only shred of working agreement remaining beyond the original legal recognition is the availability of county health nurses to do home evaluations for clinic patients.

In the case of local government, the therapists failed to work through the meaning of their contribution. It is a tragedy which for complex but inexorable reasons may destroy the entire financial structure of the clinic.

In March of 1965 when the clinic was faced with a particularly acute financial crisis, the payroll could not be met. The board responded first by securing a lifesaving grant from a local foundation for $5,000, and then readdressed the problem of county support. At the May county budget meeting, the board asked that the clinic be reimbursed for the direct services rendered to the juvenile court over the last few years. The board was told that the county had a severe financial problem and was unable to entertain any new programs, including reimbursement to the clinic for the services rendered. However, within a month it was learned that the county had entered an agreement to open a county "child development clinic" (a worthy endeavor to diagnose mentally retarded children). The agreement called for the Federal Government to underwrite the initial cost and the county to be liable for one-half of the cost (approximately $25,000 a year) within 3 years. The county government is using Federal matching funds to run their clinic, while our independent clinic is using State matching funds.

DILEMMA OF OUR TIMES

The meaning of this development is important. The county officials' absence of cooperation need not be due to a lack of humanity, for in all probability they are as concerned with the welfare of the population as the clinic board and staff. What has occurred is an interface in one of the great human dilemmas of our times, an attempt to solve medical problems by political means.

It is the result of two different points of view and two different points of departure, but the issue would probably have never arisen if it was not for the increase of State and Federal matching funds. Ordinarily, the mental health problems are so large and the resources so slim that local government and local social agencies can operate without even competing. With the prospect of gigantic Federal and financial resources, this is no longer true. Both local government and local independent agencies are moving to secure the "new resource," and they move from their own bias. The county government starts from the political question, "Who controls the money?" The independent clinic starts from the medical question, "How will the money be used?" As the "new resources" pour into the county through increasing State and Federal matching funds for mental health centers and staffing clinics, the question of control, as contrasted to use, is likely to become more acute. As it now stands, the clinic will be in the position of the poor man who found a melon while walking with a rich man. On suggesting they divide it half and half, he got a hearty assent, "Certainly, we will divide the melon by you taking the outer half and I the inner half." In this case, the inner half will be the control of the State and Federal mental health money.

A puzzling result of the increase of Federal and State medical funds on our local government is that unless our local government works through its contributions to existing agencies, it will have to go further and further into the practice of medicine for middle-class families. If independent clinics are not fostered, but suppressed, then the void will be filled by using State and Federal medical funds to finance local government clinics, not exclusively for the poor, but similar to our own, for all economic classes, but without clear lines of patient financial responsibility. The alternative is to turn down State and Federal matching funds.

The dilemma is a sad one. Possibly there is a way around it through forming a para-governmental agency, such as a mental health authority, similar to a port authority or a sewer district, but this seems most unlikely. The unfortunate conclusion for the clinic is that we cannot look for increased help from the State and Federal Government over the long run. Since the clinic failed to develop the participation of the local government into a medical contribution, rather than a political responsibility, the whole clinic program may be in jeopardy through loss of the State matching funds. There is the possibility that our county's medical problem will have a primarily political solution.

Reviewing the vicissitudes of financing a small independent mental health clinic leaves a clear conclusion for the physician. He is responsible for understanding and interpreting the patients' economic environment. He is forced by ambiguous sources of financing which tend, inadvertently, to become controlling factors in the doctor-patient relationships. If he fails to work through the economic meaning of the mental health program with any patient, individual, or institution comprising the community, the entire program is jeopardized with a subsequent loss of a great natural resource, the patient's full sense of personal and community responsibility. Involvement in financing a mental health clinic is recommended to all physicians who wish to test and develop two traits for which the medical profession has gained respect—patience and hope.

THE METRIC SYSTEM—PROPOSED STUDY BY COMMERCE DEPARTMENT

Mrs. NEUBERGER. Mr. President, I invite the attention of the Senate to a piece of proposed legislation which is sort of gathering dust in a cubbyhole somewhere under the Capitol dome, which has to do with the metric system and a proposed study to be made by the Commerce Department.

The bill passed the Senate on September 20, 1965. A similar bill was reported to the House floor on August 24, 1965, but the Rules Committee in the other body decided to defer action.

Apparently, some people in Congress feel that a study of the practicality of converting the Nation to the metric system would be a subversion of treasured American principles. On September 20, 1965, the Senate passed a bill authorizing the Secretary of Commerce to undertake a study of the feasibility of converting to the metric system. The bill was written so that no advocacy, no

prejudging, of such conversion was made. It required only an examination of the problems arising from the existence of differing standards of weights and measures, and suggestions of possible solutions. I am disappointed that the other House has delayed action on this needed measure.

The importance of getting on with this study is highlighted by a short article published in the New York Times of March 3, that Japan will convert to the metric system on April 1 of this year. From past experience, we know that this may have an unhealthy effect upon our trade with Japan. This is particularly important to the Northwest as a primary trading partner of this Asian country.

America is the last great nation to maintain the posture of the proverbial ostrich over adopting a rational system of measurement. It does seem strange that we should commit our armed might to staking southeast Asia to a free future, yet court commercial isolation because of an antiquated set of weights and measures.

Mr. President, I ask unanimous consent to have printed in the RECORD the short article in the New York Times to which I have referred.

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

METRIC SYSTEM IN JAPAN GOES INTO EFFECT APRIL 1

TOKYO.—Japan will adopt the metric system for all measurements starting April 1.

This system has long been taught in Japanese schools, but traditional measurements have continued to be used by shopkeepers, carpenters, and landowners. The metric system has been compulsory only in the sale of food.

Japan's traditional measurements are very similar to the foot and inch system.

OIL SHALE

Mr. DOMINICK. Mr. President, I wish to make a few comments this morning on the problem of oil shale, which is probably as valuable a resource as any that there is in the United States at the present time, but which is still largely locked in the bosom of mother earth in the States of Utah, Colorado, and Wyoming.

I bring this matter up at this time because in the March issue of the Atlantic Monthly there is an article by the well known reporter in this area, Mr. Julius Duscha, entitled "Bonanza in Colorado—Who Gets It?"

I was privileged to get an advance copy and to be able to read this particular article, so it should come as no surprise to Mr. Duscha to see in today's RECORD or to hear that I do not agree with him on his analysis of the problem or his approach in the article.

I think that I have an ample right to say something about this matter, particularly since he says in his article that in the hearing by the Committee on Interior and Insular Affairs some time ago my colleague and I "used the hearings to press for an early decision by Secretary Udall to allow the leasing of the shale oil lands," which are presently federally owned and managed.

Mr. Duscha further states in his article:

ALLOTT and DOMINICK attacked Galbraith as a man with a long history of antiprivate enterprise.

Frankly, I do not remember making any comments about Mr. Galbraith at that hearing. I can say that his point of view that these resources should be kept in the ground and not be available for almost any kind of activity, whether it be research, technical development, or anything else, seems to me to be locking up something which the people of this country very badly need.

After I had received the original article by Mr. Duscha I was happy to receive a copy of a paper which was given before the 95th annual meeting of the AIME at the Americana Hotel in New York, delivered by Mr. C. E. Reistle, Jr., chairman of the board, Humble Oil & Refining Co., a company which has been active in trying to develop means and mechanisms of turning oil shale into shale oil. They have been doing it for a long period of time.

This article shows quite clearly, in my opinion, the need for new energy resources in our country, resources which are not subject to being cut off in the event we should have a national emergency, about which we are all concerned.

There has been talk about the need for developing additional mechanisms to make the technology of a type so that the resulting product will be competitive with present sources of energy.

This shows the absolute futility of taking a natural resource of this size and importance and leaving it in the ground where no one can get at it. We have been urging the Secretary of Interior to establish rules and regulations for the leasing of those properties. I think it is important that that be done instead of putting it on the shelf as has been done, awaiting further action and apparently waiting further development of research programs now going on.

Mr. President, I ask unanimous consent, because I believe that this is so important, that at this point there be printed in the RECORD the article entitled, "Bonanza in Colorado—Who Gets It?" by Mr. Julius Duscha; and also that there be printed in the RECORD the address given by Mr. C. E. Reistle, Jr., before the 95th annual meeting of the AIME.

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

BONANZA IN COLORADO—WHO GETS IT?

(By Julius Duscha)

An oil reserve worth as much has $300 billion lies under the earth in the West, and the fight for it is well under way in Washington between the oil companies and representatives of the public at large. A veteran member of the national news staff of the Washington Post and author of books about the Government, "Taxpayers' Hayride" and "Arms, Money and Politics," Julius Duscha here tells how the struggle is going.

Every fall thousands of deer come down from the mountains of western Colorado to spend the winter foraging on some of the most valuable land in the world. Beneath the land is the largest oil reserve known to man, enough to meet America's needs for hundreds of years. The oil is worth at least $300 billion, and it is all on public land. But if American oil companies have their way, they will get most of the benefits from this resource.

Major oil companies are putting heavy pressure on both Congress and Secretary of the Interior Stewart L. Udall to grant leases giving them control over the land and the exploitation of its oil. So far Udall has successfully resisted these pressures, but efforts will be made in Congress this year to force Udall to lease the land to the oil companies.

Big oil wants action now before the cost of getting the oil out of the ground is known and before the precise value of the oil can be determined. And big oil has powerful friends in the Senate and the House who usually get the industry what it wants in Washington.

Supporting Udall's go-slow position are conservationists and such economists as J. K. Galbraith, of Harvard, who vigorously argued for continued public ownership and control of the land as a member of an Interior Department advisory board on the oil problem. Seeking immediate leasing of the land to oil companies are such powerful Members of Congress as Representative WAYNE N. ASPINALL, of Colorado, who is chairman of the House Interior Committee and whose congressional district includes the oil lands in western Colorado. A hearing on the leasing problem has already been held in the Senate, and House hearings are planned for this year.

At issue is not only control of the $300 billion oil reserve centered in western Colorado and extending into southern Wyoming and eastern Utah but also the future of the extensive Federal benefits now granted the oil industry. These include the legislation that saves the industry a billion dollars a year in income taxes and the Federal restrictions that keep cheap foreign oil out of the United States at a cost of $2 billion a year to consumers.

The huge profits of the oil industry have been built over the years on a favorable Federal tax structure, on Federal controls over the importing of oil, and on State regulations carefully restricting the production of oil each month. The industry's argument for these benefits is that domestic oil producers must be given all possible encouragement to develop new reserves because oil is a scarce and irreplaceable resource essential to the Nation's security.

The truth of the matter is that the United States and the rest of the non-Communist world already have so much oil that no one knows what to do with it. Texas, where almost half of America's developed oil reserves are located, restricts production to little more than a quarter of the State's capacity. Many other oil States enforce the same kind of restrictions on production, while Venezuela and the Middle East stand ready to flood the United States with cheap, and good, oil.

Every move in the oil game affects all of the players. Thus the reserves in Colorado, Wyoming, and Utah threaten to undermine the foundation for the governmental benefits enjoyed by the industry not only because there is so much oil beneath the land in question but also because it is a different kind of oil.

The oil is locked in shale, a rock formed from silt deposited by glaciers 50 million to 75 million years ago. Geologists confirmed the location and the extent of the shale oil deposits in the 1920's, so there is no need to compensate oil companies for exploration costs. But the deposits have taken on their great value only recently because scientists are on the threshold of the development of efficient methods for taking the oil out of the rock. In experimental plants in Colorado, oil has been removed from the rock

through a still expensive mining and heating process. The cost of this process is expected to be reduced sharply as further experiments are conducted by industry and Federal and State governments.

But the most spectacular and most promising breakthroughs in the shale oil fields probably will result from atomic energy. The Interior Department in cooperation with the Atomic Energy Commission is planning to conduct experiments to use controlled nuclear explosions to ignite underground fires hot enough to separate the oil from the rock without disturbing the landscape.

Once shale oil is commercially competitive with oil found in its liquid state, all of the political benefits affecting the oil industry should be reexamined. With almost limitless oil resources easily available beneath the rock terrain of Colorado, Wyoming, and Utah, the 27.5-percent depletion allowance and the other tax favors granted the oil industry would be difficult to justify. There no longer would be any need to stimulate still more production by continuing to give these tax concessions to the oil industry.

In the industry's view, the best way to prevent what could be a shattering reappraisal of its tax and other governmental benefits would be to tie up the shale lands with leases as quickly as possible. Then the oil companies could bring the shale fields into production in a way that would cause little disturbance to the existing price and tax structures of the industry. But if Secretary Udall and the conservationists win this struggle and are able to prevent the leasing of the shale lands until their value is known, it should be possible to reexamine the governmental benefits to the entire oil industry once the shale resources become competitive.

Like all the other major political and economic disputes that depend on decisions in Washington, the controversy over the shale oil lands involves a cast of strong characters in positions of power and influence. As in the case of so many other Washington controversies, the outcome of the shale oil dispute may depend more on power politics than on the public interest.

The most influential proponent of immediate leasing of the sale lands is Congressman ASPINALL. As the Representative of the congressional district containing the richest of the shale deposits, ASPINALL has an obvious interest in a development plan that would bring more people and more money to the shale area, which is sparsely populated. And as chairman of the House Interior Committee, the stubborn, plain-talking ASPINALL has always put the development of resources ahead of conservation measures.

"Natural resources were placed here to be used," ASPINALL maintains, "not to be cooped up for future generations, and anyone who says otherwise is giving you a bunch of buncombe. The oil isn't worth a hoot to anybody as long as it is in the ground."

ASPINALL is a realistic politician who knows how to wait out an adversary. The Congressman was one of the implacable opponents of the original wilderness preservation bills. He was against them because so many wilderness areas contain valuable minerals, trees, and grass sought by mining, lumbering, and grazing interests. Patiently and purposefully, ASPINALL outwaited the conservationists, fleeing to Colorado one year to avoid calling a meeting of his committee to consider the wilderness bill. Finally, the conservationists gave ASPINALL practically all of the concessions he sought in the wilderness bill to protect western commercial interests. Then the legislation easily went through his Interior Committee and the House.

In dealing with the shale oil issue ASPINALL again appears to be playing a waiting game. After a Government advisory board issued a deeply divided report on shale oil last year, ASPINALL indicated that he would quickly convene hearings on the report, but then postponed the hearings because he did not want to endure the acid tongue of economist Galbraith, one of the members of the advisory board who opposed the immediate leasing of the shale lands as advocated by ASPINALL. The Congressman contented himself with ominous mutterings about "the personal ideology" of some members of the advisory board. But no one in Washington who is familiar with ASPINALL and his usually successful legislative tactics believes that the last word has been heard from him. And ASPINALL's last word is usually the one that counts in resource issues like shale oil.

The Senate Interior Committee did hold a shale oil hearing last year (at a time when Galbraith happened to be lecturing in Australia). Colorado's two Republican Senators, GORDON ALLOTT and PETER H. DOMINICK, used the hearing to press for an early decision by Secretary Udall to allow the leasing of the shale oil lands. ALLOTT and DOMINICK attacked Galbraith as a man with a "long history of antiprivate enterprise."

The Senate hearing showed once again how the members of the western-dominated Interior Committee stick together. Only 1 member of the 17-man committee represents a State east of the Mississippi, and he is Senator GAYLORD NELSON, of Wisconsin, who also happened to be the only member of the committee to question the wisdom of immediate leasing of the shale lands. The other members of the committee took the traditional western stance for quick and easy commercial access to resources on the public lands.

Not a single representative of an oil company appeared at the Senate hearing, even though major companies are actively seeking shale oil leases. No one who is familiar with the way Washington lobbyists work was surprised, however, at the failure of oil company representatives to come forward. Big oil learned long ago that it can best press its arguments for tax benefits and other governmental favors by helping to elect sympathetic Senators and Representatives and then letting them present the industry's case. The late Speaker Sam Rayburn, for example, never allowed a man to get on the House Ways and Means Committee unless he supported the 27.5-percent oil depletion allowance. President Johnson when he was the Democratic leader of the Senate helped to see to it that Senators who would be friendly to the oil interests deep in the heart of Texas were appointed to the Senate Finance Committee.

The oil companies have pushed their case for leasing of the shale lands with discreet visits to Senators and Representatives as well as to Secretary Udall. Udall, who uses as a paperweight a chunk of the dark, oil-bearing rock given to him by a Government geologist, became aware of the shale controversy soon after taking office as Secretary of the Interior 5 years ago. It was not, however, until 1963 that he felt the problem demanded some action on his part. Across his desk one day came a request from the Shell Oil Co. to lease 50,000 acres of the richest shale land. When Udall asked Interior Department officials to evaluate this request, he was astonished to learn that the shale acreage sought by Shell contained enough oil to meet the company's requirements for 660 years.

Shell was not the only company seeking leases on the shale lands. Sinclair had asked for leases that would meet its oil requirements for the next 226 years. A somewhat modest request came from Humble, which sought only enough land to fulfill its oil requirements for 54 years. Continental asked for what amounted to a 27-year supply of oil. Other companies seeking leases included Union, Richfield, Standard of California, and Standard of Ohio.

Despite lobbying by the oil companies at the Interior Department and in Capitol Hill offices, Udall has resisted a precipitous decision. He may have remembered a story often told on Capitol Hill about his predecessor, Fred A. Seaton. When Seaton became Secretary of the Interior during the Eisenhower administration, he suggested to members of his staff that they say no to all proposals from the oil industry. Seaton noted at a staff conference that oil had so often caused scandal to the Department that the best way to avoid it in the future might be to take a wholly negative attitude toward proposals from the oil industry.

Only a few months after he took office as Secretary of the Interior, Udall himself had been acutely embarrassed by an incident involving an oil lobbyist then working for Shell. The lobbyist, a dapper well-known Washington figure named Jack Evans, wrote to his colleagues in the oil industry to tell them that Udall had asked him to enlist their support in purchasing tickets to a $100-a-plate Democratic dinner. When the letter fell into the hands of Columnist Peter Edson, who published it, Udall protested that there had been a misunderstanding between him and the lobbyist, who happened to be a personal friend of his.

Udall was not about to be burned again by an oil matter, and he discovered that there were excellent precedents for caution in dealing with the shale oil question. The shale lands were withdrawn from leasing by the late Herbert Hoover, when he was President, in 1930, and not a single lease has been issued since then.

"Whether the 1930 order was in furtherance of a far-seeing conservation policy, or a retreat from a vexing administrative problem is open to some question," Under Secretary of the Interior John A. Carver, Jr., has noted in a polite reference to the aftermath of the Teaport Dome oil scandals which plagued Republican administrations during the 1920's.

By early 1964, with pressures from oil lobbyists and Western Senators and Representatives increasing, Udall decided to follow a familiar Washington route out of a dilemma. He announced that he would appoint an advisory board to study the question of developing a shale oil industry and to appraise the problems involved in the leasing of the shale lands.

For a Government oil committee the Oil Shale Advisory Board was unusual. The Interior Department generally seeks advice on oil matters only from industry sources. The Department's 90-man National Petroleum Council, for instance, is made up entirely of executives from the oil industry, but 4 of the 7 members of Udall's Shale Board had no connection with the industry.

The four nonindustry members were Economist Galbraith; Benjamin V. Cohen, an old New Dealer still practicing law in Washington; retired Gen. James M. Gavin, a former Army Chief of Staff who is now chairman of the board of Arthur D. Little, Inc., the research and development company; and Joseph L. Fisher, president of the foundation-financed research organization called Resources for the Future, whom Udall named as Chairman of the Advisory Board.

The other three members of the Board turned out to be supporters of the oil industry's proleasing point of view. They were Milo Perkins, another old New Dealer, who is now a business consultant in Tucson, Ariz.; Orlo B. Childs, president of the Colorado School of Mines; and H. Byron Mock, a Salt Lake City attorney who has represented companies seeking leases on the shale lands.

But the oil industry's failure to place a majority of its friends on the Advisory Board did not stop industry supporters within the Interior Department from seeking to influence the Board's deliberations. At their first

meeting the members of the Advisory Board were provided with thick folders containing background information on the shale problem prepared for them by Interior Department employees working under the direction of John M. Kelly, who was then Assistant Secretary of the Interior for Mineral Resources.

A politically oriented oilman who returned last summer to his home State of New Mexico, Kelly got his Interior Department job in 1961 because he had the powerful support of Senator CLINTON P. ANDERSON, then chairman of the Senate Interior Committee and now head of the Senate Space Committee. The 51-year-old Kelly is a dark-haired, bushy-browed, genial Irish geologist. Born in Chelsea, Mass., he moved after college to New Mexico, where he prospered in the oil industry. Always considered a spokesman for the oil industry's interests while he was in the Interior Department, Kelly was allowed by an understanding Senate Interior Committee to keep title to some of his oil properties after his confirmation by the Senate as an Assistant Secretary.

Another Interior Department official with a direct interest in Government policies toward the leasing of the shale lands was Charles H. Stoddard, the Director of the Bureau of Land Management. Although his Bureau is responsible for overseeing grazing and other leasing operations on the Government-owned shale lands, Stoddard was not even consulted during the early days of the Advisory Board's work. Kelly, who was organizing the Interior Department's oil shale staff work, knew that Stoddard was opposed to the immediate leasing of the lands being sought by the large oil companies.

When the time came for the Oil Shale Advisory Board to begin work on its report, the members asked the Interior Department to furnish a draft to serve as a basis for the Board's recommendations. The draft was prepared by Kelly and his aids, again without consulting Stoddard and the BLM.

The draft report, which was and still is labeled "confidential," called for the removal of "obstacles to the commercial development of oil shale" and recommended that at an early date the Interior Department "announce its willingness to receive requests and proposals for production leases and that it explore with applicants their interest, capability and needs for land for commercial development."

Despite all the prodding from Kelly, however, only three members of the Advisory Board—Perkins, Childs, and Mock—advocated in its final report the immediate leasing of shale lands to oil companies. Three other members—Fisher, Cohen, and Galbraith—said that the Government should proceed cautiously before leasing any of the land. The seventh member of the Board General Gavin, had resigned early in its deliberations because of the press of other business.

"This report," Galbraith wrote, "is right in stressing that the oil shale deposits, underlying some 5,118,000 acres in Colorado, Utah, and Wyoming, are a publicly owned resource of great magnitude. Several hundred years' supply of petroleum at present consumption rates exist in these beds on lands owned by the people of the United States. Foresighted efforts in the past have kept these lands from those who, under the sanction of private enterprise, view public property only as an opportunity for personal profit. Having withstood thoughtfully designed raids in the past, it is important that the Government show equal wisdom and restraint in the present on behalf of our resources for the future.

"There is no showing of urgent economic or strategic need for oil from the shale in the present or near future. The domestic petroleum industry is operating under severe Government restrictions. Imports are subject to quota. These sources are almost certainly cheaper than oil from shale by prospective processes. Hence there is no pressing peacetime need for oil from shale. Given the most rapid development, the share of oil from shale in total production will be negligible for many years. Hence it will not, in the foreseeable future, be an important wartime resource replacing any important present source of petroleum. We cite this because strategic arguments are regularly advanced for oil shale development. They appear to reflect only the common effort to find a national security justification for action that individuals or groups would find in their economic interest.

"The major oil companies are naturally concerned with protecting their position in the event of the development of an oil shale industry by buying or controlling oil shale acreage. However, with one or two exceptions they seemed not now inclined to incur substantial development costs to produce shale oil. Certainly for companies with alternative sources of petroleum the economic attraction of oil shale is not high. The incentive to control oil-bearing acreage is thus, for the time being, much greater than the incentive to produce from it. This incentive, however, is very strong and strongly indicated by present efforts to obtain acreage in the area."

While Members of Congress from the Western States and lobbyists for the major oil companies continue to press for the leasing of the shale lands as if they were just another public resource to be controlled for private gain, Secretary Udall and a few other officials in Washington have recognized the unique position in which the Government finds itself. Seldom in the history of the United States has the Government had the opportunity to guide the development of a natural resource in the way it can direct the growth of a shale oil industry. The closest parallel is probably with the early days of atomic energy.

It seems plain now that if the public interest is to be served, Udall—and President Johnson—must first make certain that no legislation is pushed through Congress forcing the Government to lease its shale lands before their true value is known and before the cost of taking the oil out of the rock is determined. But Udall and Johnson also must convince Congress that shale oil offers a special opportunity to develop an extremely valuable resource in the best interests of the people to whom it belongs.

The Government does not, however, necessarily have to develop the shale lands itself. What is necessary is that the Government protect the public interest in this great resource, once private development of these Federal resources is permitted. A quasi-public corporation similar to COMSAT, which is operating the Nation's commercial communications satellites, a Tennessee Valley Authority, or an agency modeled on the Atomic Energy Commission could be used to develop the shale fields. Studies should be undertaken to determine what kind of development corporation and plan could best serve the Nation after it becomes clear that shale oil is needed to augment or replace liquid petroleum reserves.

In the meantime, the Government should help to support research of the kind that is now being conducted by the Oil Shale Corp. in western Colorado and by a group of eight oil companies at the recently reactivated shale oil experimental plant at Rifle, Colo. Fifteen percent of the shale land is not owned by the Federal Government and is available to oil companies that want to carry on research. Large tracts of land are not needed for experimental work, and if it is necessary, the Government can lease small sections of its shale lands to facilitate research.

But, above all, a Great Society must encompass bold planning for the development of natural resources as well as human resources.

SHALE OIL: FROM POTENTIAL TO PRODUCTION

(By C. E. Reistle, Jr., chairman of the board, Humble Oil & Refining Co., before the 95th annual meeting, AIME, New York, N.Y., March 1, 1966)

The security and welfare of the United States demand that adequate supplies of domestic energy be available at all times. The most abundant energy resources in the United States are hydrocarbon fossile fuels—oil, gas, coal, and oil shale.

Essentially all private and most public transportation is powered by energy derived from fossil fuels—mainly from crude oil. At some point in future time the increasing demand for liquid fuels will probably require that conventional sources of liquid energy be supplemented with those from oil shale and other sources. It's difficult at this time, however, to predict how soon these supplemental fuels can be produced at a price that will make it possible for them to compete effectively for a share of the national energy markets.

Nevertheless, it is reasonable to assume that when oil from shale enters the national energy markets it will do so gradually and as a supplement to production of domestic crude oil. The obvious problems of developing this new industry are such that any fear that it will swamp the present petroleum industry or take over a disproportionate share of the markets is unfounded. Certainly it could not do so in the light of today's economics and technology. Two things will bring shale oil into the picture: (1) increased costs of finding and developing new reserves of crude oil, and (2) advancements in shale technology.

As all of us know, our national economy is marked by an insatiable thirst for energy. The use of energy contributes directly to the high standard of living we enjoy. Use, I might add, is the key word. Some countries, such as those in the Middle East, are richer in specific energy resources than we are, but their people use less energy for productive purposes.

By contrast, use of petroleum and natural gas as sources of energy in the United States has increased steadily. During the past year, the United States consumed petroleum products at a rate of about 11 million barrels a day. That was enough to provide 874 gallons a year for every man, woman, and child in this country. By contrast, per capita consumption in the rest of the free world was only 109 gallons in 1965.

Taking a look at the future, I believe a reasonable estimate of U.S. consumption in 1985 is 18 million barrels per day. To meet that much demand, and maintain present reserves to production ratios, the oil industry must develop an additional 89 billion barrels of reserves in the next 20 years. That is more liquid energy than the United States consumed during the past 100 years, and presents a tremendous challenge to our industry. This also explains why it is probable that supplies of energy from conventional sources will have to be supplemented by liquid fuels from shale oil, coal, and tar sands at some point during the next two decades.

As the petroleum industry goes about its important task of meeting energy needs in the future, we are going to see some keener rivalry as each type of energy strives for a greater share of the market. This is nothing new; interfuel competition has been getting hotter for a long time, with shifts occurring from time to time among competing fuels. The percentage of energy supplied by oil and gas has grown tremendously. By the late 1920's, oil and gas accounted for one-third

of all energy consumed in this country; this had grown to one-half by the late 1940's; today it is about three-fourths.

A good example of interfuel competition is the changing picture in use of fuels for home heating between 1940 and 1965. During that period, coal's percent of the home heating market declined from 55 to an estimated 7.7. In the same 25 years, oil increased from 10.5 to an estimated 29.2, and gas increased from 11.4 to 50.1. But coal in recent years has made great progress in becoming a strong competitor of petroleum in other energy fields—particularly in the public utilities generation of electricity.

Each of us could name reasons for intense interfuel competition. One is the increasing costs of finding and developing new crude oil reserves. Another reason, and a fortunate one for the public, is that the consumer has greater variety of energy sources at competitive prices from which to choose, as well as a greater number of suppliers. As an example, electricity for home heating is making great strides, and the oil industry will have a real fight on its hands to maintain its present position in the space heating field.

With this as a background, let's turn our attention back to our main subject—shale oil. The fact is, there has been interest in shale oil in this country—to a greater or lesser degree—for the past 40 or more years. But just about the time shale oil would begin to look like a paying project, something would happen to shove it into the background again—something, for example, such as new discoveries of large reserves of crude oil, both domestic and foreign, or the changing concern over our energy supplies during and after major wars.

Shale oil recovery has a much longer history in other parts of the world, beginning in England about 500 years ago. Over the years, moderate amounts of oil have been recovered from shale in Australia, Brazil, Manchuria, Estonia, France, Germany, Scotland, Spain, and Sweden. By far the most extensive oil shale deposits in the world are those in Brazil and the United States.

The most important oil shale deposits in the United States (and possibly in the world) occur in the Green River formation which underlies about 16,500 square miles in the Piceance Basin of northwestern Colorado, the Uinta Basin of northeastern Utah, and the Green River Basin of southwestern Wyoming. These shales have been estimated to contain more than 2 trillion barrels of shale oil.

Of the three areas just mentioned by far the most significant is the Piceance Basin covering about 1,380 square miles (roughly 880,000 acres) in northwestern Colorado. This area is bordered on the south by the main stem of the Colorado River, on the east by the White River uplift, on the north by the White River, and on the west by the Douglas Creek arch.

While the total shale oil deposits in Colorado has been estimated as high as 1.5 trillion barrels, the richer portion averaging 25 gallons of oil per ton of shale, and varying from 50 to 2,000 feet thick, is estimated to contain about 480 billion barrels. The recoverable portion based on present technology is estimated roughly at 280 billion barrels of oil from this richer section. By contrast, domestic reserves of crude oil are about 31 billion barrels.

These are tremendous numbers. They are big enough to cause speculative fever among men who have no idea of what must be done to get the oil out of the shale at a price low enough to compete with fuels from conventional crude. No practical oilman will be misled by what may seem to be a mammoth supply of oil in the shale, just ready for the taking. There is a big difference between this "on the books" oil from shale and oil in a pipeline. It is the same difference that exists between gold in the sea and gold in Fort Knox. It has been estimated that the oceans of the world contain more than 6 million tons of gold. That is enough to make a pile which would weigh almost as much as the Great Pyramid of Egypt. Figured at today's market value, that pile of gold would be worth $7 trillion. By contrast, the present monetary gold supply of the entire world is worth only $40 billion. But you don't see anyone rushing to mine the sea for gold. And no wonder. A ton of sea water contains only 2 to 60 milligrams of gold—not worth the effort with our present knowledge.

The plain facts are, it will be necessary to spend large sums on research and development before a profitable shale oil industry can become a reality. Substantial progress is being made in oil shale research. Technology has now progressed to the stage where we may hope to produce and process oil from shale at a cost closely competitive with crude oil. But we still have a lot to do if we are going to get those costs closer together. A differential of just half a cent a gallon for gasoline makes a terrific difference in this highly competitive business. That amounts to 21 cents a barrel, and every producer fights hard for much smaller cost reductions than that in his regular operations.

Let me emphasize that I do not mean to imply that oil and gasoline from shale will not eventually enter the market. Today, few question that. My company would not be spending money on research unless we were reasonably inclined to believe that shale oil can one day supplement other energy sources. Nor would our competitors. But the old question of economics remains a deciding factor. The point I want to make is that even a fractional difference in price of gasolines derived from shale and crude oil will defer or hasten the day when fuels from shale oil can begin to compete with fuels from conventional crude.

How soon that will come depends basically on two factors which are still unknowns in the shale oil equation. The first of these factors is the technology that industry can provide to make shale oil competitive with crude oil and other energy sources. The second factor is Government and the kind of environment it is willing to provide to encourage development of shale oil by private industry. Let's look first at the industry side of the equation.

There are two major methods that are being studied for getting oil out of the shale: (1) mining and retorting and (2) in situ retorting. Work is going forward on both methods; one or both may ultimately prove to be economically feasible. Using the mining and retorting method, a minimum shale oil plant is believed to be one which will produce at least 50,000 barrels of oil per day. Such an operation involves mining, crushing, and retorting 80,000 tons of shale per day. Capital investment in such a plant, including upgrading facilities, would be in the order of $100 million. An operation like the one just described would be comparable to finding, developing, and producing a 365 million barrel oilfield—and we don't find many fields of that size. In fact, there have been only 23 fields which have produced that much oil in the history of the domestic petroleum industry.

Using the in situ method involves creating some type of permeability in the shale formation, so that heat can be brought in contact with the shale in place and hydrocarbon vapors generated from the heated kerogen can be recovered at the surface. Considerable effort has been carried on with the use of conventional hydraulic fracturing, followed by superheated steam or other heated gases. There has been considerable discussion between the Government and industry concerning the use of a nuclear device to create a "rubble zone," or chimney, in the shale which would be followed by some means of heat. A contract has also been let by the Government to experiment with high voltage electricity to create permeability between adjacent wells.

As recovered by any method, shale oil is a viscous, waxy liquid of low gravity and high pour point. It contains a moderate amount of sulfur and a relatively high amount of nitrogen. In its raw state it is too thick to be moved easily by pipeline. It cannot be used as a normal feedstock in present-day refineries because of its nitrogen content. Removal of nitrogen is unusually difficult because it occurs in shale oil throughout the boiling range, in contrast to conventional crudes, where nitrogen is substantially restricted to the residual cut. Once the nitrogen is removed, however, shale oil can be converted into quality fuels.

I would say that a leadtime of from 8 to 10 years will be needed by an aggressive industry in order to carry out research and development necessary to design and build commercial equipment. Recognizing this leadtime requirement, Humble is now involved in research programs in laboratories of its research affiliates and also in the consortium operating the Bureau of Mines experimental facilities at Anvil Points. These facilities have been leased from the Department of the Interior by the Colorado School of Mines Research Foundation. This program is sponsored and the experimental work is manned by several companies with the research effort primarily directed to future development in retorting technology.

Having briefly discussed the industry side of the shale oil equation, let us turn now to the role of Government.

The ownership and leasing situation with regard to oil shale lands is unusual. The bulk of the high quality deposits are in Colorado in an area which is owned about 10 percent by private interests and 90 percent by the Federal Government. The privately controlled lands are generally of a poorer quality or else are so distributed that they could not support a competitive industry. Their ultimate disposition and value will depend almost entirely on the programs adopted for the development of the Federal lands.

To those familiar with the problems associated with trying to develop a commercial oil shale industry, it is obvious that a satisfactory basis for leasing the Federal lands must be devised at an early date. At the present these lands are an idle and frozen asset and there is no indication of how their leasing and development will be administered. I have previously emphasized that substantial amounts of time and money will be required to make shale oil commercial. Industry cannot be expected to make the necessary commitments of either effort or funds without knowledge of the framework within which this industry will have to function, or without the opportunity for commensurate reward for the risk capital necessary to carry on the development efforts.

I believe private industry should be given the opportunity to do the necessary research and spend the funds to develop the shale oil deposits under a program in keeping with those applied so successfully under similar circumstances. In my opinion, the public interests would best be served by making these Federal lands available in an orderly and intelligent manner under a competitive bid, fixed royalty lease basis, similar to that employed so successfully in Federal offshore oil and gas lease sales. Not all of the shale lands need be leased at once, but reasonable amounts should be made available at reasonable frequencies. The system adopted should be designed to attract numerous operators, thereby fostering the diversity of ap-

proach to both research and development which has stimulated industrial progress in this country. The type of Government-industry relations utilized in leasing the offshore Continental Shelf areas has benefited both industry and the public. And after all, it is the public who really owns these lands and whose interests should be served.

Let me say at this point that all industry, not just petroleum, has an obligation to expose the fallacy of the hue and cry that some have raised about windfall profits and stealing of the public treasures if these lands are leased to private industry for development. Nothing could be farther from the truth. To my mind, the worst thing that could be done to the public interest would be to depend upon the Federal Government to develop and actually operate an oil shale business. To do so would strike at the very heart of the basic institutions on which this country has grown and prospered. Furthermore, there is no evidence that Government can match the efficiency and economy which are the natural outgrowths of industrial competition.

In the specific case of shale oil there is no basis to suggest that there is a potential windfall to anyone, but rather there is only the opportunity to invest large sums and to devote much time and effort in the hopes of realizing a reasonable profit. My company, and I am sure many others, will be willing to take these risks. And I would urge those who talk of windfalls to have a little more faith in the ability of our present competitive system to continue to serve the public good by providing both reasonable prices and reasonable profits.

For the public good, the rate and extent of shale oil development should be determined by economic forces which control the interfuel competition in this country without artificial stimulus or delay. Interfuel competition will assure continued and adequate supplies of energy at the lowest possible costs. Economic development of oil shale deposits, even in competition with other fuels, will, however, require reasonable Government policies which will encourage private industry to do its own research, develop its own processes, and make its own investments.

While the leasing problem is of the utmost importance, it must also be recognized that the Government can discourage or encourage private development through use of its power to tax. Another Government matter is the oil import policy; any drastic shifts in present imports policy would either discourage or encourage development of shale oil by private industry.

What happens in Washington, of course, are not the only factors which affect the shale oil question. Those willing to risk capital in this new industry must also recognize that any unforeseen changes in the domestic oil picture could affect the economic rewards and speed up or delay shale oil development. For example, new discoveries of crude reserves, if large enough, could decrease the interest in shale oil—just as such discoveries have in the past. On the other hand, a continued slowing down of oil-finding success could encourage the development of shale oil. Breakthroughs in technology that would lower the costs of producing liquid fuels from shale would also speed up the development of the shale reserves. By similar reasoning, any such breakthroughs in producing gasoline from coal or tar sands would have an obvious effect on the development of a shale oil industry.

In summary, I believe that shale oil can become a viable segment of the petroleum industry during the 1970's. If this is to happen, however, several conditions must be met. A firm program, including reasonable leasing rules, must be adopted for the federally controlled public lands which dominate this country's oil shale deposits. There needs to evolve in the minds of the people and of Government officials an understanding that while the uncertainties of exploration have been removed, unknowns of equal or greater magnitude exist in the mining, retorting, and refining processes which must be developed for this industry. These uncertainties foreclose without question any possibility of windfall profits to oil shale developers at the expense of the public. These same uncertainties are, however, the first half of the risk-reward formula which has so successfully motivated private industry in the past and has been the hallmark of the industrial leadership of this country.

Gasoline from oil shale will require significant commitments of technical talent and large capital expenditures for research and development, all of which will take time. Private industry is more than willing to take these steps. Timely action by Government in establishing a framework within which a shale oil industry can function is essential to provide sufficient lead time for the research and development necessary to commercialization. Given these opportunities, private industry can bring oil shale from potential to production.

ILLINOIS LEAGUES OF WOMEN VOTERS OPPOSE DIRKSEN ROTTEN BOROUGH AMENDMENT

Mr. DOUGLAS. Mr. President, I have heard from more local Leagues of Women Voters in Illinois who have asked that I record and act upon their opposition to the Dirksen amendment, Senate Joint Resolution 103, which would overturn the Supreme Court's decisions on one man, one vote. In addition, many individual league members throughout Illinois have written to support my opposition to this proposed amendment.

On February 7 I introduced in the RECORD 20 letters mainly from suburban leagues in Illinois. Today I wish to call to the attention of the Senate several more letters from the presidents of local leagues, this time from throughout the State: from Carbondale, home of the southernmost league in Illinois, to Waukegan in the northeast corner of the State; and from Rock Island to Lincoln to Quincy to Edwardsville in the west. These statements opposing the Dirksen amendment come from large, medium, and small communities across the State: Aurora, Carbondale, Chicago, Deerfield, De Kalb, Edwardsville, Elgin, Evergreen Park, Lake Bluff, Lincoln, Quincy, Riverdale-Dolton, Rock Island, Villa Park, and Waukegan.

There is no urban-rural difference, no small town-large city split, in these letters. The league chapters have studied this matter in detail for more than a year and have come to the informed opinion that we must preserve equality of representation in both houses of the State legislatures. The league has taken a strong position on this matter because they wish to preserve this unalienable individual right to equality of citizenship and because they want to see the legislatures take their intended places as strong partners in the federal system. The Senate should do no less.

Mr. President, I ask unanimous consent that these letters be printed in the RECORD.

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

LEAGUE OF WOMEN VOTERS,
Aurora, Ill., March 1, 1966.

Senator PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The leagues of women voters in the United States have agreed overwhelmingly that we should oppose any constitutional amendment aimed at permitting States to apportion their legislatures on the basis of factors other than population. In Illinois, this agreement was also clear. It reflected the views of leagues in Cook County, the suburbs, and downstate, as you know.

In Aurora, we studied the issue carefully and came to the same conclusion. We feel that the 15-percent variance already allowed by the Supreme Court is adequate and that State legislatures will be more responsive and better able to cope with our problems. We feel that they will actually be strengthened.

In our Aurora study, we failed to find any fair way in which genuine minority interests could be properly represented that would not defeat the basic intent of representative government—a ruling body that is truly responsive to all of the people. We did see much possibility for pressure groups—be they large cities, private business, labor interests, land interests, racial interests, or others—to place those with the responsibility of reapportionment in a very uncomfortable position.

We commend you for your efforts to defeat the attempts of your colleague to amend the Constitution and to allow the States thereby to take away one-man, one-vote rule.

Yours very truly,

Mrs. PAUL BOWER,
President.

LEAGUE OF WOMEN
VOTERS OF CARBONDALE,
Carbondale, Ill., February 16, 1966.

Hon. PAUL DOUGLAS,
Senator from Illinois,
Senate Office Building,
Washington, D. C.

DEAR SIR: The League of Women Voters of Carbondale, Ill., affirms the position of the League of Women Voters of America that representation in both houses of State legislatures be based substantially on population.

We hold that the United States is a democratic Republic wherein the right to govern rests with the people, a right which they exercise through representatives which they elect. The individual participates in the right to the people to self-government through his vote. Whenever that vote is diminished or denied, the right of the people to self-government is likewise diminished or denied. The Constitution of the United States and the constitution of the State of Illinois both begin with the words, "We, the people * * *." Any proposition which denies to any individual or group of individuals the equal right to vote violates the fundamental principle upon which these constitutions were founded; that is, the right of all the people to self-government.

It is self-evident that the equal right to vote can only be assured when representation is based on population. We, therefore, are opposed to any amendment to the Constitution of the United States which would permit the States any other basis upon which to apportion their legislatures.

Yours truly,

Mrs. RANDALL H. NELSON,
President.

P.S.—We are, as you may already know, the southernmost league in Illinois.

LEAGUE OF WOMEN VOTERS OF CHICAGO,
Chicago, Ill., February 16, 1966.
Hon. PAUL H. DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOUGLAS: The League of Women Voters of Chicago vigorously supports your position upholding the Supreme Court's one-man one-vote standard for apportionment of State legislatures.

We know you are aware of the league's consensus on this issue on a national level. The results of the league's study of the apportionment problem in Chicago were parallel to the conclusions reached by league members all over the country.

The Chicago league holds that only through equal representation can the interest of all the voters and of all minorities be represented. We agree wholeheartedly with the Supreme Court that in a democracy each vote having an equal weight is a fundamental individual right of citizens—a right the majority may not vote away.

With my warm personal greetings,
HELEN S. AARON
Mrs. Ely M. Aaron,
President.

LEAGUE OF WOMEN VOTERS OF DEERFIELD,
Deerfield, Ill., February 10, 1966.
Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The Deerfield League of Women Voters is opposed to any constitutional amendment that would change the population standard for reapportionment of State legislatures as established by the recent decisions of the Supreme Court.

After studying the issue, our league (of 76 members) reached a consensus that was in agreement with the consensus reached by the National and the Illinois leagues. We believe that the right of each individual to be equally represented in the legislature is basic to our form of government.

The rights of the minorities must be protected—but not at the expense of the majority. Also, it would be very difficult, if not impossible, to apportion—giving weight to all the minority groups that might demand it, such as: rural voters, urban voters, suburban voters, racial groups, business groups, labor groups, etc. Where would you stop?

The one-man one-vote standard will give each vote equal weight; and yet, since some leeway has been allowed in setting up districts under this standard, the basic political subdivisions within the States need not be drastically changed.

Since the majority of the States have reapportioned (or will have before their next elections); and since they have accomplished this using the population standard and satisfying the various factions in the States; we can see no need for an amendment; and we oppose one.

Yours very truly,
LOIS BESKIN
Mrs. Jules Beskin,
President.

THE LEAGUE OF WOMEN VOTERS
OF DE KALB,
De Kalb, Ill., February 27, 1966.
Senator PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The League of Women Voters of De Kalb spent considerable time studying the issue of reapportionment of both houses of State legislature last summer and fall. We came to the conclusion that the only fair way for legislative apportionment was on the principal of one man, one vote. At a time when our country is making a valiant effort to extend the vote to all its citizens, it seems contradictory to also be considering an amendment which would not give each citizen an equal vote.

We have taken a position against the Dirksen amendment and wish to commend you on your leadership in the fight against it.

Very truly yours,
Mrs. A. K. TINK,
President, League of Women Voters of De Kalb.

THE LEAGUE OF WOMEN VOTERS OF
EDWARDSVILLE,
Edwardsville, Ill., February 10, 1966.
Hon. PAUL DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SIR: The Edwardsville League of Women Voters has taken and is in agreement with the following position on apportionment of State legislatures. This position was announced by the National Board of the League of Women Voters of the United States as being the consensus of all leagues nationwide.

We hope you will support the position which follows: "The members of the League of Women Voters of the United States believe that both houses of State legislatures should be apportioned substantially on population. The league is convinced that this standard, established by recent apportionment decisions of the Supreme Court, should be maintained and that the U.S. Constitution should not be amended to allow for consideration of factors other than population in apportioning either or both houses of State legislatures."

As the statement of position goes on it was pointed out that the leagues interpret the word "substantially" as an allowance for sufficient leeway for districting to provide for any necessary local diversities.

Thank you.

Respectfully,
Mrs. R. N LAFAVER,
President.

LEAGUE OF WOMEN VOTERS,
Elgin, Ill., February 28, 1966.
Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The members of the League of Women Voters of the United States believe that both houses of State legislatures should be apportioned substantially on population. The Elgin league concurs in this opinion. The league is convinced that this standard, established by recent apportionment decisions of the Supreme Court, should be maintained and that the U.S. Constitution should not be amended to allow for consideration of factors other than population in apportioning either or both houses of State legislatures.

Therefore, we support your stand in opposition to Senate Joint Resolution 103. This is an important issue and this is not the time to deny the citizen's right to fair representation in State government.

Sincerely,
Mrs. BARBARA MULLIKIN
Mrs. Wallace D. Mullikin,
Voters Service Chairman, Elgin League of Women Voters.

LEAGUE OF WOMEN VOTERS, OF
EVERGREEN PARK, ILL.
March 1, 1966.
Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The League of Women Voters of Evergreen Park wishes to add its name to your list of supporters in opposition to Senator DIRKSEN'S apportionment amendment.

The league will give you continued support and appreciates your obviously high evaluation of the study behind this consensus.

Yours very truly,
RUTH M. GILKE
Mrs. Paul V. Gilke,
President.

LEAGUE OF WOMEN VOTERS
OF LAKE BLUFF, ILL.,
February 23, 1966.
Senator PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: Your most recent endeavors encourage the League of Women Voters of Lake Bluff to urge you to continue your opposition to the Dirksen amendment, the proposal which would allow State legislatures to be apportioned on factors other than population.

Our local group is joining with leagues all over the country to put into action recent nationwide League consensus favoring the population standard for apportioning both houses of State legislatures.

It is said that action is expected on Senate Joint Resolution 103 about March 1, 1966. Such an amendment would dilute the value of the vote at a time when over the Nation the franchise is being extended. This issue is important to the development of the strength of State government and to the avenues now opening for more effective solutions to State problems. Certainly this is not the time to deny the citizen's right to fair representation nor to reduce the chances for more effective government.

Very truly yours,
Mrs. KENNETH R. PICKARD,
President, League of Women Voters.

LEAGUE OF WOMEN VOTERS OF LINCOLN,
Lincoln, Ill., February 14, 1966.
The Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The members of the League of Women Voters of Lincoln are opposed to an amendment to the Constitution to allow for consideration of factors other than population in apportioning either or both houses of State legislatures. We reached this consensus in our league after a study of the basis of representation in State legislatures. We wanted you to know we were a part of the League of Women Voters of the U.S.-position supporting one man, one vote.

Yours very truly,
Mrs. JOHN J. SHUTE,
President, League of Women Voters of Lincoln.

QUINCY LEAGUE OF WOMEN VOTERS,
Quincy, Ill., February 5, 1966.
Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR DOUGLAS: The League of Women Voters of Quincy writes you in support of the national league's position on apportionment of State legislatures—briefly, (1) that both houses should be apportioned substantially on the basis of population; and (2) that the U.S. Constitution should not be amended at this time to allow other standards.

The Quincy league's study of this question began in October 1965 and consisted of two meetings of the membership, at which all sides were presented as fully as possible. At one of these meetings the question was discussed with State Representatives Rowe, Republican, and MacLain, Democrat.

A third meeting in December was a consensus meeting where the majority agreed with the statement above. Reasons given were:

The Supreme Court decision is worth a try. We respect the court's decision and do

not wish to set a precedent of amending the Constitution too readily in the event of a controversial decision.

A person's vote should have a national guarantee for nearly equal representation. It is not wise to have this vary from State to State or within a State.

There is no more just means of guaranteeing equal representation than the basis of population.

The role of the Federal Government might be diminished if cities are given their rightful representation in State legislatures.

A minority felt the court decision could be injurious in Illinois because "Chicagoans do not understand downstate Illinois."

Yours very truly,
Mrs. WILLIAM B. RAUFER,
President.

LEAGUE OF WOMEN VOTERS
OF RIVERDALE-DOLTON,
Riverdale, Ill., February 23, 1966.

Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: You once wrote a member of our league that you did not like to receive letters that urged you to vote for an issue that you already had supported strongly, so I have hesitated to add the voice of the Riverdale-Dolton League of Women Voters to the many which have told you about our stand on apportionment. However you have reacted happily to the other letters from suburban leagues so I will tell you that we, too, studied the issues carefully and came to the conclusion which most of the other individual leagues in the United States reached—that there is no justification for diluting the power of each individual citizen's vote.

Yours very truly,
Mrs. WALTER ERHARD,
President.

LEAGUE OF WOMEN VOTERS
OF ROCK ISLAND, ILL.,
February 26, 1966.

Senator PAUL DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOUGLAS: The League of Women Voters of Rock Island participated in a study and evaluation of the basis of representation in State legislatures on a nationwide basis, and is in agreement with the national position that both houses of State legislatures should be apportioned substantially on population, and that the U.S. Constitution should not be amended to allow for consideration of factors other than population.

We urge you to consider this view and would like to point out that there was no urban-rural or geographic split in the nationwide consensus obtained by the league.

Very truly yours,
LEAGUE OF WOMEN VOTERS
OF ROCK ISLAND,
ELIZABETH B. HOANE,
President.

LEAGUE OF WOMEN VOTERS OF
VILLA PARK, ILL.,
February 24, 1966.

Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: On behalf of the League of Women Voters of Villa Park, I wish to commend you on your opposition to the Dirksen amendment.

The Villa Park League's position is reflected in the nationwide consensus which upholds the Supreme Court decision of the one man, one vote.

We feel that each man's vote should be of equal value in order to carry out our democratic form of Government. The League of Women Voters of Villa Park also feels the term "substantially" used in Supreme Court decisions allows adequate leeway for districting to provide for any necessary local diversities.

Finally, we feel that individual rights now protected by the Constitution should not be weakened. An amendment to the Constitution could leave the door open to unfair representation in one House on the basis of racial, urban, religious, or other factors.

On behalf of the League of Women Voters of Villa Park, I thank you for your strong stand on this matter.

Yours very truly,
Mrs. RICHARD M. AREND,
President.

LEAGUE OF WOMEN VOTERS
OF WAUKEGAN,
Waukegan, Ill., February 9, 1966.

DEAR SENATOR DOUGLAS: We oppose any amendment to the U.S. Constitution which would change the one-man, one-vote ruling.

Both houses of State legislatures should be apportioned on the basis of population alone. This is in accordance with the 14th amendment.

Yours truly,
Mrs. FLOYD MCINTIRE,
President.

LEAGUE OF WOMEN VOTERS,
Homewood, Ill., February 24, 1966.

Hon. PAUL DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: The League of Women Voters of Homewood has participated in the national league study to determine the proper basis of representation in State legislatures. As was true in leagues all across the country, our study yielded a strong consensus which opposed an amendment to the Constitution permitting any variation from the one-man, one-vote principle.

We have watched your strong and active support of this position the last several months and wish to commend your efforts on behalf of a very basic democratic issue. It is to be hoped that you will see successful results in this session as you did in the last.

Sincerely yours,
Mrs. WALTER ROY MILLER,
President.

TRIBUTE TO ADM. CHESTER WILLIAM NIMITZ

Mr. YARBOROUGH. Mr. President, the death of Fleet Adm. Chester William Nimitz struck sadness in the hearts of every American as Admiral Nimitz was one of the greatest naval heroes of modern times. After Pearl Harbor, Admiral Nimitz distinguished himself in the annals of naval history by guiding the bomb-shattered Pacific Fleet through a historic island-hopping campaign to a decisive victory.

His death brings the loss of Texas' greatest naval hero, as Admiral Nimitz was born in Fredericksburg, Tex., a landlocked Texas town. From his Texas background, Admiral Nimitz launched a patriotic and devoted career in the naval service and gained the fond respect of all Texans.

Admiral Nimitz was a third-generation Texan, grandson of a sea captain who built a hotel in Fredricksburg, Tex., in the form of a ship. Admiral Nimitz' grandfather built a replica of a poop deck of a ship on top of the hotel from which he could look over the surrounding valleys and hills around Fredericksburg. This was long a landmark in Fredericksburg, where Admiral Nimitz was reared, which is only 18 miles from the LBJ Ranch where President Lyndon Johnson was reared.

From this beginning, Admiral Nimitz became one of the alltime great admirals of history, and is internationally regarded as a great defender of freedom.

GOVERNMENT DOCUMENTS

Mr. President I ask unanimous consent that portions of the funeral services on February 24, 1966, for Admiral Nimitz who died February 20, 1966, be printed in the RECORD at this point. This includes funeral prayers by Rear Adm. J. W. Kelly, Chief of Navy Chaplains, and the prayer by Cardinal Spellman, also the eulogy given by Secretary of the Navy Paul H. Nitze at memorial services held here at the Washington Cathedral on February 25, 1966.

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

FUNERAL SERVICE FOR ADMIRAL NIMITZ

(Prayers by Rear Adm. J. W. Kelly, Chief of Navy Chaplains)

Let the words of my mouth and the meditation of our hearts and the memories of our minds and the honor and tribute we pay to this great man be acceptable in Thy sight, O Lord, our strength and our Redeemer.

I am the resurrection and the life saith the Lord; he that believeth in Me, though he were dead, yet shall he live: and whosoever liveth and believeth in Me, shall never die.

I know that my Redeemer liveth, and that He shall stand at the latter day upon the earth: and though this body be destroyed, yet shall I see God: whom I shall see for myself, and mine eyes shall behold, and not as a stranger.

We brought nothing into the world, and it is certain we can carry nothing out. The Lord gave, and the Lord hath taken away; blessed be the name of the Lord.

PSALM 121

I will lift up mine eyes unto the hills; from whence cometh my strength. My help cometh even from the Lord, who hath made Heaven and earth. He will not suffer thy foot to be moved; and He that keepeth thee will not sleep. The Lord himself is thy keeper; the Lord is thy defence upon thy right hand; so that the sun shall not burn thee by day neither the moon by night.

The Lord shall preserve thee from all evil, yea, it is even He that shall keep thy soul. The Lord shall preserve thy going out, and thy coming in, from this time forth for evermore.

PSALM 130

Out of the deep have I called unto Thee, O Lord; Lord, hear my voice. I look for the Lord; my soul doth wait for Him; in His word is my trust. My soul fleeth unto the Lord before the morning watch; I say, before the morning watch.

O Israel, trust in the Lord, for with the Lord there is mercy, and with Him is plenteous redemption.

Behold, I show you a mystery; we shall not all sleep, but we shall all be changed, in a moment, in the twinkling of an eye, at the last trumpet; for the trumpet shall sound, and the dead shall be raised incorruptible, and we shall be changed. For this corruptible must put on incorruption, and this mortal must put on immortality. So when this corruptible shall have put on incorruption, and this mortal shall have put on immortality,

then shall be brought to pass the saying that is written, Death is swallowed up in victory.

O death, where is thy sting? O grave, where is thy victory?

The sting of death is sin; and the strength of sin is the law.

But thanks be to God, which giveth us the victory through our Lord Jesus Christ.

Therefore, my beloved brethren, be ye steadfast, unmovable, always abounding in the work of the Lord, for as much as ye know that your labor is not in vain in the Lord.

Let us pray: Eternal Father strong to save, we thank you today for your servant Adm. Chester William Nimitz. We are grateful that through the years of his devotion to duty and in shouldering great positions of leadership responsibility he was temperate and truthful in speech, honorable and generous in dealing with others, humble in his estimation of himself, faithful and loyal in his high calling as a naval officer, and mindful always of our Nation and its responsibility to stand against aggression and enslavement. We thank you Almighty God, that he heard your voice, a voice of comfort, assurance and challenge. And today in his memory we offer a prayer that he would want us to pray:

Eternal Lord God, who alone spreadest out the heavens, and rulest the raging of the sea, vouchsafe to take into Thy almighty and most gracious protection our country's Navy, and all who serve therein. Preserve them from the dangers of the sea, and from the violence of the enemy, that they may be a safeguard unto the United States of America, and a security unto such as pass upon the sea on their lawful occasions, that the inhabitants of our land may in peace and quietness serve Thee our God, to the glory of Thy name. Through Jesus Christ our Lord. Amen.

We know that all things work together for good to them that love God, and them who are the called according to his purpose. What shall we then say to these things? If God be for us, who can be against us? He that spared not his own Son, but delivered him up for us all, how shall he not with him also freely give us all things? Who is he that condemneth? It is Christ that died, yea rather, that is risen again, who is even at the right hand of God, who also maketh intercession for us. Who shall separate us from the love of Christ? Shall tribulation, or distress, or persecution, or famine, or nakedness, or peril, or sword? Nay, in all these things we are more than conquerors through him that loved us. For I am persuaded, that neither death, nor life, nor angels, nor principalities, nor power, nor things present, nor things to come, nor height, nor depth, nor any other creature, shall be able to separate us from the love of God, which is Christ Jesus our Lord. May God bless these words to our minds and hearts.

We are most privileged today to have with us a man who has throughout the long years lifted high the lamp of faith to servicemen in lonely and faraway places. He is a shepherd for all of us. He is a personal friend of the family and will at this time say a prayer.

His Eminence, Francis Cardinal Spellman.

PRAYER BY CARDINAL SPELLMAN

(After the prayer by Cardinal Spellman there will be a 19-gun salute.)

Unto Almighty God we commend the soul of our shipmate departed and we commit his body to the ground, in this sacred place where he is surrounded by sailors, marines, soldiers, and airmen who served with him in battle for the peace of the world; earth to earth, ashes to ashes, dust to dust; in sure and certain hope of the resurrection unto eternal life, through our Lord Jesus Christ.

I heard a voice from heaven, saying unto me, write, "From henceforth blessed are the dead who die in the Lord: even so saith the Spirit; for they rest from their labors."

The Lord be with you.

Answer: And with Thy spirit.

Let us pray the Lord's Prayer:

"Our Father, who art in heaven, hallowed be Thy name. Thy kingdom come, Thy will be done, On earth as it is in heaven. Give us this day our daily bread, and forgive us our trespasses, as we forgive those who trespass against us. And lead us not into temptation, but deliver us from evil; for thine is the kingdom, and the power, and the glory, forever." Amen.

The shadows have lengthened, the evening has come, the busy world has hushed, give, we pray, Almighty God, to Admiral Nimitz holy rest and peace at last through Jesus Christ our Lord.

The grace of the Lord Jesus Christ, and the love of God, and the communion of the Holy Spirit, be with you all. Amen.

(Firing of volleys. Secretary of Navy gives flag to Mrs. Nimitz.)

EULOGY BY THE HONORABLE PAUL H. NITZE, SECRETARY OF THE NAVY, AT MEMORIAL SERVICES FOR THE LATE FLEET ADM. CHESTER W. NIMITZ, U.S. NAVY, THE WASHINGTON CATHEDRAL, WASHINGTON, D.C., FEBRUARY 25, 1966

A respectful nation today pays solemn tribute to one of its great heroes. Fleet Adm. Chester W. Nimitz was a man distinguished for a lifetime of high service to his country, notable as well for a simplicity of character that commanded universal respect. Such men form a part of the national resources of any great people, yet such men come but rarely. Their value is beyond price, and their loss diminishes each of us.

Admiral Nimitz's entire life was a career of service to his fellows, his Navy, his Nation. As commanding officer of submarine U.S.S. *E–1* he risked his life to rescue one of his men from drowning. He applied his great talents and his dedication to submarines, subordinating a personal preference for battleship duty to the needs of this new service. He made himself one of the Navy's first experts in diesel propulsion, and even built the engines for the tanker U.S.S. *Maumee*. In World War I, his exceptional ability to work with people—contributed greatly to the cooperation between the Royal Navy and our own.

In helping to establish the NROTC program, he acquired an interest in education and in young people which never left him. In his later years, Fleet Admiral and Mrs. Nimitz still enjoyed taking lunch in the student cafeteria at Berkeley, a great university of which he was one of the distinguished regents. Such easy fellowship with his juniors was characteristic of the man.

Most of all, of course, he is remembered for his unparalleled wartime service. As Chief of the Bureau of Navigation he directed with great skill the expansion of the rolls of the Navy between 1939 and the attack on Pearl Harbor. As commander in chief of the U.S. Pacific Fleet from its darkest hour in December 1941 to its final victory in 1945, he led immense fleets deployed across half a world. His serenity in the face of agonizing problems was legend, and a source of strength to all about him. He was approachable, ever open to intelligent suggestion, and unfailingly courteous, although a will of granite lay beneath the outward composure. His genius with people, his intelligence, and the extraordinary judgment he commanded gave irrestible force to the efforts of the millions of men who fought with him the great battles of the Pacific.

In victory he was magnanimous. His contribution to the renewed friendship between the Japanese people and our own is exemplified in the restoration of Admiral Togo's battleship *Mikasa* as a national shrine at Yokosuka, a project to which he lent his personal support. His loss is felt not only by his countrymen, but by the thousands around the world who accorded him their respect and their friendship.

He was very much a man of the sea. He valued tradition, authority, and discipline. While disciplined to the bone, he was yet kindly. When a Navy tanker grounded in San Francisco Bay just a few years ago, Fleet Admiral Nimitz was the first to remind the public that he, too, had once grounded a ship; never was a commanding officer so deftly restored to honor.

His later years have been full ones, and happy. His wise advice was often sought and freely given. His memoirs remain to be written, for he was characteristically, not disposed to create contention over things past. His last writing was an article addressed to the Boy Scouts of America. It appeared last month. His simple, modest philosophy is appropriate, I think, for this occasion: "The sea—like life itself—is a stern taskmaster. The best way to get along with either is to learn all you can, then do your best, and don't worry—especially about things over which you have no control."

His was a long and rich life, for he made it so. He will rest within sight of the Pacific Ocean which he loved and to whose history he added so much. As we stand here in memoriam, we stand in reverence of a great man who made of the profession of arms, a career, which honors every American.

(Preface to eulogy: It is my grave responsibility, as the designated representative of the President of the United States, to memorialize a great and wonderful American the late Fleet Adm. Chester William Nimitz, U.S. Navy.)

Mr. YARBOROUGH. Mr. President, as a tribute to the memory of this great Texan, I ask unanimous consent that the article entitled "Nimitz Guided Fleet Victory in the Pacific" from the Monday, February 21, 1966, Houston Post, the article entitled "Nimitz Took Over U.S. Fleet After Staggering Navy Loss" from the Monday, February 21, 1966, Dallas Morning News, the article entitled "Nimitz Wanted an Army Career, but—" from the San Antonio Light of Wednesday, February 23, 1966, the article entitled "Admiral Nimitz' Final Visit During Fiesta Recalled" from the San Antonio Light of Monday, February 21, 1966, the article entitled "San Francisco Rites Set Thursday for Admiral Nimitz" from the Monday, February 21, 1966, Austin Statesman, and the article entitled "Admiral Nimitz To Be Buried Near the Sea" from the Tuesday, February 22, 1966, Austin American be printed at this point in the RECORD.

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

[From the Houston (Tex.) Post, Feb. 21, 1966]

NIMITZ GUIDED FLEET VICTORY IN THE PACIFIC

SAN FRANCISCO.—Fleet Adm. Chester William Nimitz, whose desire for an Army career led to his command of the largest Navy armada ever assembled, died Sunday in his home overlooking San Francisco Bay.

The five-star admiral, who took command of the shattered U.S. Pacific Fleet shortly after the Japanese attack on Pearl Harbor and led it to victory, would have been 81 years old Thursday.

He died in his white frame home on the Yerba Buena Island Naval Reservation, with his wife, a daughter, and a grandson at his bedside.

A Navy spokesman said death was caused by complications from a stroke Nimitz suffered early in January. He was allowed to return to his home from Oak Knoll Naval Hospital February 1, but remained under the care of naval doctors.

A graveside service and burial with military honors are scheduled Thursday afternoon at Golden Gate National Cemetery in nearby San Bruno. The body will lie in state for 1½ hours at the Treasure Island Naval Base chapel earlier in the day.

President Johnson, who served with the Navy in the South Pacific for a time during World War II, remarked on the admiral's death that Nimitz' "quiet courage and resolute leadership" earned him the "undying gratitude of his countrymen and an enduring chapter in the annals of naval history."

Former President Dwight D. Eisenhower, who served as supreme commander of allied forces in Europe during the war, described the admiral as "a good friend whom I admired and respected deeply."

HAILED BY M'NAMARA

The death of Nimitz was officially reported to the U.S. Armed Forces by Defense Secretary Robert McNamara, who said:

"In the death of Admiral Nimitz the Nation has lost one of our greatest naval leaders. A superb sailor, university regent, and dedicated citizen, he served his country and his State with a full measure of devotion. All in the Armed Forces salute his life of achievement with the words, 'Well done.' "

Nimitz, a one-time Texas choreboy who dreamed of a career in the Army, took command of the bomb-shattered U.S. Pacific Fleet 24 days after the Japanese attack on Pearl Harbor December 7, 1941.

He accepted the post with reluctance, preferring a seagoing command, but immediately set about rebuilding the fleet into the mightiest armada ever assembled—a force of 16,000 aircraft, 5,000 ships, and 2 million men.

DEPLOYED FORCES

Deploying his forces with chesslike precision, Nimitz guided the fleet's historic island-hopping campaign across the Pacific to a decisive victory.

In May 1942, the American fleet defeated the Japanese in the Battle of the Coral Sea, and the following month heavy losses were inflicted on the enemy at the Battle of Midway.

In August the U.S. marines hit Guadalcanal in the Solomon Islands and the rollback of the Japanese began.

The Pacific Fleet finally destroyed Japan's naval power in October 1944, in the 5-day Battle of Leyte Gulf, the biggest naval action ever fought.

Nimitz' drive across the Pacific was climaxed September 1, 1945, when he formally signed the Japanese surrender for the United States aboard the battleship *Missouri* in Tokyo Bay.

BORN IN FREDERICKSBURG

Nimitz was born February 24, 1885, in Fredericksburg, Tex., and grew up in Kerrville, where his mother and stepfather helped manage a hotel. While doing odd jobs at the hotel, he once met two Army officers and decided on West Point as a career.

But his Congressman said there would be no appointments from this district for some years and suggested the youth try for the Naval Academy. Nimitz won the appointment and graduated in 1905, seventh in his class of 114.

He saw duty on gunboats, submarines, cruisers, and battleships after graduation, writing in a naval publication as a lieutenant in 1912 before many saw the possibility of submarines:

"The steady development of the torpedo together with the gradual improvement in the size, motive power, and speed of submarine craft of the near future will result in a most dangerous offensive weapon and one which will have a large part in deciding fleet actions."

NEVER RETIRED

After the war Nimitz succeeded Adm. Ernest King as chief of naval operations. In 1947 he was detached as special assistant to the Secretary of the Navy and later headed a United Nations Mediation Commission in 1949 and the U.S. Internal Security Commission in 1951.

He never retired and at his death was still carried on the Navy's active rolls—its oldest member.

He lived out his years in Navy quarters on Yerba Buena Island in San Francisco Bay with his wife, the former Catherine Vance Freeman of Wollaston, Mass.

Other survivors include a son, Rear Adm. Chester W. Nimitz, Jr., U.S. Navy, retired, New Canaan, Conn.; and three daughters, Mrs. Catherine Vance Lay, Newport, R.I.; Mary Manson Nimitz, a nun in the Dominican convent, San Rafael, Calif., and Anne Elizabeth Nimitz, Topanga, Calif.

His decorations included the Distinguished Service Medal, the Distinguished Service Medal by Congress, the gold star in lieu of the third Distinguished Service Medal, the Army Distinguished Service Medal, and the Silver Life Saving Medal won for rescuing a drowning submarine crewman in 1912.

Nimitz held honorary degrees from 19 colleges and universities and decorations from the Governments of Great Britain, France, China, the Netherlands, Philippines, Belgium, Italy, Greece, Argentina, Ecuador, Brazil, Guatemala, and Cuba.

[From the Dallas (Tex.) Morning News, Feb. 21, 1966]

NIMITZ TOOK OVER U.S. FLEET AFTER STAGGERING NAVY LOSS

NEW YORK.—When Admiral Nimitz took command of the United States Fleet in the Pacific on December 31, 1941, the Navy had suffered a staggering loss less than a month before. Carrierborne Japanese planes had crippled the main battle fleet at Pearl Harbor and the carrier and cruiser divisions of the fleet had escaped similar fates by sheer accident.

Without haste, but without the loss of a single moment, Nimitz directed the deployment of the carrier and cruiser fleets so that they might hold the line until that moment, perhaps 2 years hence, when the battleship fleet would have made up its losses to become once more the backbone of American grand strategy in the Pacific.

With Adm. Ernest King, Chief of Naval Operations, President Franklin D. Roosevelt, and the Navy's other strategy planners, Nimitz had to undergo the anguish of being unable to answer the cry of soldiers trapped on Bataan: "Where's the fleet?"

But before Nimitz and his associates were through—before he signed the Japanese capitulation on the deck of the U.S.S. *Missouri* on September 2, 1945—U.S. naval units, implementing strategy announced by Nimitz, had sent the bulk of Japan's seapower to the bottom.

In the 1870's Capt. Charles Nimitz, a retired sea captain, built, in the inland town of Fredericksburg, Tex., a hotel equipped with a bridge and pilothouse from which he could scan the rolling prairies. In this hotel, on February 24, 1885, Chester William Nimitz was born, 5 months after the death of his father. A few months after the child's birth, his mother, Anna Henke Nimitz, was married to William Nimitz, a brother of her late husband, and moved with him to Kerrville, Tex.

Here young Chester went to school, hunted rabbits and quail, and dreamed of becoming a soldier. But there were no local appointments available to West Point when he was ready for the examinations so he took the entrance examinations for Annapolis and passed them when he was 15.

At the Naval Academy Chester Nimitz showed a strong bent for mathematics and physical exercise.

Nimitz stroked the crew in 1906, the year he was graduated. In "The Luckey Bag," the Academy yearbook, he was described as a man "of cheerful yesterdays and confident tomorrows." He was commissioned a midshipman and became an ensign the next year.

In 1913 Nimitz wrote to a friend: "On April 9 I had the good sense to marry Catherine Vance Freeman, of Wollaston, Mass." Miss Freeman was the daughter of a shipping broker. By way of a honeymoon, the young officer was assigned to study diesel engines in Germany and Belgium for a year.

During World War I Lieutenant Commander Nimitz served as chief of staff to Rear Adm. Samuel S. Robison, commander of the submarine division of the Atlantic Fleet. His main duties were to see that as many submarines as possible were conditioned to join the allied flotillas in European waters. He saw no battle action.

From 1926 to 1929 he was assigned to the important duty of establishing at the University of California the first Naval Reserve officers' training unit of its kind in the country. The between-wars period included service on battleships and as a cruiser commander as well as study at various advanced naval schools. By 1938 he was a rear admiral.

In 1940 Admiral Nimitz' name was one of two submitted for the post of commander in chief of the Pacific Fleet. The other was that of Adm. Husband E. Kimmel, who got the assignment.

Nimitz was in his home in Washington listening to the radio when the news of Pearl Harbor was announced. Without saying a word, he picked up his cap and went down to the Office of the Chief of Naval Operations. A few days later Admiral Kimmel was relieved of his command and Nimitz was on his way to Pearl Harbor.

Nimitz quickly built up his combat teams, which were commanded by Adms. William F. Halsey, Marc A. Mitschner, Richmond K. Turner, Raymond A. Spruance, and Thomas C. Kinkaid.

With King and the naval operations section in Washington, Nimitz planned the strategy that showed its first signs of success at the battle of the Coral Sea on May 8, 1942. This was the world's first naval battle fought entirely by air, without the carriers even sighting each other or a shot being exchanged between surface craft. It was adjudged an American victory, although the Japanese exacted a heavy toll.

U.S. naval victories at Midway the next month and in the Aleutians and finally, after bitter fighting, in the Solomons, turned the tide. Many of these fights were won because the naval commander on the scene exercised his judgment, but all in general conformed to the strategy made operational by Nimitz at Pearl Harbor.

During the first half of 1944 Nimitz employed the main fighting strength of the Navy in a power-packed westward advance through the central Pacific. The bloody victory of the marines at Tarawa was followed by the "great turkey shoot" in the Marianas, where U.S. airmen downed 402 out of 545 Japanese planes sighted.

In November 1945, Admiral Nimitz became one of the four senior naval chiefs to be elevated to the newly created rank of admiral of the fleet.

In 1949 Admiral Nimitz was named by the United Nations Secretariat to supervise a proposed plebiscite to determine whether Kashmir should become part of India or should be linked to Pakistan. International complications prevented the plebiscite commission from functioning.

Although he was the commander of 1,000 ships and 2 million men in World War II,

Nimitz never wrote any memoirs. He made it clear early after the war that he had no desire to. He regularly allowed others to organize birthday parties for him in his later years, but not without a grumble.

On his 75th birthday, he was asked if he was looking forward to it.

"I'm looking forward to the end of it," he said. "I feel the same way about it as the man who bought himself a small boat; his two happiest days were when he bought it and when he sold it."

Admiral and Mrs. Nimitz had three daughters and a son. They were Catherine Vance Nimitz, who married James T. Lay, a U.S. naval officer; Anne Elizabeth and Mary Manson Nimitz and Chester William Nimitz, Jr., who followed his father into the Navy.

[From the San Antonio (Tex.) Light, Feb. 23, 1966]

NIMITZ WANTED AN ARMY CAREER, BUT—

(NOTE.—The following account of how he came to enter the U.S. Naval Academy was copied by Ella Gold, of Fredericksburg, from Fleet Adm. Chester W. Nimitz' autobiographical manuscript.)

CAREER BY CHANCE

Fifty-seven years ago, in the small town of Kerrville, Tex., a 15-year-old youth worked feverishly at his studies in algebra, geometry, history, geography, and grammar—fired with determination to win an appointment as a cadet at the U.S. Military Academy, at West Point, N.Y.

What sparked that activity? It was the presence of Battery K, 3d Field Artillery, encamped in the hills close by Kerrville and engaged in routine training and gunnery practice. Each summer that battery departed its normal base at Fort Sam Houston, Tex., for field exercises, as did several troops of cavalry which wheeled and maneuvered on the plain just south of Kerrville. These detachments brought a measure of prosperity to the merchants of the community and added greatly to the excitement and entertainment of the youngsters and "small fry" of the area.

Especially admired in their spanking new and well-fitting uniforms were two newly graduated West Pointers, Second Lieutenants Cruikshank and Westervelt, who, on their way to join Battery K, stopped a few days at the St. Charles Hotel, where the above-mentioned youth worked as a desk clerk, janitor, and general handy man outside of school hours in exchange for board, lodging, and $15 per month.

By now it must be apparent that the foregoing are a few paragraphs of my own autobiography. You may be sure that I lost no time in becoming acquainted with those smartly turned-out young Army officers, who, in my opinion, had everything. Coming from a poor family, I could foresee no prospect of an education beyond high school. I had already formed vague plans to seek employment as a surveyor's assistant to learn that skill as I carried his chain.

But here were two young men who had been educated by the Government and I was determined to follow in their footsteps. "Write to your Congressmen and ask for an appointment to the U.S. Military Academy," I was told. It was also suggested that I ask for a description of life at West Point after one has successfully passed the strenuous physical and mental entrance examinations.

My Congressman, the late Hon. James L. Slayden, of San Antonio, promptly informed me that he would have no appointments to the Military Academy for several years, but that he had a vacancy for the U.S. Naval Academy, at Annapolis, Md., in the coming summer of 1901. An Army doctor at Fort Sam Houston quickly assured me that I could meet the physical requirements.

The time has now come for me to admit that I had never heard of the Naval Academy but, because it gave me the opportunity for further education, I determined that I would work hard for the competitive examination. Such ignorance on my part concerning the Navy was not strange in my part of Texas, which was well acquainted with the Army because Fort Sam Houston, on the outskirts of San Antonio, was one of the largest military establishments maintained in the South.

Now began the hard grind in preparation for the competition. For several months every available moment was devoted to study. My stepfather, William Nimitz, who assisted in the management of the hotel, was an excellent coach and quiz master. He tested me constantly with sample entrance examinations sent out by the Naval Academy authorities to illustrate the difficult character of the entrance requirements. The principal of Tivy High School, where I was a student, tutored me in algebra and geometry, in which he was a specialist. A very fine teacher and a wonderful woman, Miss Susan Moore, took over the remainder of my preparation. My mother, also employed at the hotel and in charge of the kitchen, gave me daily encouragement.

My day-to-day routine may interest present-day youngsters. School hours were from 9 a.m. to 4 p.m., after which my janitorial chores began with lawn care and raking followed by splitting cedar for kindling, filling woodboxes, and attending some dozen or more stoves and fireplaces, which occupied the time between the end of school and supper. After supper I took my turn as clerk at the desk until about 10 p.m., when everyone had retired and I could occupy my lodging. This consisted of a cot set up in the ladies' parlor of the hotel. I arose at 3 a.m. to study until 5:30 a.m., when it became time to light fires, attend stoves, and call early risers. After breakfast I was free to go to school.

For the competition that April, there were about seven who completed the 3 days of examinations, although double that number started. In due time I was informed that I was the winner and that the appointment to the Naval Academy was mine. Early in July 1901, my Congressman, Mr. Slayden, accompanied me to Annapolis where I entered the Werntz Preparatory School for 2 months of further drill and preparation for the entrance examinations in late August. These I passed with no difficulty. On September 7, 1901, I entered the Naval Academy and was sworn in as a naval cadet, a designation later changed to midshipman.

From that day until this moment I have enjoyed my naval service, which encompassed duty in many types of naval vessels in many parts of the world, and in ranks from the lowest, naval cadet 4th class, to fleet admiral. The Navy has given—and is giving—me a good life. On September 7, 1956, I remarked to M. Sgt. George E. Cozard, U.S. Marine Corps, that "Today is an anniversary for me—a very special day because it was on this day 55 years ago that I entered the Navy." After considering the statement for a moment Sergeant Cozard asked, "Well, Admiral, do you think you will make a career of the Navy?" I replied in all sincerity, "Yes, I think I will." I meant just that.

Although I originally set my sights on an Army career, circumstances over which I had no control diverted me to the Navy. I am glad it turned out that way. The Navy has been my life and will continue to be my life—as long as I have life left in me.

C. W. NIMITZ,
Fleet Admiral, U.S. Navy.

FEBRUARY 5, 1957.

[From the San Antonio (Tex.) Light, Feb. 21, 1966]

ADMIRAL NIMITZ' FINAL VISIT DURING FIESTA RECALLED

Fleet Adm. Chester W. Nimitz, who died Sunday at his San Francisco home, made his final official visit to San Antonio in April 1948, when he was guest of the Alamo City at the fiesta celebration.

On the same visit, Admiral and Mrs. Nimitz paid a homecoming visit to Fredericksburg.

Nimitz was honorary grand marshal of the Battle of Flowers Parade, and while in San Antonio he took a brief recess to accept the battleship *Texas* as the flagship of the Texas navy.

The battleship is now permanently moored at the San Jacinto battlefield at Houston.

The admiral remained in Texas until April 30 and then flew back to San Diego. He was principal speaker at the annual pilgrimage to the Alamo and he later participated in the river parade.

Nimitz and his party landed at Kelly Air Force Base where he was greeted by high ranking military officials and civilian dignitaries.

CHILDHOOD

FREDERICKSBURG, TEX.—Fleet Adm. Chester W. Nimitz, who during World War II commanded the most powerful armada in American history, first "walked the deck" in this landlocked Texas town.

The "deck" which the late admiral trod as a boy was the gallery ringing the old 4-story Nimitz Hotel, built in the shape of a ship's superstructure by his seafaring grandfather. The admiral was born here.

DESERTED SEA

The grandfather, Chester Nimitz, had deserted the sea to join a group of German emigrants who founded Fredericksburg in 1846. His hotel became famous for its excellent kitchen and genial saloon and the guests of the frontier hostelry included Robert E. Lee, Jefferson Davis, and Gen. Phil Sheridan.

Shortly before the admiral was born, his father died and the lad's first 5 years were spent in the nautical atmosphere of the hotel, called the "steamboat" or "battleship" by Fredericksburg residents.

An old sea captain was a permanent resident and young Nimitz' imagination was fired by the tales of sea told by his grandfather and the captain.

When his mother married the brother of her late husband they moved to nearby Kerrville where they operated the St. Charles Hotel.

CHAMP "RASSLER"

Chester was kept busy with chores around the hotel and driving a butcher's delivery wagon for pocket money but he found time to hunt and fish. The lanky lad was also the champion "rassler" of the town.

Except for occasional visits, Nimitz spent little time in Fredericksburg and the old "steamboat" hotel has been replaced by a more modern structure.

But to Fredericksburg residents this has been and always will be "Nimitz country." They are just as proud of their five-star admiral as is Denison of another World War II military leader—Gen. Dwight D. Eisenhower—who was born in that north Texas city.

[From the Austin (Tex.) Statesman, Feb. 21, 1966]

SAN FRANCISCO RITES SET THURSDAY FOR ADMIRAL NIMITZ

SAN FRANCISCO.—The late James V. Forrestal while Secretary of the Navy, once asked his chief of naval operations whether an officer convicted by a court-martial ever had risen to flag rank.

"You're looking at one," replied Fleet Adm. Chester W. Nimitz, who commanded the most powerful fleet in history during World War II.

As a young officer, the soft-spoken Texan had indeed been found guilty and reprimanded by a Navy court—for running a destroyer aground in Manila Bay.

The admiral, who died Sunday at 80, commanded a thousand ships and 2 million men during the battles leading to the surrender

of Japan. He was the last of the five-star admirals.

Despite holding awesome power, the admiral disliked pomp. On his 75th birthday the Navy staged a big party for him and he remarked:

"Am I looking forward to it? I'm looking forward to the end of it. I feel the same about it as the man who brought himself a small boat: His 2 happiest days were when he bought it and when he sold it."

The admiral's first experience with a small boat was not pleasant. Born in a landlocked town, he never had seen an ocean until he arrived at Annapolis and became seasick on his first voyage—in a small boat there.

Nimitz, whose career at sea spanned two world wars and the birth of the atomic age, died of what a Navy spokesman called "complications following a stroke" suffered January 3.

With him at his home on Yerba Buena Island Naval Base in San Francisco Bay were his wife, Catherine, one of his daughters and a grandson.

Burial will be Thursday in Golden Gate National Cemetery just south of San Francisco.

In Washington, President Johnson paid tribute to Nimitz as a man of "quiet courage and resolute leadership." The President said Nimitz had earned "the undying gratitude of his countrymen and an enduring chapter in the annals of naval history."

Gen. Dwight D. Eisenhower said: "Admiral Nimitz was one of the most distinguished officers of World War II. The entire Nation will always owe him a debt of gratitude for his brilliant service in World War II. He was a good friend whom I admired and respected deeply."

Nimitz was jumped over 24 senior admirals to become commander in chief of the Pacific Fleet after the Japanese attack on Pearl Harbor December 7, 1941.

His high command spanned the Navy's greatest days—at Coral Sea, Midway, Guadalcanal, Leyte Gulf, and finally the surrender signing on Tokyo Bay, where he signed the agreement as U.S. representative.

The battle off Midway, June 3–6, 1942, in which the Japanese lost four carriers and a heavy cruiser, was the turning point of the Pacific war, in the admiral's opinion. The Japanese offensive power sank with those carriers.

His decorations included 30 medals, ribbons, and badges, 13 of them from foreign countries.

A native of Fredericksburg, Tex.—20 miles from President Johnson's ranch—Nimitz said of his oceangoing profession, "It was a career by chance." He failed in a bid to get an appointment to West Point.

His naval career began, as it ended, on San Francisco Bay. He shipped out in January 1905 aboard the battleship *Ohio*, which became flagship of the Asiatic Fleet.

Biographical sketch No. 4051 on Admiral Nimitz has been released.

[From the Austin (Tex.) American, Feb. 22, 1966]

ADMIRAL NIMITZ TO BE BURIED NEAR THE SEA

SAN FRANCISCO.—Fleet Adm. Chester W. Nimitz, who marshaled American naval strength from the disaster of Pearl Harbor to Japan's surrender in Tokyo Bay, will be buried on his 81st birthday Thursday near the ocean his ships rode to victory.

A scant 5 miles and a low mountain range separate Golden Gate National Cemetery in San Bruno from the Pacific.

"Admnral Nimitz loved his country and the sea," said President Johnson in tribute of the admiral who died Sunday from the complications of a cerebral hemorrhage.

"His devotion to one inspired his mastery of the other."

In death as in life, friends and associates of the quiet, unassuming naval hero sought to shield him from the massive public adulation he always side-stepped.

Thursday afternoon from 12:30 to 2 the body of the gray-haired leader of 2 million men and a thousand ships in World War II's Pacific phase will lie in state in the chapel at Treasure Island Naval Base. But viewers who come to pay him honors will be admitted by invitation only.

Funeral services will be limited to graveside rites.

Golden Gate is a cemetery just south of San Francisco for thousands of military men in all services. Even there, because of space, efforts will be exerted to limit those in attendance.

Nimitz was reticent to talk or write about himself. He granted his last formal news conference when he was 75.

"I have no regrets whatever," he said then. "I wouldn't change anything if I could."

He turned aside all suggestion that he write his memoirs.

Mr. YARBOROUGH. Mr. President, as an account of the funeral ceremonies for Admiral Nimitz, I ask unanimous consent that the article entitled "Nimitz' Funeral Is Held on Coast" from the Friday, February 25, 1966, New York Times, be printed at this point in the RECORD.

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

NIMITZ' FUNERAL IS HELD ON COAST—ADMIRAL DECLINED ARLINGTON BURIAL TO LIE WITH MEN

SAN FRANCISCO, February 24.—Admiral of the Fleet Chester W. Nimitz, who was retired only by death from the Navy he loved, was buried today alongside many of the men he led to victory in the Pacific in World War II.

Navy jet fighters swept overhead and cannon boomed two 19-gun salutes as an Army caisson pulled by 15 bluejackets carried the five-star admiral's coffin to the grave on a gentle slope in the lawn of Golden Gate National Cemetery.

Admiral Nimitz, who built the greatest fighting fleet in history from the wreckage of Pearl Harbor, would have been 81 years old today. He had not retired, and was at his home on Yerba Buena Island, adjoining the Treasure Island Naval Station, when he died Sunday of complications from a stroke.

CHOSE HIS BURIAL SITE

The white-haired, blue-eyed admiral had chosen both the burial site at the Golden Gate cemetery in San Bruno, just south of San Francisco, and the services. Several years ago he declined the offer of a state funeral made by President John F. Kennedy.

His grave will be marked by a white stone like those of thousands of military men who lie in Golden Gate.

The final ceremonies began at Treasure Island's chapel where the coffin lay for 90 minutes. There was no religious service at the chapel.

A procession carried the body 15 miles across the western half of the Oakland-San Francisco Bay Bridge and down the Bayshore Freeway to San Bruno.

At the grave a Protestant committal service was read by the Navy's chief of chaplains, Rear Adm. James W. Kelly, of Washington.

WIDOW GETS PERSONAL FLAG

A bugler sounded taps. The admiral's personal flag was folded and given to his widow by Secretary of the Navy Paul H. Nitze.

Cardinal Spellman, a friend of the admiral since 1942, when he was vicar of Roman Catholics in the Armed Forces, and Admiral Nimitz had his headquarters at Pearl Harbor, said a prayer at the graveside. He had flown from New York to pay his respects.

About 400 people, mostly military personnel, attended the brief ceremony.

A memorial service was held in the Texas hill country town of Fredericksburg, where Admiral Nimitz was born. In Washington Representative BOB WILSON, Republican, of California, proposed that the next nuclear aircraft carrier be named for Admiral Nimitz.

Secretary Nitze issued a statement to all Navy and Marine Corps personnel saying that "Admiral Nimitz' character will be an inspiration and standard for all of us in the years to come."

Mr. YARBOROUGH. Mr. President, in addition I ask unanimous consent that the editorials from the February 22, 1966, New York Times entitled "Chester W. Nimitz," Dallas Morning News of February 23, 1966, entitled "Chester Nimitz," Houston Chronicle of February 22, 1966, entitled "A great Texan and a great sailor," Dallas Times Herald of February 22, 1966, entitled "Admiral Nimitz," Washington Post of February 22, 1966, entitled "Chester W. Nimitz," Houston Post of February 23, 1966, entitled "Adm. Chester W. Nimitz," San Antonio Light of Wednesday, February 23, 1966, entitled "A Texas Hero," Fort Worth Star-Telegram of February 22, 1966, entitled "Texan Dies U.S. Hero," and the article from the March 4, 1966, Time magazine entitled "Home is the Sailor" on page 33, be printed at this point in the RECORD.

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

[From the New York (N.Y.) Times, Feb. 22, 1966]

CHESTER W. NIMITZ

In World War II Admiral of the Fleet Chester W. Nimitz commanded a thousand ships and 2 million men over the Pacific expanse of 65 million square miles. It was his task to organize and deploy these formidable resources as they became available after the catastrophe of Pearl Harbor—his to direct them against a shrewd and powerful enemy, a Japan emboldened by an initial control of the western Pacific.

The great American victories in the Coral Sea, at Midway, and in the Marianas that shattered the Japanese Navy were monuments to Admiral Nimitz's careful planning and his organizational genius. Others were assigned the glory of heading the combat teams; he shone at the unspectacular aspects of overall coordination and strategic command. These quiet skills earned him an enduring niche in the annals of naval heroism.

[From the Dallas (Tex.) Morning News, Feb. 23, 1966]

CHESTER NIMITZ

Death came to Adm. Chester Nimitz almost on the eve of the 81st birthday of the distinguished Texan. He was born February 24, 1885, at the home of his maternal grandparents, Mr. and Mrs. William Henke, in Fredericksburg. A block away is the Nimitz Hotel, historic refuge for travelers en route by stage from coast to coast, built by his paternal grandfather.

Many tributes are being paid to the great sailor who rebuilt the U.S. Navy after the debacle of Pearl Harbor, led it to victory in the Pacific and then demobilized the greatest array of sea power the world has ever seen.

But the best tribute of all remains to be paid. This is the creation of a military museum by restoration of the Nimitz Hotel

where young Chester played as a boy. History alone pleads for the preservation of this building, constructed like a steamboat, with its hurricane deck, pilot house and crow's nest. Its guests included such greats as Rutherford B. Hayes, Robert E. Lee, Elisabet Ney, Phil Sheridan and dozens of others.

Add to that history the association with Admiral Nimitz and the opportunity for creating a memorial to those who fought in World War II, and the argument for a museum is overwhelming. Fredericksburg's unique Sunday Houses, and other distinctive relics of early Texas, along with its present association with President Lyndon B. Johnson, are added assets. Here is the nucleus for an attraction for native Texans and other tourists that this State cannot afford to overlook.

Mr. and Mrs. Eugene McDermott, of Dallas, are leading the way at Fredericksburg by financing restoration of the Gillespie County Courthouse that was built in 1882. The next step is to finance the Nimitz Hotel Museum, completing the plans already started there.

[From the Houston (Tex.) Chronicle, February 22, 1966]

A Great Texan and a Great Sailor

He wanted to be a soldier.

He became one of the great sailors of America's history.

Chester W. Nimitz was a son of the great German immigration to Texas following the disturbances in Europe in 1848. He was born in Fredericksburg in 1885 and grew up in Kerrville. As a youth he wanted to attend West Point but had to settle for Annapolis.

Texans are confident that had this outstanding son of Texas gone to West Point he would have made his mark in the fighting of the Second World War. He certainly did so in the naval phase of that struggle. He and Adm. "Bull" Halsey took turn and turnabout in winning victories over the Japanese enemy in the Pacific.

Nimitz took command of the Pacific fleet 24 days after the attack on Pearl Harbor. The fleet was shattered. But in half a year or so he won the Battle of the Coral Sea, then shortly thereafter the Battle of Midway. Finally, the Japanese naval power was broken in the Battle of the Leyte Gulf in Philippine waters.

Following the war Admiral Nimitz succeeded Adm. Ernest King as chief of naval operations. He never retired. He was approaching 81 when he died Sunday, the oldest member of the U.S. Navy.

Texans are proud of Admiral Nimitz, and with good cause.

[From the Dallas (Tex.) Times Herald, Feb. 22, 1966]

Admiral Nimitz

A man who "earned the undying gratitude of his countrymen and an enduring chapter in the annals of naval history," President Johnson said of him.

And the President's statement about Adm. Chester W. Nimitz is no exaggeration. Certainly he lives and will always live for us who remember the dark days after Pearl Harbor as one of the indomitable figures of that trying period.

A man of "quiet courage and resolute leadership," the President also called him. And that courage and that leadership was the momentous contribution of Adm. Chester W. Nimitz to his country at a time in its history when it was so sorely beset.

He was, indeed, a figure who, as the days of the war in the Pacific went by and as we saw the fleet return from the graveyard of Pearl Harbor to become the mightiest naval fighting force in history, gave us renewed faith and confidence in ultimate victory.

For this, as well as the victory which he was so instrumental in achieving, we owe this once-country boy from Texas everlasting gratitude and honor.

[From the Washington (D.C.) Post, Feb. 22, 1966]

Chester W. Nimitz

The United States has been most fortunate in the caliber of the men who had led her military forces in times of crisis. They have been skilled military strategists, but the best of them have also been men of humility and compassion. Chester W. Nimitz was such a man. He commanded, with great skill and daring, the greatest armada the world has seen, the 6,000 ships and 14,000 aircraft of the U.S. Pacific fleet, during World War II.

Assuming command of the remnants of the fleet only 10 days after Pearl Harbor, Admiral Nimitz quickly adjusted to the loss of his battleships and perfected a new weapon of naval warfare, the attack carrier task force. From his headquarters in Hawaii the commander in chief sent his lieutenants, Halsey, Turner, Spruance, Mitschner, and Kincaid, to find the enemy. The result was a series of sea battles that led to American mastery of the air and gradually all but eradicated the Japanese Navy. Admiral Nimitz' great contribution to victory in the Pacific, in addition to his influence on strategy, was his ability to mediate the often conflicting requests of Washington, his brilliant subordinates and General MacArthur. The respect in which he was held by both civilians and the military men who served under him remained unchallenged throughout the war.

A further testimonial to his stature was his appointment in 1949 by the United Nations as chairman of the group to supervise a plebiscite in Kashmir and his selection by President Truman in 1951 as chairman of a Commission on Internal Security and Individual Rights. It is to be regretted that he was not allowed to function in either post. He did, however, serve with distinction as a regent of the University of California.

Admiral Nimitz was proud of the five stars of his admiral of the fleet rank. But he was equally proud of Navy's Silver Medal he won in 1912 for saving a shipmate from drowning. The determination and courage that young Lieutenant Nimitz brought to that early act of heroism were the same qualities that won him his country's gratitude and acclaim.

[From the Houston (Tex.) Post, Feb. 23, 1966]

Adm. Chester W. Nimitz

On the morning of December 25, 1941, an uncommon naval officer from Texas reported for duty to Pearl Harbor.

It was only 18 days after the Japanese attack. The pride of our Pacific Fleet lay in the mud of the harbor.

That man was Chester W. Nimitz. He had been jumped over 28 senior admirals to take command of the battered and torn U.S. Fleet in the Pacific. He died Sunday.

It was typical of the man that he shouldered his task with calm dignity.

"I have just assumed a great responsibility which I shall do my utmost to discharge," he said.

On May 4, 1942, U.S. Naval Forces engaged the Empire of Japan in the Coral Sea. It was a new kind of naval battle, fought entirely by air forces without contact on the surface of the sea. It turned back an attempted invasion of Port Moresby.

A few weeks later, the Battle of Midway was fought. It is thought to have been the turning point in the war in the Pacific.

In concentrating his forces at Midway, Nimitz had taken a great chance that the Japanese would not strike elsewhere.

After the Coral Sea and the Midway victories, Nimitz said later, "It was just a matter of time."

Nimitz' signature is written across many famous battles, Tarawa, Kwajelein, Saipan, Guam, the Philippine Sea, and Leyte Gulf.

He was there when the final peace was signed—significantly enough—on the deck of the battleship *Missouri* in Tokyo Bay.

He was a quietly courageous man who wore few medals. (One of them was a lifesaving medal he won in 1912 as the youthful commander of the submarine *Skipjack*.) Like his contemporary, Gen. George Marshall, Nimitz never wrote his memoirs. Memoirs, he said, often contain "many critical remarks and self-praise at the expense of others."

Nonetheless, his name is indelibly inscribed in American military history.

[From the San Antonio (Tex.) Light, Feb. 23, 1966]

A Texas Hero

Chester Nimitz was a Texas country boy and he never changed, thank goodness. He never put on airs.

No one who saw the newsreel of the Japanese surrender aboard the battleship *Missouri* in Tokyo Bay will ever forget the way Nimitz looked and acted—a dominant figure in that handsome uniform, and the authentic hero of the Pacific war, who was as relaxed and unpretentious as though he were signing a routine order.

This was the man who inherited the remnants of the Pacific Fleet at Pearl Harbor, built it into the mightiest armada in history and led it through a series of decisive battles and strategic maneuvers to final victory.

They called him "Cotton Head" when he was a small boy in his native Fredericksburg and when he went to school in Kerrville. He was still crowned with cotton when he died at 80.

The five-star fleet admiral was still on the active roll, too, although his son, Chester W. Nimitz Jr., is a retired rear admiral.

Admiral Nimitz kept himself in top physical condition. One of his favorite exercises, which perhaps reminded him of his hill country background, was pitching horseshoes.

Although his grandfather had been a seafaring man, it was chance that steered Nimitz into the U.S. Navy.

As they prepare to bury Chester Nimitz with military honors in the Golden Gate National Cemetery, let us salute the passing of a great American.

[From the Fort Worth (Tex.) Star-Telegram, Feb. 22, 1966]

Texan Dies U.S. Hero

Fleet Adm. Chester W. Nimitz, who died Sunday at 80, was one of the Nation's truly great sea admirals and a Texan who served his country with unsurpassed distinction.

The American victory over the Japanese fleet in the Pacific in the torturous years of the Second World War was the strategic architecture of Admiral Nimitz and his associates.

Before the Japanese surrendered in 1945 Admiral Nimitz had under his command the greatest armada ever assembled under one flag. He commanded more than a thousand ships, thousands of combat aircraft, and 2 million men. And the Japanese sea power lay in a shambles.

Late in that year he became one of the four senior naval chiefs elevated to the newly created rank of admiral of the fleet.

As soon as he could reassemble a fleet after the disastrous Japanese attack at Pearl Harbor December 7, 1941, he took a calculated risk that the Japanese would strike toward the central Pacific and ordered Adm. William F. Halsey to waters near Midway Island.

The battle of Midway was a turning point in the war and broke the Japanese hope of taking the Hawaiian Islands. American carrier planes sank four of Japan's largest

carriers and a heavy cruiser. After that battle, and the earlier battle of the Coral Sea, "it just," in the language of Admiral Nimitz, "became a question of time."

Admiral Nimitz was born at Fredericksburg, in the Texas hill country, of early German immigrant stock. Texans will mourn his death, even as they exulted in his magnificent leadership during the critical years after Pearl Harbor.

[From Time magazine, Mar. 4, 1966]

HEROES: HOME IS THE SAILOR

All the way from Washington, Chester Nimitz had studied the statistics of disaster. None conveyed so urgently the task that faced him as the sight that met the admiral at Pearl Harbor on Christmas Day, 1941. Where 3 weeks earlier the proudest flagships of the U.S. Navy had swung at anchor, only small boats plied through the oil slick, still bringing ashore the dead crewmen of a dead fleet.

Thirty-seven years earlier, his Annapolis classbook had taken a curiously prophetic bearing on the sailor who was to lead his Nation out of the greatest naval disaster in its history. "He is a man," it had said, "of cheerful yesterdays and confident tomorrows." So he proved to be. As new commander in chief of the Pacific Fleet, Nimitz set out first to restore the Navy's shattered nerve—and then to restore the Navy. "I have complete confidence in you men," he briskly assured the ashen-faced staff at Pearl Harbor. "We've taken a terrific wallop, but I have no doubts as to the ultimate outcome." In less than 2 years, U.S. shipyards enabled him to begin to fight on even terms. In the meantime, perilously outnumbered, Nimitz played a brilliant game of parry and thrust.

BREAK IN THE CHAIN

Japanese strategy was to (1) destroy the rest of the Pacific Fleet that had miraculously been on patrol when the dive bombers struck Pearl Harbor; and (2) build such strong defenses on its newly won island bases that no new U.S. force, no matter how strong, could possibly break through to disturb the inner empire. The island of Midway, 1,136 miles northwest of Pearl Harbor, was to be the final link in this defense chain. At the end of May 1942, some 200 ships, the bulk of the imperial navy, converged for an invasion of Midway and a second surprise attack on the battered Pacific Fleet.

By then, Nimitz was ready. From a reading of the Japanese "purple code," deciphered by Army cryptographers nearly a year before, naval intelligence knew an attack was planned at invasion point "AF." Washington thought that "AF" was Hawaii itself. Nimitz was certain it was Midway. He bolstered the little island with every plane he could spare, ordered nearly every ship in his command to rendezvous just outside what he thought would be the farthest radius of Japanese air patrols. Nimitz urged on his commanders the same policy principle of "calculated risk" that he himself had followed in ordering his ships to Midway. He explained: "You shall interpret this to mean the avoidance of exposure of your force to attack by superior enemy forces without good prospect of inflicting, as a result of such exposure, greater damage on the enemy."

UNMENTIONABLE WORD

His gamble paid off. In the resulting battle, the enemy lost four irreplaceable carriers and the momentum that had propelled him from victory to victory. For the Japanese, Midway became an unmentionable word. Nimitz indulged himself in a rare pun: "Perhaps we will be forgiven if we claim that we are about midway to our objective." Though more than 3 years of hard, bitter fighting remained, that single, 3-day battle marked the turning point of the Pacific war, the beginning of the end of Japanese ambitions.

A spare, modest, friendly man, blue-eyed, Texas-born Chester Nimitz never won or sought the public renown that came to the aloof MacArthur or his own subordinate, flamboyant William "Bull" Halsey. Early in his career Nimitz had run a destroyer aground in Manila Bay, escaping with a reprimand when he might have been drummed from the service; he was seldom thereafter unsympathetic to the shortcomings of junior officers. Despite his burdens as wartime commander, he revived the custom of inviting every commander who passed through Pearl Harbor—from tugboat skipper to captain of the biggest battleship—to chat with him in his office.

After the war, Nimitz, now one of four five-star admirals,[1] succeeded Adm. Ernest King as chief of naval operations in Washington until 1947, when he returned to his adopted home in the San Francisco Bay area to serve the University of California as a regent and his Nation as a naval adviser; a five-star admiral is never retired. In his study he kept mementos from the days when he commanded the greatest armada the world has ever seen—or is likely to see again. Last week Nimitz, 80, died at his home and was buried beside the Pacific, at his own wish, without the pomp of a state funeral, like any other sailor home from the sea.

UTAH RECLAMATION PROJECT REPAID

Mr. BENNETT. Mr. President, before long I plan to go before the Appropriations Committees to urge for a restoration of about $7.5 million in the Bureau of Reclamation budget request for fiscal year 1967 for the construction of the vital Bonneville unit of the central Utah project—a participating unit of the upper Colorado River storage project.

Last year, I am pleased to report, the two Appropriations Committees approved my request for funds to begin the construction, and this year, Utah officials have told me they were planning for a big step forward with about $18 million to clear early construction costs. I am told that the Bureau of Reclamation had asked for about $20 million, and engineers considered $10 million as the minimum to really get the construction on its way.

However, when the budget came to Congress in January only $2.7 million was listed for this important part of the central Utah project—the project that will make the big change in Utah's water picture, bringing life to the parched farmlands and empty water taps of the Bonneville basin.

Many will ask "Why this increase for Utah in times of war and when the President is trying to finance both guns and butter out of one checking account?"

Actually, this is the point: Reclamation projects are not a handout like the many, many other Federal programs on the books today. Reclamation projects are repaid to the Federal Government—some with interest—by the users. In addition, reclamation projects help provide jobs, put idle land into farm production, provide electricity, and help broaden the tax base.

Just the other day an item illustrating this very point was noticed in the Utah press. It concerned the announcement that a water users association had made its final payment to the Federal Government for the Echo Dam project which has been in operation since 1932. The association made annual payments of $88,000 a year to repay the Government for the construction cost.

In addition, Mr. President, I am told that each year the added tax revenues resulting from the Echo project are greater than the original cost of it.

Another point I would like to make is that reclamation is one of those important activities that needs to be a sustaining program. When it experiences ups and downs due to political moods and whims from the White House its major function suffers. That is why the $2.7 million figure for the central Utah project this year is unrealistic. At that rate, it will take more than 100 years to complete it.

The Provo Daily Herald, a well-known Utah county newspaper, succinctly summarized the significance of the repayment by the Weber Water Users Association and pointed to the need for the restoration of necessary funds for the Bonneville unit—for it, too, someday will be repaid.

I ask unanimous consent that the editorial from the Provo Daily Herald of February 21, 1966, be included at this point in the RECORD.

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

EXAMPLE OF ECHO DAM PROJECT

A news item out of Ogden the other day should be called to the attention of President Johnson, the Bureau of the Budget, and Congress.

It announced simply that the Weber Water Users Association has made final payment to the Federal Government for the Echo Dam project. The dam, in operation since 1932, is operated by the Weber River Water Users Association. The association has made annual payments of $88,000 a year to repay the Government for the construction cost.

Utah's congressional delegation will be going before Congress to try to get President Johnson's request of $2.7 million for central Utah project construction raised to a respectable figure in the 1967 fiscal year.

Those with influence in increasing the allocation should be shown that the central Utah project works on a similar principle as the Echo Dam project. The money allocated by the Government for construction will be paid back.

This is not a handout like many of the Federal programs of today. It is a reclamation project that will help the economy by providing jobs, putting idle land into farm production, building powerplants that will provide electricity for industrial and municipal uses, and broadening the tax base.

And Uncle Sam will get his money back with interest.

Surely in a budget of $112.8 billion more than $2.7 million can be found so that the Bonneville unit of the central Utah project can get moving at more than a snail's pace.

This was to be the big year for the project. The people of the seven counties comprising the Central Utah Conservancy District voted overwhelming approval of the repayment contract. The Bureau of Reclamation asked for around $18 million and engineers considered $10 million the minimum to really get construction moving in a big way.

In seeking a step-up in the appropriation, the people in the conservancy district do not

[1] The others, all dead: Ernest King, William Leahy and Halsey.

have their hands out for a Government giveaway. They are seeking a loan you might say, to build the structures that will enable Utah to use its decreed share of water from the Colorado River, water that will give this area of the State a shot in the arm.

The Echo Dam project is a good example of the way this type of program works. The example should be held up for all to see in official circles in Washington.

SENATOR GRUENING HONORED BY ALASKAN AMERICAN LEGION POST

Mr. YARBOROUGH. Mr. President, Senator ERNEST GRUENING, of Alaska, is not only one of the original cosponsors of the cold war GI bill, but in the struggle for enactment of this worthy legislation he has been one of the most stalwart supporters of the bill, working for its passage from its inception to its final disposition. He was present to receive a Presidential pen when President Lyndon B. Johnson signed the GI bill into law last Thursday.

Last month, the Auke Bay Post No. 25, of Auke Bay, Alaska, passed a resolution commending Senator GRUENING not only for his tremendous work on the cold war GI bill but also for his constant interest in the field of veterans' affairs. I ask unanimous consent that this resolution be printed at this point in the RECORD.

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

RESOLUTION OF AUKE BAY POST NO. 25, THE AMERICAN LEGION, AUKE BAY, ALASKA

Whereas the Honorable ERNEST GRUENING, U.S. Senator from Alaska, has established a long record of service to and interest in the welfare of America's war veterans; and

Whereas said ERNEST GRUENING, when he was Governor of the Territory of Alaska, did order a special session of the Territorial Legislature for the sole purpose of enacting the Alaska World War II Veterans Act to help Alaska's returning servicemen in their transition from military to civilian life; and

Whereas said ERNEST GRUENING, soon after becoming a Member of the U.S. Senate, perceived the need for Federal legislation to help the increasing numbers of returning servicemen in building a better and more substantial civilian life and thus became one of the original sponsors of the so-called cold war GI bill of rights; and

Whereas the American Legion of Alaska has also supported and endorsed said cold war GI bill of rights; and

Whereas the cold war GI bill of rights was passed in final form by both Houses of Congress of the United States during this past week and is now awaiting final approval and signature of the President of the United States: Now, therefore, it is hereby

Resolved by Auke Bay Post No. 25, the American Legion, meeting in regular session at Auke Bay, Alaska, this 11th day of February 1966, That it commends the long history of leadership and service given to America's former servicemen by the Honorable ERNEST GRUENING, U.S. Senator from Alaska, and that it offers its most sincere congratulations and appreciation to Senator GRUENING for the final passage of the so-called cold war GI bill of rights; and it is further

Resolved, That a copy of this resolution be transmitted to the Honorable HUBERT HUMPHREY, Vice President of the United States, in his capacity as Presiding Officer of the U.S. Senate, requesting that this resolution be printed in the CONGRESSIONAL RECORD in order to inform all persons of the appreciation by this organization for the special interest shown by Senator ERNEST GRUENING in veterans legislation.

ERVIN E. HAGERUP,
Commander.

Attest:

GEORGE L. BAKER,
Adjutant.

RIBICOFF EXPLAINS NEW MENTAL HEALTH PROGRAMS TO PALM BEACH COUNTY MENTAL HEALTH ASSOCIATION

Mr. RIBICOFF. Mr. President, some weeks ago, I spoke before the Palm Beach County Mental Health Association, at dedication ceremonies for a new administration building at West Palm Beach, Fla. This fine group is ambitious in its determination to further the cause of men, women, and children who suffer emotional disorders. Because there has been wide interest in the speech I gave there—attempting to explain some of the new programs of the Federal Government in this field—I ask unanimous consent that it be inserted 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 ABRAHAM RIBICOFF

This afternoon we dedicate a building in the cause of mental health.

But we do more than dedicate a building. We rededicate ourselves to the cause of human beings—of men and women and children who suffer mental disorders.

As members of the Palm Beach County Mental Health Association, you—and your auxiliary—the Women's League for Mental Health of Palm Beach County—have given your hands and hearts to this endeavor. This building bears witness to your success—and holds great promise for the future.

Our Nation is now committed to an all-out fight for mental health. Even if it is only a battle in a larger war against human suffering, it cannot be lost. And you in this audience are in the forefront.

Looking into your faces, I am moved to think of matters more basic than technical rules regarding States and communities—of regional offices, interstate compacts, legislative acts. I see people, concerned with the welfare of other people who need help.

Historically, the responsibility for mental health started in communities, then shifted almost entirely to the States. Now it is reverting to communities. There is one enormous difference: Substantial help is now available from both Federal and State governments, which are sharing the responsibility.

But the size of the problem is ever increasing. At this moment there are about 1 million patients under mental health care—either in hospital beds or as outpatients in local, State, or Federal public or private facilities. A few of them are being treated by private psychiatrists.

A total of about 2 million patients will be under care during the year. This figure accounts for approximately 1 percent of our population.

Of the 2 million under treatment, about half will occupy hospital beds.

Every day we spend more than $7½ million in caring for all these people who need some form of psychiatric care.

As a nation, we are spending a total of an estimated $2.8 billion annually on mental health services.

The cost in dollars only introduces the story. In terms of loss of precious human talent, in terms of family misery, in terms of personal tragedy, the cost cannot be measured.

And we have not even begun to satisfy the needs. Because of lack of manpower and money—to say nothing of the more fundamental lack of knowledge—many are not getting the most effective care. And who knows how many more who need care get no care at all? We must realize that as the public becomes better educated for mental health, and when we have more community mental health facilities and services, many more will be demanding care. Will the number then jump from 1 percent to, say, 3 percent of the population?

How many employees and how many dollars would be required to give competent mental health care to 6 or 7 million people a year? And even then, with 3 percent of the population under treatment, how many more people who need care still could not get it?

No matter how overwhelming these problems may seem to us now, we must keep in mind that mental illness is not a new problem that has suddenly arisen to perplex us. Mental illness and mental retardation have been with us since man has walked upright. But for the first time, we are looking at these problems rather than looking away, as we have done in the past.

Just 3 years ago, President Kennedy moved to crown the efforts of people like yourselves who had worked so hard in this field. In the first special Presidential message on mental illness and mental retardation ever presented to Congress, he made it clear that a concerted national attack on mental disorders was both possible and practical.

He presented a new program to Congress—a program which carried great hope for mentally ill and mentally retarded men, women, and children.

This new program was the result of a great amount of staff work within the Department of Health, Education, and Welfare where I had the honor to serve at that time.

Underlying this new law of the land, which I was proud to support and vote for, is a humane and scientific truth. The great majority of people who suffer mental afflictions can achieve a social adjustment that gives them self-respect and dignity in the eyes of their fellow man.

At the heart of the new program is this new concept: Many forms and degrees of mental illness can be prevented or treated more effectively through community-oriented preventive, diagnostic, treatment, and rehabilitation services than through care in a large State mental hospital.

The program aims to use Federal resources to stimulate State, local, and private action. It is based on the belief that it will be possible within a decade or two to reduce the number of patients now under custodial care by 50 percent or more.

Central to the new program is the establishment of comprehensive community health centers. The American Psychiatric Association, in a definitive survey some years ago, recommended that four such centers be established in Florida—one in Palm Beach, one in Tampa, one in Miami, and one in Orlando.

I know of your interst in such a center. Today I want to give you some idea of the nature and functions of a community mental health center. As a county mental health association, you can participate in its development and operation. After all, you represent the community initiative and community support without which a mental health center cannot come into being, and without which meaningful services cannot be maintained.

What are community mental health centers? Just as important, what are they not?

A community mental health center is not necessarily a new agency in the community's roster of public service institutions. Rather, a community mental health center is a program of services. It is a network of integrated mental health services which provides a full range of care for the mentally ill.

This means that a community mental health center program aims at the prevention of mental illness, the diagnosis of mental illness when it occurs, treatment of such mental illness, and rehabilitation during the period of recovery.

The full range of mental health services should be available right in the patient's own community. Patients should be able to get services where and when they need them. Such needed services should be brought directly to patients, or at least be located close by.

We used to put away our mental patients. Now we realize there is very little therapeutic value to be gained from their isolation at a great distance from home. Quite the reverse: This antique custom produces tremendous problems for the patients, their families, and the people who care for them. And even when isolated and secluded patients do recover, we then must help them reenter the community and become readjusted. Our space scientists talk about the great friction and heat which are generated by reentry when astronauts return to the earth's environment and readjust to it. As you who have sponsored a Phoenix Club for the social rehabilitation of psychiatric patients well know—friction and heat is also generated when a patient reenters the everyday workaday world here on earth.

We must remember that care should be available when it is needed as well as where it is needed. For this reason, the community mental health centers program stresses the importance of having emergency psychiatric facilities. It is essential that care be available on a 24-hour-a-day and 7-days-a-week basis. Like other forms of illness, mental illness does not respect the clock.

When it does develop, it is then that care is needed. And such immediate care—such early diagnosis and treament—serves to prevent the development of more severe illness.

Availability of care, then, is basic to the idea of the community mental health center. There is also a second concept which is basic to the community mental health center approach. This is "continuity of care." Basically, this refers to the provision of an integrated and coordinated program of treatment services as the patient's treatment progresses.

As the patient's illness moves on in time, his needs for treatment change. These changing needs should be met with appropriate changes in service. At an early stage in his illness, a patient may have to be hospitalized for treatment as an inpatient. Later he may need only outpatient care on a weekly basis while he continues to work and live with his family. The community mental health center should provide the full range of treament services which a patient may need.

As an incentive, the Community Mental Health Centers Act of 1963 authorized $150 million for Federal grants-in-aid for construction of community mental health centers. The 1965 amendment to the Centers Act provided funds to help finance the initial costs of staffing, while communities arranged their own long-term financing. All community mental health centers which wish to be eligible for Federal grants—either for construction or staff salaries—must provide five basic services:

First, they must provide inpatient care or hospital care—care of the patient on a 24-hour-a-day basis. In most centers, the average period of hospitalization would be no more than several weeks.

Second, community mental health centers must provide outpatient care. This may be found in mental hygiene clinics, child guidance clinics or the outpatient clinics of State hospitals. What a community mental health center must do is to place such outpatient care in the context of a complete range of services.

Third, partial hospitalization is a vital part of a complete mental health center program. Many patients need the benefits of full hospital care—but they don't need overnight accommodations. When he is a patient in a day hospital, a man may live at home with his family and go to the hospital only during the workday hours. Or, if he is in a night hospital, he can come in after work and get treatment during evening hours, sleep at the hospital, and go to work in the morning.

Fourth, emergency services are essential if there is to be true availability of care. Emergency rooms or accident wards have long been hallmarks of general hospitals. With the community mental health center, emergency units have been added to the range of services for the care of the mentally ill.

Fifth, a community mental health center should provide community consultation and education, geared to give mental health advice and consultation to the non-mental health agencies of the community. Many mentally ill persons never come in contact with psychiatrists, psychologists, or social workers. Some turn to clergymen, some to public welfare workers.

Policemen and probation officers and teachers come in contact with human beings in times of trouble. If these people can locate the community resources available and get the support and help of mental health professionals, they will be able to get effective preliminary advice and guidance and they will learn to recognize the earliest symptoms of emotional disturbance. Teachers, occasionally, can help prevent mental illness by the early recognition and treatment of a mental disorder.

Here I want to emphasize especially to you who are so deeply interested in a clinic the importance of comprehensive services for children. We have made great progress. But all our efforts, though they run to millions of dollars and represent a new direction in mental health, will not be meaningful if they fail to ease the plight of seriously disturbed children. Here in Palm Beach County, for instance, you have a child guidance clinic, but no facility for the psychotic child.

From a more personal point of view, I have felt the need for a program covering the emotionally disturbed child.

Like most people, I pondered the reasons behind the Kennedy assassination. I read the Warren Commission's thorough report carefully. Through the maze of discussion and statistics, through the tangled testimony of the witnesses, through the awful deed itself, there seemed to run one indisputable fact: Lee Harvey Oswald, the murderer, was mentally ill, and his illness had come to the attention of the authorities in New York City when he was 13 years old. Yet society had let him slip through its fingers. Had Oswald received psychiatric help when he was young, John Kennedy might be alive today.

A social worker who interviewed the young Oswald in 1953 wrote: "Despite his withdrawal, he gives the impression that he is not so difficult to reach as he appears, and patient, prolonged effort in a sustained relationship with one therapist might bring results. There are indications that he has suffered serious personality damage, but if he can receive help quickly, this might be repaired to some extent."

The dry but eloquent comment of the Warren Commission was: "Oswald never received that help."

There was a clear need to develop constructive legislation which would help prevent future Oswalds from future deeds of anger and sorrow.

Last year, I drafted a series of amendments geared to improve child health and welfare services—amendments I called "Childcare." In one of the new amendments I asked for a "Joint Commission on Mental Health of Children."

My amendment was enacted into law.

The feeling prevailed that we should have a study first, and base further legislation setting up needed services on its findings.

The Commission is organized and will begin its work shortly. Its task is not an easy one: It must assess the needs, recommend solutions, and provide us with the hard facts and figures we need to convince the Nation and Congress that an effective new program is needed.

Here in Palm Beach County, you have a child guidance clinic. You have an adult psychiatric clinic and a county home and hospital or nursing home. You have general hospitals with some few facilities for the mentally ill. And, perhaps most important, you have yourselves—a county mental health association composed of dedicated men and women, working in a just cause.

Your challenge is clear. You have the talent, you have the will, you have the means—you know what you want—a comprehensive community mental health center, to truly serve the emotionally disturbed people of this area. I have outlined generally the criteria you must meet in formulating your application to the mental health authorities of the State of Florida—an application which will then be forwarded to the National Institute of Mental Health.

Of course, I know your problems. The Federal funds are limited, priorities must be assigned, the State of Florida has already announced other commitments. But communities that draw up the best plans and are all set to go with them are in the best position in these matters in the end. So I suggest that, working together with all the interested people in the area, you press on toward your goal. And I suggest, too, that you make use of the expertise and knowledge your government provides through the Community Mental Health Facilities Branch of the National Institute of Mental Health—whose job it is to give technical advice to communities anxious to develop mental health centers.

A community mental health center is a true "community" endeavor. Whatever the source of the money may be for building and operating a community mental health center, the interest behind the center must come from the community's citizens. It is the people who live in the community who must become involved in the planning and the development of a center, and it is these people who must stay involved in its operation.

One more thing: Leaders in human and social welfare tend to be too modest. You are really very important people. Your Senators and Congressmen, Governor and State legislators have respect for your experience, your judgment and your dedication to public service. Make it a point to see them often, to share your problems and your goals with them, and to educate them in the details of your crucially important work.

Those of us who are your proven friends in helping to solve the problems of mental illness ask you to speak up for emotionally disturbed children—and men and women. Make it your business to see that all the facts are known to your legislators in your State and in Washington, and follow up through community action at home. For Americans and their elected representatives do care: They are compassionate, they are realistic—and pragmatic. To produce the answers, they need only understand the facts.

Your job is to give them these facts. Your job is to convince them of your cause.

The goal is high—the undertaking ambitious. But a proposal of lesser scope would scarcely meet the need.

Let us continue, then, to act, and work, both for the person whose mental health is affected and for the Nation as a whole. Both will be the better for it.

As a gifted writer has said: "In the last analysis, the realm of the mind and spirit is the dwelling place of man's enduring power."

CHECKING JUDICIAL DISCRETION

Mr. TYDINGS. Mr. President, a substantial body of Federal case law holds that a criminal sentence is within the sole discretion of the trial judge, and may not be challenged successfully in the courts of appeals unless the sentence imposed exceeds the maximum limits set by statute. Therefore, when a trial judge decides to refuse probation and imposes a prison sentence and when the trial judge sets the terms of that sentence, those decisions are beyond review.

The inability of the Federal courts of appeals to review the sentencing decisions of the district courts stands in marked contrast to the practice of some 17 of our States, the practice of many foreign nations, including England and Canada, and the concern shown in the review of every other aspect of a criminal proceeding.

Appellate review of Federal criminal sentences has long been advocated by my distinguished colleague, Senator ROMAN HRUSKA. In November, Senator HRUSKA introduced S. 2722, a bill to provide for review of sentences imposed in the district courts. This bill is a substantially redrafted version of a measure that has been introduced in the Senate on three previous occasions. The main object of the proposed legislation is to eliminate unreasonable sentences by providing a means for the direct appeal of the trial judge's exercise of discretion in imposing sentence. S. 2722 is a tribute to Senator HRUSKA's steadfast belief in appellate review of sentences as a means for improving the sentencing process.

The merits of Senator HRUSKA's efforts to provide a check on unrestrained sentencing discretion have recently been recognized in the editorial columns of the Washington Post. I ask unanimous consent to have printed in the RECORD this Washington Post editorial which appeared on March 4, 1966.

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

CHECKING JUDICIAL DISCRETION

Impressive support has been adduced for Senator HRUSKA's bill to permit the review of sentences of more than 1 year in the Federal courts. The chief justification for the bill is the fact that even the best of our judges are human beings. As such, they are open to error of judgment. It is no less important to correct such errors than it is to straighten out procedural irregularities and to guarantee a fair trial.

The aim to be sought is not, as former U.S. Attorney David C. Acheson noted, the homogenization of sentences. Judges usually have good reason for imposing different sentences upon individuals found guilty of the same crime. But when due allowance has been made for tailoring the sentence to the individual offender, some excesses remain. Judge Stanley A. Weigel, of California, told a Senate subcommittee that a few judges habitually "lay it on" offenders in their courts. Others tend to impose very severe sentences for crimes of a particular kind. And every judge may occasionally abuse his discretion in one or more of the hundreds of cases that normally come before his court in the course of a year.

It is a wise safeguard to allow an appellate review in such cases. Judge Weigel noted that eight American States and Britain already allow such a check on the trial judge's discretion. The mere presence of such a power in the appellate courts, he told the subcommittee, would operate as a curb on excessively harsh or lenient sentencing.

We also agree that the court of appeals is the proper body to do this reviewing. To assemble a panel of district court judges for the purpose would be awkward, especially in one-judge districts. This might turn out to be more of an interference with the trial judge's primary sentencing function than a proper review of the few cases in which the initial sentence appears unreasonable. The multiplication of such appeals would be discouraged by knowledge on the part of the defendant that the appellate court could increase his sentence instead of reducing it.

The case that has been made for sentence review is so strong that our judicial system is going to seem defective until Congress approves this reform.

THE DISTRIBUTION OF FEDERAL RESEARCH AND DEVELOPMENT FUNDS AMONG THE STATES

Mr. HARRIS. Mr. President, I regret that the press of other responsibilities prevented me from being present on the floor of the Senate last Wednesday when the distinguished Senator from Nebraska [Mr. CURTIS] made his excellent statement concerning the maldistribution of Federal research and development funds among the States. The statement, and the colloquy that ensued, underlined several very important points.

As chairman of the newly created Subcommittee on Government Research of the Government Operations Committee, I share the concern of Senator CURTIS and the other Senators which was expressed during this most interesting colloquy. There is no doubt in my mind that more equitable distribution of the almost $16 billion for research and development by the several agencies can, and must, be made; $16 billion represents a significant input into the economy, and I think that we are in general agreement that the expenditure of these funds is an essential investment in the future of our great country. And, I think that I can safely say that the expenditure of this money can and should be an investment in the future of each of the several States, without regard to geographic location or the accidents of history.

I agree, as well, with the distinguished scientist and author, Dr. Ralph E. Lapp, when he wrote in the March 1966 issue of Fortune magazine—and I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks—that:

It is clear that big Government contracts go where the brains are.

Dr. Lapp pointed out in his article that:

As technology works unforeseeable changes in the U.S. economy, the "drain" areas have plenty of reason for concern about the future.

The PRESIDING OFFICER. Without objection, it is ordered.

(See exhibit 1.)

Mr. HARRIS. Mr. President, there is no doubt in my mind that the cycle of concentration of brainpower is a self-perpetuating one, and that it is the responsibility of Congress to take steps to husband our intellectual resources and to nurture them so that they might grow and flourish.

Traditionally, we have been concerned about and have taken steps to insure the conservation of agricultural capacity, mineral and ore deposits, as well as the natural beauty of our States. Now it will be necessary for us to conserve what is perhaps our most important resource for the future, our brainpower, our intellectual capabilities, if we are to successfully meet the demands of the future and develop our country.

Mr. President, no State, no region of the country has a corner on the ability to produce brainpower—we cannot afford intellectual underdevelopment in any part of our Nation. We must take steps to insure a more equitable distribution of the Federal funds for research and development which have become so vital to the maintenance of academic excellence.

But, Mr. President, the responsibility for achieving this most desirable end is not ours alone. Certainly, we can legislate a formula for a more equitable distribution of research and development funds. But it might be asked, will that lead to a high quality research, will the money be well spent, or will these expenditures be wasted by an arbitrary application of a formula for distribution to the "have not" States?

We must proceed cautiously if we are to benefit not only the States which we represent, but the Nation as a whole. We must turn our attentions, and it is the plan of the Subcommittee on Government Research to do so, to the many vital questions of a comprehensive national science and research policy.

And, the States themselves must retool to meet the demands of the future. They must aggressively compete in the brainpower marketplace, they must marshal their resources and their initiative, in order to reverse the trend of the past.

Mr. President, it is my hope that Congress can provide the stimulus for this through certain legislative changes. And it is for this reason that I have joined the junior Senator from Nebraska [Mr. CURTIS], and others, in sponsoring Senate Resolution 231.

EXHIBIT 1

WHERE THE BRAINS ARE

(By Ralph E. Lapp)

(NOTE.—Dr. Ralph E. Lapp is a nuclear physicist who has written extensively on atomic energy and has served as an adviser to the Department of Defense.)

The 15 Midwestern Congressmen who filed into the office of Secretary of Defense Mc-

Namara were determined to find out why their region lagged so far behind other sections of the country in winning prime research and development contracts. As is his wont, the Secretary gave them a clear cut but somewhat dismaying answer: "We seek the best brains and we go where they are. And generally speaking, they are not in the Midwest."

That confrontation occurred in the summer of 1962. Since then midwesterners and others whose regions are chronic also-rans in the competition for choice Government R. & D. contracts have become acutely aware of what McNamara meant by brains. The distorted map above [not printed in RECORD] shows the uneven geographic distribution of top U.S. scientific personnel, a group defined here as those individuals who are engaged in basic research, development, and design, plus those scientifically trained administrators who propose and manage high-technology research projects.

No section of the country has a monopoly on the production of scientists, but a few favored areas are the dominant employers and therefore gain a disproportionate economic advantage. States such as Illinois and Wisconsin, which educate more Ph. D. scientists than they employ, can be said to suffer a special kind of "brain drain," while other States such as California and New York, which experience an in-migration of scientific talent, enjoy a "brain gain." What's more, the rich States tend to get richer as their concentrated talent exerts a powerful pull on younger scientists. The five leading regional complexes, which have attracted one-third of the Nation's scientific brainpower, currently hold 58 percent of the prime R. & D. contracts awarded by the Department of Defense.

THE PH. D. ECONOMY

Clearly, as technology works unforeseeable changes on the U.S. economy, the "drain" areas have plenty of reason for concern about the future. To an ever-increasing degree today's innovator is a scientist with 20 years or more of formal education leading to the award of a doctorate. Gaining or losing him may well mean the difference between growth and stagnation of a regional economy. The research-and-development industry is nourished by an annual Federal outlay of $16 billion, to which private industry adds about half as much. Three-fourths of U.S. research and development is performed by private industry. Of the $16 billion total for R. & D. in the fiscal 1967 Federal budget, about $5.5 billion goes to basic and applied research, carried out mainly by educational institutions or by Government laboratories. Such research, stressing the role of the scientist over that of the engineer, has in the postwar period produced fundamental, often dramatic, breakthroughs in knowledge and technique. The transistor, the laser, and kindred products of high-talent technology symbolize the growth of this Ph. D. economy.

States suffering a net outflow of scientific talent are in danger of falling outside this new economy. Although the mold has been hardened by immense postwar Government R. & D. spending, changing technology and the creation of new centers of scientific excellence can conceivably break it. The first change, however, must come in the way scientific brainpower is regarded. States accustomed to reckoning their resources in topsoil or in mineral and oil deposits will have to adjust to a resource level 5 feet above the ground, and make strenuous efforts to conserve it.

Calling Illinois "a great exporter of talent," Gov. Otto Kerner recently complained: "Other States produce automobiles, or vegetables, or scenery; in Illinois we develop minds. And we ship our finished products to all States of the Nation to help them develop their intellectual and economic potential." At a rough estimate, each such intellectual "finished product" lost by Illinois—or any other State—represents a traceable loss of $50,000 a year to its economy, and potentially perhaps a great deal more.

Because the scientist is both valuable and migratory, the Federal Government, through the National Science Foundation, has set up a National Register of Scientific and Technical Personnel to keep track of the U.S. scientific population. According to the NSF's recently released 1964 statistics, personnel in the natural sciences break down this way:

	Scientists	Ph. D.'s
Chemists	63,053	21,789
Biologists	27,135	13,355
Physicists	26,698	10,286
Earth scientists	17,907	3,578
Mathematicians	17,411	4,603
Meteorologists	5,510	479
Total	157,714	54,090

The total of 157,714 scientists contrasts sharply with the number 400,000 that is often used in manpower studies. There are several reasons for this difference. First, since our interest is in research and development, we exclude the broad category of social science. Second, the NSF professional-society ground rules vary from field to field and thus some personnel fail to qualify as scientists. (The NSF register is based upon a nationwide questionnaire sent out to scientists every 2 years. Each professional society has its own ground rules for deciding if a man is a qualified scientist. Mathematicians, for example, must have 4 years of experience, while graduate chemists qualify as soon as they are employed professionally.) Finally, there is the arbitrariness of definition, which allows some professional "fish" to escape the NSF net.

The sort of brains McNamara was talking about would exclude teachers, administrators, and production or sales personnel with no hand in research and development. The NSF data enable us to exclude, as well, those scientists engaged in applied research, and to concentrate on those who perform and manage basic R. & D. These latter scientists (of whom 4 percent are women) are the generators of ideas and concepts that are worked up into proposals for prime R. & D. contracts. They also include the active researchers or doers who carry out the work of the Federal contract once it is landed.

As the map shows (not printed in the RECORD), California leads in such R. & D. talent with a total of 13,688 scientists, trailed by New York with 11,095. The 10 top States include almost two-thirds of the U.S. total of 101,103 research scientists. Within the leading States, scientists are further concentrated in metropolitan areas, as shown in the table:

[Data taken from National Register of Scientific and Technical Personnel Results of latest (1964) National Science Foundation survey]

Regional complex of metropolitan area	Research and development		Management or administration	Total[1]
	Basic	Applied		
1. New York City complex (25-mile radius includes Newark, Paterson, Jersey City)	3,148	2,978	2,746	10,221
2. National Capital area (25-mile radius centered at Greenbelt, Md.)	2,863	2,252	2,707	8,298
3. Los Angeles complex (San Fernando, Pomona, Pasadena, Santa Ana)	1,504	1,548	1,479	5,552
4. San Francisco Bay area (Richmond, Livermore, Palo Alto, San Jose)	2,204	1,381	989	5,137
5. Boston complex (Routes 128 and 495)	2,031	1,037	779	4,257
6. Chicago complex (includes Gary, Ind.)	1,417	1,231	976	4,019
7. Philadelphia complex (includes Camden, N.J.)	1,035	1,020	791	3,309
8. Wilmington, Del	386	581	413	1,579
9. Pittsburgh	573	468	368	1,626
10. Minneapolis—St. Paul	537	444	351	1,531
11. Cleveland	451	458	314	1,398
12. Denver	513	312	206	1,113
13. Houston—Galveston	252	342	276	1,049
14. Rochester, N.Y.	341	297	207	1,041
15. Detroit	274	337	260	1,007
16. St. Louis, Mo.	303	329	247	1,006
17. Trenton, N.J.	470	265	187	980
18. Madison, Wis.	688	164	100	971
19. Knoxville, Tenn.	423	207	143	863
20. San Diego, Calif.	328	218	94	777
Total	19,741	15,869	13,633	55,734
Total in United States	35,700	30,250	24,500	102,000

[1] Total indicated here is more than the sum of the columns; it includes development and design personnel.

Whether the scientists produce the surging R. & D. companies, or the industry produces these concentrations of scientists, is one of those questions. In any case, at last count there were over 5,000 industrial research laboratories in the United States, but nine-tenths of the R. & D. work is done by about 5 percent of these installations. The Federal Government employs over 7,000 scientists in Washington alone, making the Capital area the Nation's second-highest concentration of brainpower. An R. & D. industry is springing up in nearby Virginia and Maryland, spurred on largely by defense and space funds. Fifth-ranked Boston links its future to the very strong educational base at Harvard and MIT. Near Boston, about 250 R. & D. firms are strung along the well-known research highroad, Route 128, and the fast-growing Route 495.

THE ENVIABLE STATE OF CALIFORNIA

But California is far and away the leader. In the Los Angeles and San Francisco areas there are more than 600 science-oriented firms. In the fiscal years 1961 through 1965, California managed to acquire 38.5 percent of Federal R. & D. funds. Its preeminence in space research is attested by the National Aeronautics and Space Administration's commitment of as much as 45 percent of its R. & D. money to California. (It should be remembered that R. & D. absorbs nine-tenths of NASA's $5-billion-plus annual budget.) Not surprisingly, a 1964 head count of NASA's 35 major contractors showed that 44 percent of its scientists and engineers are located in California.

The ability to attract R. & D. contracts, which makes California the envy of other States, is not explained merely by the number of its scientists. If the Federal Government spread its R. & D. money around the country uniformly, based on a head count of scientists, then California would receive only about a third as much Federal funding as it gets today. But in the arithmetic of the

Pentagon some heads count more than others—indeed, they have a multiplier effect on contract-awarding calculations.

California's quantitative advantage is enhanced by its qualitative leadership. The most respected attainment in science is the winning of the Nobel Prize. Almost half of America's Nobel Prize men are concentrated in California. Next to the Nobel Prize, scientists attach greatest value to being elected to the National Academy of Sciences—an honor won by 705 Americans. No fewer than 158 of them hail from California. Massachusetts claims 117, New York 109, New Jersey 44, and Illinois 38. Two-thirds of the academy membership is to be found in these five States. Here the line between R. & D. "haves" and "have-nots" is most sharply drawn. For 8 States have only 1 academy member and a total of 15 are without a single member. Even one or two academy members can be extremely valuable to an institution because of their influence in the awarding of research grants and contracts. And a Nobel Prize winner is a positive lightning rod for such blessings.

THE EXPORT-IMPORT TRADE

Although California has clearly enjoyed a great "brain gain" and it is accused of pirating the intellectual resources of other States for its own aggrandizement, the export-import trade in Ph. D.'s is quite complex. Of 8,005 Ph. D. scientists employed in California in 1962, 3,172 received their doctorates within the State. Illinois provided 617 of California's Ph. D. scientists; New York and Massachusetts sent 1,037, and 5 Midwestern States 1,148. But the balance in the brain trade must be struck several ways. Illinois, for example, employs 3,625 Ph. D. scientists, of whom 1,233 are "homegrown," i.e., have Ph. D.'s from Illinois schools. And Illinois has imported 193 Ph. D.'s from California, so it lost 424 in the exchange with that rival. On the other hand, Illinois gained 249 from Wisconsin while losing only 108 to that State—a net gain of 141 with respect to its northern neighbor.

Herbert S. Parnes, professor of economics at Ohio State University, referring to a Government study of the movements of 1,000 Ph. D. scientists, concludes: "The study shows that such scientists commonly begin their geographic moves even during their training period: more than three-fifths of the sample received their bachelor's and doctor's degrees in different States. Over two-fifths held professional jobs in at least three States, and of those who had held as many as four such jobs, two-thirds had worked in three or more States."

The nomad nature of the Ph. D. scientists makes them fair game for raiders who cross State lines to pick up personnel. As the pages of ads in metropolitan newspapers clearly indicate, the hunt for high-talent personnel in science and technology is nationwide. A personnel manager in an R. & D. plant is bedeviled by the requirements for expertise. He is asked not just to find a physicist but a special kind of physicist. The NSF Register details 86 specialists in physics and almost as many in chemistry (a man was once either an organic or an inorganic chemist).

THE LURE OF QUALITY

For talent-seeking States and corporations the guide to luring top scientific personnel is deceptively simple: quality attracts quality. Hard-sell ads, even impressive salary increases and fringe benefits, won't pull prime talent from its roost unless the potential employer can offer an attractive environment. This environment, once established, has a self-perpetuating effect, as Dr. Fred Harrington, president of the University of Wisconsin, explains it. "Scientists' high educational and income level, their high prestige and cultural level create islands of special advantage in our democracy. In these places the schools are likely to be better, and more of the young people go on to college. Industrial development proceeds, with a snowball effect." The State can do a great deal to enhance the quality of its environment. Hale Champion, California's director of finance, believes that the $1.5 billion State outlay for education "has been a critical factor in furthering scientific and technological excellence in California."

New York State is attempting to upgrade its higher educational system by creating special professorships carrying $100,000 endowments. Recently an intellectual coup was scored at Stony Brook, the new State university on Long Island. The president of Stony Brook, Physicist John S. Toll (an import from Maryland), proudly announced the appointment of Nobel Laureate C. N. Yang as an Einstein professor of science at $45,000 a year. New York recognizes that in science brains go where brains are.

Texas, too, is striving. The Graduate Research Center of the Southwest, in Dallas, founded in 1960, has imported Dr. Lloyd V. Berkner to raise its intellectual-industrial sights. Berkner, for 15 years a driving force in a half dozen different Government science agencies, has won fame as a keen scientific administrator, quick to seize upon new ideas and promote them on a grand scale. His objective is to promote scientific research and produce a bumper crop of science Ph. D.'s as the newest form of wealth in Texas.

Some States have created advisory bodies of scientists; others have established study groups to appraise State needs and to develop plans for the future. Many communities have set up A. & D. "parks" to encourage the growth of new industry. But it takes more than land, buildings, and a nearby college to make headway in the competition for R. & D. talent. Universities like Illinois and Indiana find it difficult to emulate Stanford and MIT. The R. & D. firms around Boston chose the area for many reasons, but one stands out: scientists like to be near the intellectual hum of Harvard and MIT. A land-grant school like Indiana suffers from its physical isolation and its political linkage to the State.

Traditional midwestern conservatism may impede the growth of science-based, high-risk industry in that region. Dr. Jean P. Mather, before he sought greener pastures in Philadelphia's University City Science Center, served as general manager of the Purdue Research Foundation and studied Indiana's industrial firms. "I came to the conclusion after such a study * * * that there are more toilet seat producers in Indiana than anywhere else in the United States." Noting the preponderance of consumer-oriented concerns in Indiana, he warned that many "are destined to go down the drain between now and 1975" if the prediction comes true that "by then 75 percent of our labor force will be producing goods and services that have not yet been developed."

Some communities that have sought to attract scientists have had to reassess themselves and their resources in quite a new light. For example, local attitudes on civil rights have turned out to be important, as in Huntsville, Ala., where NASA's Saturn project scientists set up shop. Towns and cities have been forced to take inventory as they attempted to bring intellectual and economic vitality into their midst. In the process many gained new respect for education. Sometimes the awakening came after scientists located in the community. In Melbourne, Fla., a rather mediocre high school was literally "taken over" by newcomers to Cape Kennedy with the result that it became an outstanding school.

CAN THE OPEN SPACES BE FILLED?

Federal attempts are being made to smooth out the distribution of U.S. scientific brainpower, but it is more easily decreed than done. Last September, President Johnson issued a policy statement in which he urged a more equitable distribution of research funds, especially to universities. However, this directive is hard to implement when Government executives are simultaneously urged to "get the most for the money." Given two identical research proposals, say, one from a small southern university and one from Harvard, and given two equally competent researchers, Harvard would win out because of its superior resources. The southern university would require Government-purchased equipment that Harvard already has. In research, bigness begets bigness. For this reason the regional character of R. & D. funding is likely to persist.

Still, technological innovations may affect the flow of talent and funds, and a shift away from space research would have important effect. The biggest change might occur as the result of a shift from physical to biological research, which would reduce the importance of massive R. & D. installations and produce political pressure to "spread it around." That turn—or one now unforeseen—could fill up some of the open spaces on the "brain map."

CRIME RATE: A NATIONAL DISGRACE

Mr. FANNIN. Mr. President, it has become almost trite to observe that our soaring crime rate is a national disgrace.

Yet we all know that serious crimes have been increasing at a rate five times faster than our population. Year after year, we read the appalling story contained in the annual report compiled by the Federal Bureau of Investigation.

We have witnessed a shocking decline in public respect for law and order throughout the Nation which is like a moral cancer eating at the fiber of our society.

Fortunately, there are increasing signs that the American people are awakening to the peril of this threat on the home front.

In this regard, I want to commend a project initiated by the Wisconsin State Jaycees which I believe holds great promise of making a significant contribution in the continuing war against crime.

This project is called the law is the will of the people and is designed to foster public respect and understanding of the vital role that law-enforcement personnel play in our free country.

Recognizing that society generally is failing to support the kind of vigorous but fair law enforcement which the times demand, the Wisconsin Jaycees are sparking a practical movement to help remedy this situation.

In addition to widespread distribution of an attractive and well-written brochure, this group of energetic and civic-minded young men is sponsoring public showings of a 30-minute color film produced by the International Association of Chiefs of Police.

Entitled "Every Hour Every Day," this film portrays the many functions a modern policeman is required to perform and shows with dramatic effect why law enforcement deserves a better image and more respect from all citizens.

It is my understanding that the board of directors of the National Junior Chamber of Commerce will shortly consider a recommendation to undertake

this project as a national campaign by all Jaycees during fiscal 1967.

As one who knows the enthusiasm and dedication which Jaycees bring to so many worthwhile community projects, I am greatly encouraged by this demonstration of their concern over public support for law enforcement and their determination to do something about it.

Their efforts deserve all possible support and for this reason I ask unanimous consent that the Wisconsin State Jaycee brochure, along with a letter of endorsement from FBI Director J. Edgar Hoover be printed in the RECORD.

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

THE LAW IS THE WILL OF THE PEOPLE

Woodrow Wilson once said: "The first duty of law is to keep sound the society it serves." In our day this has become increasingly more difficult because of society's indifference to its first duty—upholding the law.

Just as the men of our Armed Forces have the duty and responsibility of protecting our Nation against foreign invaders, so do the men of our civilian police forces have the duty and responsibility of protecting the safety and security of our citizens against criminal invaders.

If, however, in the defense of our Nation, our Armed Forces were hampered and hamstrung by court-imposed restrictions, such as restrain and restrict civilian police in their war on crime, our land would be infiltrated with dangerous enemies just as our society is now infested with dangerous criminals.

Whosoever knowingly and willfully violates any law—no matter how important or insignificant the law, or the violation may seem—is, in effect and in fact, defying the will of the people. The police officer is a representative of the people and his purpose is to defend and protect the law-abiding citizens, their rights, their lives and their properties against the acts and conduct of the law violators.

Nothing discourages or disheartens law-enforcement officers more than the knowledge that the efforts they make and risks they take in apprehending criminals are too often no more than a useless waste of time and taxpayers' money—useless because unwarranted leniency makes a mockery of good police work.

Assuredly, we must continually strive to rehabilitate those persons who have strayed from lawful ways. On the other hand, more consideration must be given to protecting society. And this can be done by isolating individuals who have no respect for law and order or for the rights of others.

THE SCALES OF JUSTICE MUST BE BALANCED

The rights of society in many legal jurisdictions today are being ignored in the administration of justice involving habitual criminals. Suspended sentences, paroles, and probations are meted out to convicted murderers, rapists, and depraved thugs as though they were badges of merit—rewards for criminal conduct. The "criminal feedback"—the maladministration of rehabilitation procedures—is definitely a contributing factor to the alarming increase in crime and criminal behavior.

Viewed drastically, this problem boils down to the simple fact that, in our land today, the average man, woman, and child is in greater danger than ever of becoming a victim of this criminal onslaught. It means that day or night, at work or play, the individual's basic rights of personal security and the pursuit of happiness are steadily diminishing because society is failing in its duty to support law enforcement effort.

Let us therefore resolve, as law-abiding citizens, to broaden our efforts and increase our vigilance against the criminals who menace the safety and security of America. Let us also strive, with every just and lawful means, to make certain that respect for the law enforcement authority is restored and reinforced so that police officers may perform their duties without being subjected to abuse, vicious and malicious attacks by mobs of so-called citizens.

U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., October 7, 1965.

Mr. ALBERT T. VIGIL,
Assistant National Chairman, Governmental Affairs, U.S. Jaycees, Milwaukee, Wis.

DEAR MR. VIGIL: The brochure entitled "The Law Is the Will of the People" which you furnished the FBI has been brought to my attention.

I want to congratulate you on this public service program being conducted by the Wisconsin Jaycees and other chapters of your national organization throughout the country. We were glad to cooperate with you in this project, and I wish you every success in this important endeavor.

Sincerely yours,

J. EDGAR HOOVER,
Director,
Federal Bureau of Investigation.

THE U.S. DRUG INDUSTRY

Mr. DIRKSEN. Mr. President, there has been a great deal of talk recently about drug prices, including suggestions made here in the Senate that such prices are unreasonably high and that drug makers should start making reductions.

I have had occasion in the past to ask that the U.S. drug industry be treated with some degree of fairness and objectivity, Mr. President, and I think the time has come for me to make this plea again.

Happily, I can offer some facts today, from sources that even the industry's severest critics will not challenge, which show that reductions in drug prices have already taken place.

My most authoritative source is the President of the United States himself.

My second is the President's Council of Economic Advisers.

The President discussed drug prices in his recent Economic Report to the Congress. So did the Council of Economic Advisers in its annual report.

Our President pointed out in his Economic Report that "many industries and markets have demonstrated that the gains of lower costs and rapidly rising productivity can be shared with consumers." One of his prime examples of product categories in which wholesale prices "averaged at least 5 percent lower than in 1957–59" was "drugs and pharmaceuticals."

The Council of Economic Advisers, as Senators well know, goes into detail in its annual report on the state of our economy.

In a discussion devoted specifically to the cost of medical services, the Council said:

In the most recent 5 years, medical costs have risen less rapidly than during the 1950's and that this has been due primarily to the fact that prices of prescriptions and drugs have been declining.

Mr. President, I think the critics of the drug industry might welcome a change from a steady diet of reading each other's speeches. I suggest that they read in full text the section on medical services of the Council of Economic Advisers' annual report for an illuminating and thoroughly objective discussion of drug price reductions.

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

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

MEDICAL SERVICES

Persistently and strongly rising fees and charges for medical services have exerted an upward influence on the consumer price index throughout the postwar period. As shown in table 13, medical care prices, which account for about 6 percent of consumer expenditures, have risen twice as rapidly as the average of all other consumer prices for most of the postwar period, and have contributed one-tenth to two-tenths of 1 percent to the rise of the index in most years.

TABLE 13.—*Changes in consumer prices for medical care, 1947–65*

Period	Annual percentage change in consumer prices			
	Medical care			All other items
	Total	Medical services	Prescriptions and drugs	
1947–53	4.2	4.6	2.1	3.0
1953–60	3.7	4.0	1.7	1.3
1960–65	2.5	3.1	−.8	1.2
1960–61	3.0	3.7	−1.2	.9
1961–62	2.6	3.3	−1.5	1.1
1962–63	2.5	3.0	−.9	1.1
1963–64	2.1	2.4	−.3	1.4
1964–65	2.4	3.2	−.3	1.5

Source: Department of Labor.

In the most recent 5 years, medical costs have risen less rapidly than during the 1950's. This has been due primarily to the fact that prices of prescriptions and drugs have been declining. Also, the increase in charges for medical services—including doctors' and dentists' fees, eye examinations and eyeglasses, and hospital rates—has slowed down in comparison with the earlier period.

The higher hospital and doctor charges reflected in the Consumer Price Index may overstate the true increase in the cost of medical care when account is taken of the rising effectiveness of the care received. With the dramatic improvements in medical technology that have taken place over the postwar period, many patients get more real services from each day's stay in the hospital, or each visit to the doctor, than before.

The basic sources of rising medical costs are the inadequate supply of personnel and facilities, the sharply rising cost of hospital construction, and the continually more complex medical equipment, the rapid increase in salaries of medical personnel relative to productivity gains as presently measured, and the expanding demand for medical services. Although some of these conditions may be relieved in the longer run, they will not be in the immediate future. The advent of medicare will add to the expanding demand for medical services and facilities. Thus, the urgency of public policies to augment medical care resources and to improve their organization for efficient use will be even greater.

REDWOOD NATIONAL PARK

Mr. METCALF. Mr. President, on February 28 the Sacramento, Calif., Bee carried an editorial and cartoon relating to the proposed Redwood National Park.

The point of the editorial is one on which there is general agreement, on the part of the President, the Secretary of the Interior, the distinguished senior Senator from California [Mr. KUCHEL], who introduced S. 2962, and those of us who proposed amendment No. 487, which would establish the national park in the Redwood Creek area.

A solution is urgent—

Said the Sacramento Bee.

The time is short.

Mr. President, I ask unanimous consent to insert the editorial, "Congress Should Act on Redwoods Park Now," in the RECORD.

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

CONGRESS SHOULD ACT ON REDWOODS PARK NOW

The important thing about the controversy over a proposed national Redwoods Park is that it should be brought to a head at the present session of Congress now that the long-awaited proposal of President Lyndon B. Johnson's administration has been announced.

The Sierra Club is campaigning for a large program, one which would reserve 93,000 acres of prime redwood country. The Johnson plan, supported by Gov. Edmund G. Brown and U.S. Senator THOMAS H. KUCHEL, of California, would be about half as large. The commercial forest industry has suggested even more modest programs.

The more ambitious redwood park advocates are disappointed with the Johnson plan, contending it does not set aside sufficient redwood forest. Yet it does represent a starting point.

Several bills have been introduced in the House and the Senate which would accomplish one or the other of the suggested programs. Thus there appears to be general agreement that the creation of a national redwoods park would be in the overall public interest. This point alone represents progress.

Local interests in Humboldt and Del Norte Counties, who would be most directly affected by the creation of a national park, fear a loss of lumbering activity would endanger the local economy. The Johnson plan would take care of this by providing annual payments to the two counties to compensate for tax losses and by starting immediate park development to help take up the employment slack.

Satisfying all participants in the redwood controversy will be difficult. The Conservation News, published in Washington, D.C., recently commented:

Those leaders of Government, captains of industry and conservation organizations struggling with the proposition will need the strength of Sampson, the patience of Job and the wisdom of Solomon to arrive at a consensus of what eventually is to be in the public interest."

A solution is urgent. The time is short. Senator LEE METCALF of Montana, author of the Senate program which would carry out the fondest wishes of the conservationists, pointed out there is not a more majestic, awesome tree than the redwood yet the cutting of these forest patriarchs in the area proposed for park purposes is continuing.

NO PLACE TO PARK IN WASHINGTON, D.C.

Mr. TYDINGS. Mr. President, together with Senators DIRKSEN, RANDOLPH, and KENNEDY, of New York, I have introduced a bill to create a parking authority for the District of Columbia. Identical bills have been introduced in the House by Representative B. F. SISK and four of his colleagues.

The need for a public parking agency in the District of Columbia is widely recognized. My subcommittee has held 6 days of hearings on this question. With the exception of the private parking lobby, virtually every witness before the subcommittee supported legislation to create a public parking authority.

A recent article published in the Washingtonian by Urban Affairs Specialist Royce Hanson ably analyzes the parking problem in our Nation's Capital. Mr. Hanson makes some highly useful comments and suggestions about fringe parking. I ask unanimous consent that the article be printed in the RECORD.

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

NO PLACE TO PARK

(By Royce Hanson)

Washington is probably safe from a foreign invasion because there is no place for the invaders to park. What force could withstand for long the psychological pressure of the signs proclaiming: "Sorry, Lot Temporarily Full"? Invaders aside, the natives are tiring of ritual block circling and paying tribute to the city's unchallenged lords of parking. Traffic to downtown is growing at a rate almost double the increase in the metropolitan population. The situation is so bad that it is now virtually impossible to find an illegal parking place downtown, as any weary block-circling motorist knows.

Washington's parking problem grows from a number of causes. The office worker population downtown is increasing faster than off-street parking. A Federal City Council report predicts a deficit of 11,000 downtown spaces by 1971. Washington does not have an adequate mass transit system. While a subway is supposed to be built by 1972, the historical failure of rapid transit here has contributed to sprawling low-density development which renders efficient and economic bus or rail service difficult if not impossible for some parts of the metropolis. The automobile will remain indispensible to many commuters.

The city has almost no fringe parking. The present cost of bus transportation would impair the success of many fringe lots without adjustment of both rates and routes. And the agency created to build public parking lots was scuttled by the private parking lobby in 1961.

In that year, Congressmen JOHN MCMILLAN and JOEL T. BROYHILL sponsored a House amendment which transferred parking meter revenues from the Motor Vehicle Parking Agency to the general fund. The District Commissioners did not prevent the conversion of funds and what hope there might have been for adequate public facilities vanished. The amendment also stripped the Parking Agency of its power to plan and develop off-street parking facilities. Finally the domination of the Parking Agency's board by representatives of the private parking lobby rendered it completely ineffective. Developer Garfield I. Kass called his 9 years of service on the agency a "waste of time" because of the opposition of the parking lot operators to providing more parking facilities.

Since 1961, accelerated office building development has displaced a number of surface lots and off-street parking in the new office buildings has not kept pace with the need. In the area bounded by 2d Street, Massachusetts Avenue, Constitution Avenue and 23d Street, the private parking industry provided a net average increase of only one off-street space a month from 1959 to 1964. Overall, the Federal City Council charged that between 1957 and 1963 there was a net loss of 70 permanent spaces in private garages in the downtown area. Private enterprise, said the FCC report, had demonstrated that it could not do the job alone.

The parking problem involves not only the number of spaces available, but the location of parking space. Some areas may have excess space available, and in others all the lots may be filled, leaving no place to park for those entering the area to transact business, to shop, or to visit. This condition often afflicts smaller business districts in the city. For instance, in 1962, businessmen in the 14th Street and Columbia Road area began the search for a much-needed parking facility. After the Parking Agency voted to construct a lot, the Engineer Commissioner postponed the hearing on it indefinitely. The businessmen then took their problem to Congress, but were told to get a lobbyist with "influence." They apparently were unable to find one and Chairman MCMILLAN has yet to process legislation to authorize construction of a parking facility in the area.

What all this means is that parking in the District of Columbia has been an intensely political matter. The political system protects the operations of the private parking interests against either competition by public facilities or regulation in the public interest. In short, parking is planned and operated only for profit, the public be damned.

One of the primary sources of parking lots is the District of Columbia building schedule. Parking lots help hold vacant land pending construction or resale. This is not bad, but it results in a here-today-gone-tomorrow system of parking. William Heath, Director of the Motor Vehicle Parking Agency, reported that 50 percent of downtown off-street parking is on transitional lots. Obviously, this is not a suitable foundation on which to develop a program for a modern city.

Since the Federal City Council's report was issued in late 1964, a District of Columbia Commissioners' advisory group has recommended new legislation to establish a public parking authority under the Commissioners with power to condemn land to build parking facilities and power to set rates in publicly owned facilities. Under pressure from the Washington Parking Association it appeared that the Commissioners were ready to capitulate on these essential features of their bill. Then Senator JOSEPH D. TYDINGS announced that his District of Columbia Subcommittee would hold hearings on the parking problem. The Senator also insisted that planning for parking be coordinated with highway planning and other transportation programs. After hearings in January, TYDINGS drafted a new parking bill. It would give the Commissioners, as the parking authority, power to plan and construct parking facilities. It would also grant them the power of eminent domain and permit them to fix rates in publicly owned garages and lots. In addition, the Commissioners would be given the power to acquire and operate fringe parking lots in suburban locations. A few days after the Tydings subcommittee's hearings, the Washington Board of Trade, overruling the parking interests on its board, voted to support creation of a public parking authority, including the condemnation power.

While all these are encouraging signs that the city may be on the way to solving its parking problem, the battle is far from over. Substantial questions on the merits of a parking program remain. Obtaining the legislation and using it involve extensive po-

litical difficulties; in fact, a completely sound parking program may be impossible in the present political situation.

First, there is the problem of coordinating parking and transportation. For either to work well they must be related. As city planner Robert B. Mitchell said in testifying before the Tydings subcommittee: "A highway system without parking terminals would be like a water transportation system without ports." The National Capital Transportation Agency has power to construct parking facilities at its transit terminals. But further legislation and broader coordination will be required to tie an extensive fringe lot program to existing and expanded bus service.

Studies already made for the National Capital Planning Commission and the NCTA have identified and evaluated 28 potential fringe lots in the metropolitan area. The success of these and other locations depends on public transportation service which is both cheap and frequent. Only if adequate bus or subway service is offered can the lots be expected to succeed. Yet, as New York Traffic Commissioner Henry Barnes told the Tydings subcommittee, the dimensions of the downtown traffic and parking problems are such that their solution is meaningless unless urban commuters are offered an alternative means of getting to work which is competitive with driving an automobile.

Raising all-day rates downtown will not discourage drivers if there is no other place to park. Studies of fringe lots show that bus service should be cheap and frequent, and parking should probably be free. For the most part, this will mean a decision to subsidize fringe parking, and even fringe lot bus service as a part of the total transportation service. The cost of such a subsidy must be measured against the costs of traffic control and the economic impact of congestion in the downtown area. Fringe parking can also offer considerable advantages for suburban shopping centers and businesses located in the vicinity of bus and rapid transit terminals. Many suburban shopping centers have found it good business to allocate part of their parking spaces to commuters on weekdays, encouraging shopping on the way home. For downtown, the fringe lot helps reduce traffic, opens parking spaces for business and shopping trips.

The critical point is that rapid transit alone will probably not drain enough commuters from the roads to solve either the congestion or the downtown parking problem. Moreover, there is a 6-year gap between now and the first subway service. Relief is needed in the meantime. The first subway lines will not extensively serve the suburbs. Fringe-lot service could alleviate suburban commuter needs. One activity in which the proposed parking authority could engage immediately is a major demonstration program of fringe lots coordinated with better, cheaper bus service. Such a demonstration program could be financed largely by the Department of Housing and Urban Development.

Also related to fringe parking are reception centers for tourists. Fifteen million visitors annually have no orientation to the city and its attractions. Reception centers could greatly improve the tourist business as well as enhance the tourists' visits to the capital. From the point of view of city planning and transportation, tourist reception centers similar to Williamsburg's could relieve the downtown area of several thousand cars weekly, if accompanied by tour bus service, minibuses, and tourist bus passes to encourage the visitor to see the capital some other way than through his own windshield. Secretary of Interior Stewart Udall and the National Park Service have shown an interest in providing tourist reception centers, but they must be coordinated with the metropolitan transportation system.

An extensive fringe parking system is needed to make a downtown parking program work. If people can park under the freeways and at suburban lots as Senator TYDINGS envisions, then the amount of expensive downtown space required for parking will be less, and Government will not have to compete as extensively with private enterprise in providing parking space. Also, a rate structure can be used downtown to encourage fringe parking for commuters.

All-day parking can then be encouraged in outlying areas and on a short-term basis, in downtown and other business districts. The point, again, is that massive parking facilities downtown will only encourage more automobiles and more congestion. The objective is to provide better ways to get to work so that the space available can be used efficiently, in the interest of the whole city. In this right, parking is as much a metropolitan public utility as transit and should be planned in the public interest.

In planning the parking system, the distribution of business activity must be kept in mind. Downtown is not the only area in need of parking facilities. Some suburban business areas, as well as outlying areas in the District, need more customer parking space to survive. A parking program, in terms of its impact on the transportation system and on the urban economy, needs to be metropolitan in scope and in execution. The people of the suburbs as well as those of the city have a vital stake in facilities and their location.

This raises the question of which agency should be charged with the program. Out of political necessity the District of Columbia Commissioners appear to be the first choice—NCTA, which already has power to construct transit terminal lots, would appear to be the logical choice, especially since it will eventually be converted into an interstate agency, but it does not seem to want the honor. NCTA officials apparently feel they will have enough trouble building and operating subways without taking on opposition from the private parking interests and worrying about financing an extensive public parking system.

Another logical agency, the Washington Metropolitan Council of Governments, is trying on new wings at the moment and is probably not ready to engage in so extensive and controversial a program. That leaves the Commissioners, or a new public authority. In an area already afflicted with special purpose agencies, the thought of a new one is not inviting. Thus it boils down to the Commissioners, who, at best, preside limply over one of the creakiest municipal establishments in the United States.

The Commissioners' principal problem will be making decisions within the framework of parking politics in the District. They are wide open for what amounts to congressional blackmail. The Commissioners capitulated on the McMillan-Broyhill move to suffocate the Motor Vehicle Parking Agency partly from fear of congressional reprisals on other programs requiring legislative action, which suggests, that they are at the mercy of Congress, particularly the House District Committee. Unfortunately, as we have seen, no other agency in a better position is willing or able to assume leadership in parking. Of course, if home rule ever comes, the parking power would be transferred to the Mayor.

All of this, of course, may be academic. Parking lot owners are certain to oppose the key provisions for condemnation power and for ratesetting powers in the public garages. They surely will oppose public parking under the Mall. Some legitimate questions may be raised about such a facility, or the use of other park land or public spaces for parking. And Congressmen, who have curb parking reserved for them, have traditionally been indifferent to the problem, and will no doubt continue to be. But at least, Senator TYDINGS pointed up the problem and there is some optimism that his bill will pass the Senate. The House, of course, may find a parking place for it if it is not skillfully managed and forcefully supported.

The parking problem offers one more illustration of the disjointed system of regional and city planning in Washington. It also documents the fallacy that Congress protects the "Federal interest" in governing Washington. Perhaps the pinch on business and on a revitalized downtown has awakened some of the business community. But there still remains a large gap between realization of need and effective action. Senator TYDINGS has given the problem a harder try than it has seen in years. He may succeed in getting something done. In the meantime, plan to drive around the block a few more times—and any power planning to invade the city will have to wait its turn.

BENEFICIAL EFFECTS OF MILITARY RESEARCH AND DEVELOPMENT ON CIVILIAN ECONOMY

Mr. INOUYE. Mr. President, we often have a tendency to forget that the immense sums expended by this Nation on military research and development are not without their beneficial effects on our civilian economy.

This fact was underlined this week in a major address delivered by Gen. B. A. Schriever, commander, Air Force Systems Command, before the Honolulu Rotary Club.

General Schriever also commented on Vietnam and he made what I believe to be a very pertinent comment on that conflict, "the real point at issue is not our firepower; it is our willpower."

I ask unanimous consent that the full text of General Schriever's address be printed in the RECORD.

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

THE CAN-DO AGE

(By Gen. B. A. Schriever, commander, Air Force Systems Command, luncheon address, Rotary Club, Honolulu, Hawaii, March 1, 1966)

Ever since I was in Hawaii last fall for the Governor's Conference on Oceanography and Astronautics, I have been eager to get back again. John King's invitation to address you today seemed the perfect opportunity.

The subject of my remarks this noon is the new period in history which we are rapidly approaching. It is a period which might be called the Can-Do Age. This name simply means that for the first time it appears possible, in terms of the purely technical know-how required, to talk about practical, large-scale answers to disease, ignorance, poverty, hunger, and the other age-old problems of mankind.

The incredible advance of science and technology opens many possibilities for the future. These include distilling fresh water from the sea on an economical basis, developing new energy sources which will not pollute the atmosphere, predicting the weather accurately several days ahead, producing food more cheaply and abundantly, and increasing the speed and efficiency of our transportation and communications systems—to name just a few examples. Many additional possibilities will emerge as we fully apply our

imagination to the potentials of technology. We cannot afford to "underimagine" the future.

These future developments are extremely promising, and they can have a worldwide impact that will be truly revolutionary. However, in order for them to be realized peaceably and with full respect to human freedom and dignity, we must use technology for one task of highest priority. That task is to help preserve the independence of peoples who are threatened by aggression. As long as aggressors employ force or threaten to employ it, we must build and maintain realistic means of meeting that threat.

Thus the advancement of military technology becomes a cornerstone of our Nation's continuing policies of deterrence and of controlled response to aggression. But technology cannot be divided into neat little compartments which can be labeled either "peaceful," or "nonpeaceful." In actual practice, we find that a tremendous amount of military research and development makes direct or indirect contributions to the civilian economy.

The many contributions of military aviation to the airlines industry and the substantial support given by the ballistic-missile effort to the national space program are fairly obvious examples. Less obvious, perhaps, but equally real, are such developments as higher reliability, new management techniques, new materials, improved manufacturing methods, better instrumentation, and the expansion of technical fields such as cryogenics and microelectronics. All of these have been greatly stimulated by military necessity. The vast store of technical knowledge that has been generated in this way is a new national resource which has yet to be exploited fully.

And there is much progress ahead. About 2 years ago the Air Force completed a long-range planning study called Project Forecast. Its purpose was to look at the national security requirements of the Nation extending into the 1970's and to predict how science and technology could meet those requirements. Although many of the forecast recommendations obviously are classified, one unclassified example will show some of the things we found.

The example I have chosen is long-range air transportation, which clearly has both military and commercial value. It has long been known that in order to make the kind of advances that were needed in this area, we needed substantial progress in such key technical areas as materials, propulsion, and flight dynamics. Project Forecast indicated that such progress could be made.

In materials, for instance, it was found that metals could be strengthened by oxide dispersion to allow an increase of several hundred degrees in operating temperatures. This increase would make it feasible to build more efficient aircraft engines. At the same time, the development of new composite materials made of metallic and metalloid fibers in a plastic binder—using roughly the same principle as reinforced concrete—was shown to promise weight savings of between 35 and 50 percent in airframe structures, with no decrease in strength or stiffness. The fibers under consideration include boron, carbon, silicon carbide, and boron carbide.

In the propulsion area, it was found that the use of these new materials, together with advanced design concepts, would allow us to build greatly improved engines with increased thrust-to-weight ratios and reduced specific fuel consumption.

Likewise, advances in flight dynamics, such as laminar flow control and variable geometry wings, together with the use of new materials and propulsion systems, can lead to new transport aircraft with ranges several hundred percent greater than those of today's aircraft. It is possible to develop new generations of aircraft which can be designed for near global range or for vastly improved payloads, for vertical takeoff and landing, for economic operation over quite a wide range of speeds, or for a combination of these capabilities.

When these predictions were made 2 years ago some people thought that they were overly optimistic. But, in actual fact, many of the Forecast findings have turned out to be just the opposite—they have been quite conservative. In some areas we have already achieved experimental results in the laboratory which reach or surpass the goals predicted for 1970.

For example, current experiments with oxide-dispersed metals for strength at high temperatures show a 40-percent improvement over the findings of 2 years ago. Boron fibers for composite materials have already been produced with a 20-percent greater average strength than they were predicted to attain by 1970. Their monthly production is more than 20 times the total supply that existed 3 years ago. Production costs have already been reduced from $6,000 a pound to $650 a pound, and there are immediate prospects for a further reduction to $250 a pound. We feel that eventually the cost of boron fibers can be brought down to less than $25 a pound.

At the same time a new plastic binder has been produced in the laboratory which offers an increased temperature resistance of 100° centigrade over polymerized benzine (PBI), which was the best plastic binder known 2 years ago. And promising new concepts for composite materials of metalloid fibers in a metal matrix are being explored.

When we turn to the propulsion area, we find that a new aircraft engine is presently under test, which surpasses the gains predicted for 1970 in bypass ratio, high temperature capability, and reduced specific fuel consumption. The supersonic combustion ramjet, or SCRAMJET, is showing great promise for airbreathing vehicles at speeds of mach 6 or greater. Supersonic combustion has already been repeatedly demonstrated at simulated speeds of mach 6 in test facilities.

Now I do not want to leave the false impression that these technical advances are going to be incorporated into new products next week. Many of them are still in the laboratory stage, and there are problems of cost, design, and fabrication which remain to be solved. But there is every indication, from our past experience, that they will be solved. In fact, as I have indicated, we are steadily making progress toward their solution.

I think that perhaps the real barrier to progress is simply negative thinking. There are always people who would rather give you a thousand good reasons why something cannot be done than encourage you to go ahead and try. This seems to be a fundamental tendency in human nature. I feel sure that the man who invented the wheel back in the dawn of history must have run into the same kind of thinking from some of his neighbors. And every inventor since has been surrounded by skeptics. The ones who enabled civilization to advance were those who dared to go ahead anyway. I think that our biggest need in the can-do age is for can-do people.

Now I have been talking about the future, but that is not the only place where challenges exist. We have pressing problems which confront us right now in southeast Asia. You, in Hawaii, are probably even more aware of these than other Americans may be, because geographically you are much closer to it than the rest of the country.

But the challenge in southeast Asia is not a regional problem. It is a global problem, and it clearly poses the basic question: "Must free peoples anywhere allow themselves to be victimized by force and terror and brutality?" Our Nation's answer is that we have both the right and the duty to help the people of South Vietnam resist aggression and build a free and independent society.

You will recall the words of President Kennedy's inaugural, when he said: "We shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty." He did not add, "We will pull out when the going gets tough." Let us make no mistake about it: the going is tough, and it may get tougher. Anyone who thinks that there are any easy answers in Vietnam is only deluding himself.

There are some who think we should not turn back aggression in Vietnam, and there are some who think we cannot turn back aggression there. Fortunately, most Americans appear to disagree with this negative thinking. They know that we must turn back Communist aggression in Vietnam. As Winston Churchill pointed out after the concessions at Munich in 1938: "The belief that security can be obtained by throwing a small state to the wolves is a fatal delusion." Those who would deny the truth of this observation are either blind to history's lessons or deluded by wishful thinking.

Some ask whether we have the resources to honor our commitments in Vietnam. But the real point at issue is not our firepower; it is our willpower. Your distinguished Senator, Mr. INOUYE, made this point very clearly in the U.S. Senate last fall when he said: "Vietnam is not a war over land or strategic position. It is a war of will, a test of the character of the American Nation. * * * If we do not fight this war, there will be another, and if we do not fight that one, there will come a time when there is no choice; and the price will be increased accordingly."

If a job has to be done, then people will find a way to do it, no matter how difficult it is or how long it takes. In some ways Vietnam represents a challenge unlike any our Nation has faced before, but this certainly does not mean that we must abandon the effort. The whole history of our country and in fact of civilization itself is the story of response to new challenges—and that story did not come to an end in 1966.

Technology can do much to help us deal with the problems of jungle warfare, and we are actively at work to develop new weapons and new techniques. But the crucial issue is still one of our determination as a people and our willingness to find fresh ways of waging counterinsurgency warfare. This is a challenge that must be met, and with enough can-do people, I am fully confident that we can meet it successfully.

Thank you.

A WAR ON HUMAN HUNGER

Mr. MONDALE. Mr. President, President Johnson has proposed that the United States lead the world in a war on human hunger. The Senate Agriculture Committee is now conducting hearings on his proposal to establish a new food-for-freedom program, as well as the bills introduced by Senator McGOVERN and myself.

During the committee hearings, and the growing national debate on this issue, several questions have come to the forefront. One is the need for other advanced countries—especially those which excel in agricultural production—to play a larger role in the war on hunger. I ask unanimous consent, therefore, that

a recent editorial from the Washington Post entitled "Internationalizing Food Aid" be printed in the RECORD at the close of my remarks.

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

(See exhibit 1.)

Mr. MONDALE. Mr. President, another point which has received increasing attention is the importance of accelerated food assistance programs in providing an expanded market for the products of American industry and agriculture. America's trade today is primarily with industrialized countries, because their people have sufficient incomes to purchase American products. But in the less developed nations, it is the lag in agriculture, more than anything else, which prevents them from achieving rapid economic growth, which would provide increased markets for our products.

Finally, there is the recognition that, in an expanded war on hunger, U.S. private enterprise must play a far greater role than ever before—in setting up fertilizer plants, fortification of foods, and processing of farm products.

I therefore ask unanimous consent that there be printed in the RECORD three articles from the March issue of Forbes, entitled "World Hunger: Enemy of U.S. Prosperity," "U.S. Business Against Malthus," and "Twice as Many Sukarnos?"

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

(See exhibit 2.)

EXHIBIT 1

INTERNATIONALIZING FOOD AID

"We cannot meet this problem alone," the President told Congress in his food aid message. "Hunger is a world problem. We must encourage a truly international effort to combat hunger and modernize agriculture."

The administration is thinking of a food aid consortium to deal with the famine threat in India as a first step toward an internationalized approach to the world agricultural problem. Canada, for example, has a wheat carryover this year of 14 million tons; even allowing for the customary retention of a 10-million-ton reserve, Ottawa still has a 4-million-ton margin. Yet Canadian involvement in food aid to India has been limited in the current crisis to unilateral donations totaling 165,000 tons.

Similarly, Australia, which has available out of its carryover at least 500,000 tons, notwithstanding a poor crop year, has contributed 150,000 tons. This is in contrast to new U.S. commitments to ship 4.5 million tons by May.

In a consortium, countries with cash to spare would sit across from less affluent countries with food to spare; and the result, hopefully, would be collaborative arrangements resulting in increased exports to the food deficit nations. Thus, West German or French capital might be applied to Australian or Canadian wheat purchases or at the very least to shipping costs. One of the most interesting dimensions of the consortium idea is a plan to include aid programs for fertilizer manufacturing ventures. Whether much actual help can be realistically expected in the near future is doubtful. But it could put the whole program on a sounder footing in the long run. The greatest advantage of an internationalized approach is its tendency to reduce the political friction inevitably arising in relations between a single patron and a client country.

EXHIBIT 2

[From Forbes magazine]

WORLD HUNGER: ENEMY OF U.S. PROSPERITY

One billion people, a third of the world's population, drag themselves through the day weak from hunger, an easy target for disease and frequently for death from starvation. Another billion are badly malnourished, almost on the borderline of starvation. What we call progress, civilization, prosperity, is meaningless to two-thirds of the human race. These people are only half alive. They are half dead from hunger.

The average American consumes 3,100 calories a day in food rich with proteins, vitamins, and minerals. In the underdeveloped nations, the average person must drag his body along on a mere 2,030 calories a day, and his food usually is deficient in those nutrients. While the United States, Western Europe, Japan, and a few other nations get richer, the hungry get hungrier, because, in the underdeveloped part of the world, human fecundity is outstripping agricultural fecundity. In Asia and Latin America in the past 5 years the population has risen by 12 and 17 percent, respectively. In contrast, production of food has risen by only 10 percent. The result is that per capita food production has fallen by 3 percent in Asia, by 7 percent in Latin America.

The deadly effects of the population explosion aren't for tomorrow. They are here and now. Today.

As Chairman Robert S. Stevenson, of Allis-Chalmers puts it: "The United States, Canada, and Australia are going to have to feed the world, or we're going to have to help the world feed itself." Nobody realizes this more keenly than President Lyndon B. Johnson and his top aids. The more newsworthy problems of Vietnam and inflation have not, even for a day, crowded it out of their deliberations.

Humanitarian motives aside, the President and his aids know full well that the U.S. economy cannot continue to grow without an expanding world market. Moreover, as the President has noted, quoting Seneca, "A hungry people listens not to reason, nor cares for justice, nor is bent by any prayers."

The malnourished masses love their children as intensely as well-fed Americans love theirs. They are not about to starve peacefully and quietly, in patience, resignation, and fatalism, as their ancestors might have done. They know there is a world without hunger somewhere outside their dusty villages. They have transistor radios, and they have bumped in rickety buses into market towns. They have taken seriously the politicians' promises of a better life. They will riot and kill to achieve it. They are doing so right now.

ESCALATION

Almost in desperation, the United States plans to escalate its efforts to deal with the world hunger problem. In so doing it will create tremendous opportunities for businesses that have the know-how, the foresight, and the capital to help end hunger.

President Johnson fired an opening gun in the stepped-up war against hunger when he sent a message to Congress last month, asking for a new food program to replace the present food-for-peace program, Public Law 480, which expires this year. The President did not spell out all the details of his food-for-freedom program, but, even so, agricultural experts agree that it eventually will have an enormous impact on the entire U.S. economy. For one thing, it will change the whole direction of the foreign aid program. Until now, foreign aid has gone primarily toward industrial development; hereafter, it will be directed more toward agricultural development. The food-for-freedom program will have an even greater impact on U.S. agriculture. Since the first Agricultural Administration Act, the U.S. Government has attempted to keep food production down. Now, the administration plans to offer inducements to farmers to raise production of certain foodstuffs. Under the food-for-peace program, the United States sent abroad primarily those agricultural products it had in surplus in Government warehouses. Now, it will gear its production more directly to the needs of the hungry, using incentives to increase production of certain foodstuffs when necessary.

Out of this inevitably will come several other developments: Little by little, land which has been retired from production under the present farm program will be brought back into cultivation. The exodus of marginal farmers into the cities will be speeded up, since they will not have the capital to expand production as the Government requires. The big farmers will get bigger. Even if world prices of agricultural products don't rise, the big farmers will become so efficient and have such an enormous market they will be able to prosper with lower subsidies—or even without them.

One expert, Don Lerch, a Washington management consultant who specializes in agriculture, believes that by 1976 there will be only 500,000 farmers in the United States (as compared with 3.2 million today). But, he quickly adds, they will all be immensely prosperous.

The farmers of Canada and Australia also will benefit. Both countries, as a result, are likely to keep booming.

The United States plans to fight the war against hunger on two fronts. The first will be a crash program to supply the underdeveloped countries with food. The United States has been giving away $1.5 billion worth of food abroad every year under Public Law 480. If Congress approves the President's new program—as seems all but certain—food shipments could rise to $3.3 billion by 1967–68. This move is designed to cope with such emergencies as the recent drought in India, which already has led to Communist-organized riots in the State of Kerala.

In the long run, the second front will be the decisive one. This is the self-help part. Every nation receiving U.S. aid will have to promise to build up its own agriculture as swiftly as possible. Not only promise, but show results. The reason for this is simple. "We don't have enough capacity to feed all these people," says Secretary of Agriculture Orville L. Freeman. "Unless they learn to feed themselves, there will be world famine. The estimated increased needs between now and 1980 are in the neighborhood of 300 million tons. The potential reserve productive capacity of this country is 50 to 55 million tons more. There is a 250-million-ton gap here that only the underdeveloped nations themselves can fill."

Along with the food, therefore, the United States will send the underdeveloped nations fertilizer and farm equipment. It will also encourage U.S. companies to build fertilizer plants and farm equipment factories abroad. It will teach farmers in Asia and Africa and Latin America how to make the most of the land they have. It will urge—and even arm-twist—governments to rerig archaic policies in the field of price incentives, farm credit, and land reform. This will all be done under the Agency for International Development (AID).

Increasing food shipments abroad will mean increasing production at home, for, according to Freeman, the reserves in Government storage don't come anywhere near the world's requirements. "Our reserves are now in the land rather than in the storage bin."

he says. Grain in storage has been dropping steadily since 1961—wheat, from 1.4 billion bushels to 800 million; feed grains, from 77 million metric tons to 50 million.

This means that millions of acres of land that have been retired under the present farm program eventually will be brought back into production as needed. It will be done gradually, Freeman says, first to prevent chaos in the marketplace, and second because there isn't enough shipping to handle all the food the U.S. farmer could produce if the wraps on him were taken off all at once.

All told, there are now nearly 57 million acres of U.S. farmland "in reserve." Freeman won't reveal just how many he intends to put back into production, but some Government officials believe it will be somewhere between 5 and 7 million acres. He already has taken a small step in that direction. "Just last month," he points out, "I discontinued the alternative of voluntary acreage reduction whereby a spring wheat producer could take 10 percent out of production and get paid for doing it. The producer no longer has that option. He has to plant his full allotment."

MORE TO COME

The acreage allotment for rice will be increased this year by 10 percent. Many experts believe it will eventually be necessary to increase the allotment for winter wheat. Says Claude W. Gifford, senior economist of Farm Journal: "A shortage in wheat is only a few years away."

Freeman's guideline will be the President's promise to Congress to "bring these acres back into production as needed—but not to produce unwanted surplus." In short, to change the very nature of U.S. agricultural policy but without causing chaos on the farm and in the marketplace.

In his message, Johnson called for increased production of soybeans. The Secretary of Agriculture believes this can be achieved by the judicious use of incentives—more acreage with guaranteed prices. "In corn," he says, "we have too much. We still have a surplus. We'll do something which will make it possible for those farmers to plant soybeans on those acres and come out just as good. We need the soybeans. We don't need corn." Soybeans produce a high-protein, low-cost diet meal for animals. They also are one of the richest sources of protein in food mixes for humans.

Robert W. Engle, manager of marketing of Allis-Chalmers' farm equipment division, believes that increased production will have to come from improved farm equipment and improved farm techniques, as well as from greater acreage. "One area where output per man hour has been neglected is farm materials handling," he says. "There are going to be some giant strides made in coordinating a farmer's growing system with a push-button, automated method of handling and storing his crop.

"Another way of increasing farm production is * * * by growing two stalks of corn where only one grew before. Instead of growing corn in the standard 38- or 40-inch rows, we've tried it in 30 or 20. Yield often increases 10 or 15 percent."

CHANGE IN POLICY

Under Public Law 480, the United States has either been giving the food away or else selling it for local currency. In simple fact, selling it for local currency almost invariably has meant giving it away, because so little of the currency can be used. According to Sam I. Nakagama, a senior economist of the First National City Bank of New York, the United States now holds an amount equivalent to two-thirds of the currency of India as a result of selling the Indians food. Most of this money obviously can't be used; spending it would create horrendous inflation. Under a tacit agreement with the Indian Government, therefore, the United States simply hoards it. The United States now holds $2.8 billion in counterpart funds.

Under the food-for-freedom program, food will no longer be sold for local currency and only a maximum $800 million worth will be given away. Only those nations which clearly can't subsist except on charity will receive free food. The United States will grant the others—nations like Taiwan, Spain, Greece, and the United Arab Republic—long-term credits at low interest, perhaps 2 percent, to buy the remaining $2.5 billion worth. They will have to pay the world market price. They will be required to repay the money in dollars.

Prices also should be bolstered by the fact that, at times, the United States will have to get the food on the open market.

There are those who fear that, by helping other nations increase their food production, the United States will destroy its own commercial food-export market, which now amounts to about $4.5 billion a year. According to Freeman, these fears are groundless. Experience proves, he says, that, as a country raises its production of food, what it does is switch to importing other U.S. agricultural products like animal feeds. The result is a net gain for the U.S. farmer. Freeman cites the case of Japan. That country used to get massive agricultural aid from the United States. It soon may be buying $1 billion worth of U.S. farm products annually on a straight cash basis. Western Europe, which also used to receive agricultural aid, is now this Nation's biggest customer of feed grains and poultry. In 1964, U.S. food exports to Western Europe totaled $2.3 billion.

As Freeman sees it, prosperity abroad, therefore, will mean prosperity at home. "Every 10-percent increase in per capita income (abroad) results in a 16-percent increase in the commercial imports of our products," he says.

In the fight to increase production of foodstuffs abroad, the United States will count particularly on the manufacturers of fertilizer. Says David E. Bell, Administrator of the Agency for International Development: "Fertilizer will be our biggest need." Dr. Lester R. Brown, staff economist of the Department of Agriculture, adds: "Ironically, the less-developed regions of Asia, Africa, and Latin America, which contain two-thirds of the world's people and where the food needs are greatest, use only 5 million tons of the 35-million-ton annual world total. In other words, only one-seventh of the world fertilizer supply is used in the regions containing two-thirds of the population. As the supply of new land that can be brought under cultivation diminishes, fertilizer becomes the principal substitute for land in the food production process."

FERTILIZER BOOM AHEAD

The United States is now shipping about $325 million worth of fertilizers abroad every year through foreign aid and commercial channels. By 1970, it will be shipping about $1 billion abroad each year. In addition, the United States will spend about $250 million to help build fertilizer plants in partnership with natives in the underdeveloped countries such as Gulf Oil's project in Korea.

Says an AID chemical engineer: "One million dollars worth of food aid will feed 70,000 people for a year, but the same $1 million put into fertilizer would help feed 200,000 people for a year."

AID's Bell is also counting on farm-equipment manufacturers and food processors to help beef up the agriculture of the underdeveloped countries. The farm-machinery makers will have to develop equipment especially designed for their needs, he says, pointing out that in India, for example, "the landholdings are very small. Farming takes on the characteristics of gardening. You need small power units, hand equipment almost."

A great deal rides on the success of this new program—which partly explains why support for it seems to cut across party lines. President Johnson's proposals have the support of many Republicans, who in the past were leery about foreign aid. Much of the Republican leadership in Congress comes from farm States, where food-aid programs naturally have strong support. Moreover, as Senator MILTON R. YOUNG of North Dakota, the ranking Republican member of the Senate Agricultural Appropriations Committee, points out, "Republicans originated the whole food-for-peace program back in the Eisenhower administration." He adds: "I think the President will get substantially what he wants. Giving people food and helping them produce more food is the best kind of foreign-aid program."

Is the food-for-freedom program alone big enough to deal with the problem? No. The sad fact is that, no matter how generous it is, it can only supplement the efforts of the underdeveloped countries themselves.

Some pessimists think that the problem is hopeless; that the population explosion is now out of hand. But some very hardheaded experts think otherwise. To quote Bryson M. Filbert, vice president and director of Esso Chemical Co., a big factor in the world fertilizer business, "It is possible to double or even triple agricultural production in all of Asia, Africa, and Latin America through the use of more fertilizers, more irrigation, better seed varieties, more pesticides, and other improved farm practices. I have been told by experts that four times the present world population could be supported by widespread use of improved farming methods."

But the key word is "could." To turn "could" into "will" is going to take some very drastic, very fast changes in the underdeveloped countries themselves. Almost without exception they misread the economic history of the prosperous nations. They only noticed that these countries built industries and turned farmers into workers. What they failed to note was that in most cases such countries did so only after developing a prosperous agriculture first. In part this misreading of history was due to an obsession with the "Soviet experiment."

RUSSIA'S BAD EXAMPLE

The Soviets reversed the normal process of economic development. By starving agriculture of capital and by keeping food prices artificially low, they made the farmers bear the cost of building hydroelectric dams and plants and steel mills. The Soviet Union became a great industrial power, and this bedazzled the underdeveloped nations. What they failed to realize was a fact that has since become obvious to everyone: The Soviet Union produces more steel than it needs, but it can't feed its steelworkers without importing food.

India is the classic case of a country that was misled by the "Soviet experiment." India concentrated all its capital and most of its foreign aid into building up industry. It used the free food it received from the United States to keep food prices low for industrial workers. The program has proved self-defeating. Low food prices have kept the Indian farmer too poor to provide a market for the goods the industrial workers are producing. At the same time, the low prices have discouraged the farmer from attempting to increase production.

[From Forbes magazine, Mar. 1, 1966]

U.S. BUSINESS VERSUS MALTHUS: IT WILL TAKE ALL THE NATION'S ECONOMIC RESOURCES TO DEFEAT THE ARITHMETIC OF STARVATION

Obviously, the U.S. farmer will be the first to feel the impact of the food-for-free-

dom program. In a recent talk with midwestern grain dealers, Robert C. Liebenow, president of the Corn Industries Research Foundation, predicted that food exports under the program and through regular commercial sales would increase by 50 percent "within the next few years." They now amount to $6 billion a year. A 50 percent increase would bring them close to $9 billion. Land values are going to rise. Smart farmers with capital will become rich.

Major segments of U.S. industry are going to benefit, too. The menace of starvation will mean steadily mounting sales for the producers of fertilizers, farm machinery, seed and feed. According to Liebenow, in order to increase exports by 50 percent, the farmer will have to spend $3 billion a year more for those products than the $13 billion he spends now. Little wonder that farm machinery companies are expanding as fast as they can, that almost every major oil company is striving to build a major stake in fertilizer.

James Devlin, director of domestic agricultural sales of American Metal Climax, which makes fertilizer, goes further. Increased food exports, he says, will "affect the whole gross national product." The railroads will prosper, he points out, because the food must be shipped from farm to seaport by rail. The steel industry will profit because farm machinery is made of steel. Even the paper industry will profit, he says, noting: "We put our fertilizer in paper bags."

SHIPS AND SHIPPERS

"It will mean a lot more business for us," says Alvin Shapiro, executive vice president of the American Merchant Marine Institute, which represents the nation's shipowners, who will have to carry the foodstuffs and fertilizer and farm machinery abroad. He doubts, however, that it will have an immediate effect on the nation's shipbuilders because "there is still tremendous unused capacity around. The big tankers are excellent for shipping grain and are not being fully utilized." Increased exports also will mean a lot more business for such commercial grain shippers as Cargill and Continental Grain.

Claude W. Gifford, senior economist, of Farm Journal, believes that, aside from the farmer, the makers of fertilizer will profit most from the food-for-freedom program. "You can get fertilizer on the land quickly," he says, "and it's easy to teach peasants how to use it even if they can't read. It's harder to teach the operation of machinery, and there's the problem of repairs."

This does not mean that manufacturers of farm machinery won't benefit, too, Gifford is quick to add, naming specifically Massey-Ferguson, Deere, and International Harvester. Others who will benefit are seed companies like DeKalb, Northrup King, and Pioneer, he says.

DEMAND FOR ROADS

Norman R. Urquhart, assistant vice president in charge of commodities of the economics department of the First National City Bank of New York, foresees a growing demand abroad for American earth-moving machinery. "When I was a boy growing up on an Illinois farm, one of the farmers' great cries was for good farm-to-market roads. We have them now, but the rest of the world needs them." This should help Caterpillar Tractor, he says. He also sees great opportunities for companies that build chemical plants, like Fluor, Foster Wheeler and Pullman's M. W. Kellogg division, "if they can get the contracts against foreign competition."

Some experts fear that increased production of foodstuffs in the United States and abroad actually may create a world shortage of fertilizers. Urquhart and one of First National's senior economists, Sam I. Nakagama, insist there is a world fertilizer cartel outside the United States. Asked why U.S. companies don't attempt to break it, Nakagama says: "Perhaps they don't find it advantageous to do so."

Whatever the facts about this may be, according to Devlin of American Metal Climax, the world potash industry is geared to expand only at the rate of 6 to 7 percent a year. If demand rose to a 10-percent increase a year, Devlin admits, the industry wouldn't have the facilities to keep up with it for more than a few years. "We couldn't, in that time, bring out new mines," he says. Devlin doesn't believe that such a rise in demand is likely, but this view is far from unanimous.

One company that is all but certain to benefit is International Harvester. Says Hugh A. Davies, general manager of Harvester's overseas division: "We do research all over the world, in places ranging from Argentina, which is a net exporter of foodstuffs, to Africa, where the people eat bananas. We have facilities in 20 nations outside the United States. We're in roadbuilding, trucks, and farm equipment. Only where farming is done by hand and horse do we not supply the tools.

"We can fill any demands that come. We just hope that demand is created. Roadbuilding might be a big thing. You have to have a way to get the food to market. The hinterland of Brazil is an example. You need better roads, schools, dams, and irrigation channels."

Deere & Co., already the biggest farm machinery manufacturer in the United States, is spending heavily to expand abroad. These investments have yet to pay off, but Chairman William A. Hewitt is sure they will. Meanwhile, he believes, the new farm policy will mean a big sales increase for his company in the United States. White Motor, which got into farm machinery through a series of mergers, now gets 30 percent of its $638 million in sales from that business and is out for more. So are Allis-Chalmers and the revitalized J. I. Case (Forbes, Feb. 15, p. 62).

Since the war against hunger can succeed only if the underdeveloped nations learn to produce more food, the U.S. Government is particularly anxious for U.S. manufacturers and food processors to expand abroad. Says AID Administrator David E. Bell: "There are lots of American companies beginning to invest abroad in fertilizer plants and there will be more in years to come. International Minerals & Chemical is putting up a big plant in India. We've recently made two loans for fertilizer plants in Korea; there the principal American investors are Gulf Oil and Swift. Now we are working with Standard of Indiana, Armour and others on fertilizer projects."

Bryson M. Filbert, vice president of Esso Chemical Co., says: "We have already invested about $90 million in facilities to produce ammonia, nitric acid and various other fertilizers and fertilizer compounds in Colombia, Aruba, Costa Rica, El Salvador and Spain. In addition, we are building or planning plants in the Philippines, Greece, Jamaica, Malaysia, Lebanon and Pakistan, as well as one in a very economically advanced nation, the Netherlands. In all, these plants will have more than 1 million tons of ammonia capacity and more than 1.8 million tons of fertilizer capacity. * * * Their capital cost will exceed $200 million."

The company also is working on new techniques which, it hopes, will make the sand dunes of Tunisia and Libya bloom. These involve using oil to stabilize them.

The U.S. Government is putting a great deal of pressure on the underdeveloped nations to make it attractive for U.S. companies to build fertilizer plants abroad. For a long time, India insisted that it handle all the distribution of fertilizers produced in that country by U.S. companies and that it also set the price. Standard of Indiana understandably refused to accept these conditions. AID put food shipments to India on a month-to-month basis until the Indian Government let Standard of India market the fertilizer itself at its own price.

OPPORTUNITY—AND PROBLEMS

Bell believes "there is a real opportunity in food processing." However, the food processors themselves think it may be a long time before they make any great progress in the underdeveloped countries. Harry Meisel, technical coordinator for Corn Products International, points out his company has sold a product derived from corn called "Maizena" which has been known for 100 years in Latin America. Recently, it brought out a new product in Brazil, "Enriched Maizena." This is "Maizena" with proteins, vitamins, and minerals added. "It solves the problem of getting nutrition into the diet in an innocuous way," says Meisel.

But Corn Products is losing money on "Enriched Maizena" because the protein element, which is made of milk and soybeans, costs too much. One reason is that it's been difficult to shift Brazilian farmers to soybean production. U.S. farmers will shift from one crop to another at the drop of a dollar, but in Brazil caution and suspicion prevail. It takes 15 years to get a Brazilian farmer to shift crops, Meisel says. Introducing a new product in underdeveloped countries, he concludes, "is a baptism of blood."

Quaker Oats has been having a similar experience with "Incaparina." This is a powdered cereal mix that contains cottonseed and soy flour. Quaker Oats is promoting the cereal with an advertising campaign. Particularly effective have been movies which show babies before and after drinking the cereal.

"But," admits Michael Hore, general manager of Latin American and Pacific operations for Quaker, "we have a long way to go. It's a matter of education, and the money for that has to come from us."

Dr. Harold L. Wilcke, director of research for Ralston Purina, suspects there may be greater opportunities in the underdeveloped countries in processing food for animals than in food for humans. "In many areas," he says, "animals cannot economically compete in food value with direct consumption of grain. But in some areas the land can grow food fit only for animals. These are areas similar to our Rocky Mountains, where grass is the only crop, and they exist in India, Mexico, and Venezuela. In addition, animals can compete when they scavenge or when they eat spoiled grains."

This could mean business for Ralston Purina's supplementary feeds, which help the animals grow faster and bigger, Dr. Wilcke says.

Clearly, the outlook is this: In the United States, the economic impact of the food-for-freedom program will be swift. In the underdeveloped countries, however, the problems are as great as the need. For many of the companies that go overseas, these problems will make it difficult to show a profit for a long time. But for many the opportunity is simply too great to miss, whatever the risks.

The great 19th century clergyman-economist Thomas Malthus believed that population growth inevitably would outstrip food supply; only massive starvation and misery could reright the balance, he said. It didn't happen that way in the countries of the West and in Japan, but it seems to be coming to that for the world as a whole. In the struggle to prove Malthus wrong, the know-how and enterprise of U.S. businessmen are going to prove mighty weapons.

Companies that will help feed the world

Company	Operating data			Stock data				
	Assets (millions)	1965 revenues (millions)	1965 net income (millions)	Latest 12 months earnings per share	Recent price	5-year price range	1966 indicated dividend	Yield (percent)
FERTILIZER PRODUCERS								
American Cyanamid	$786	$863	$93.1	$4.21	92¼	96 -35½	$2.50	2.7
Armour	631	2,062	22.4	2.88	46⅜	53½-29	1.60	3.4
Borden Co	677	1,353	49.1	1.94	40½	47¼-20⅝	1.20	3.0
Cities Service	1,586	[1] 1,185	104.1	3.86	47¼	50 -22½	1.50	3.2
Continental Oil	1,554	[1 2] 1,552	96.2	4.25	66¾	81½-43½	2.40	3.6
Grace, W. R	906	902	40.5	2.61	57½	62⅝-16⅞	1.20	2.1
Gulf Oil	4,667	[1] 3,879	427.0	4.12	53¼	60 -30¾	2.00	3.8
International Minerals & Chemical	324	279	21.7	3.40	84⅞	84⅞-17	1.20	1.4
Kerr-McGee	324	314	23.8	3.64	77⅝	77⅞-24	1.30	1.7
Lone Star Gas	421	183	17.8	1.22	24⅝	28¼-18⅝	1.12	4.5
Potash Co. of America	55	28	4.6	3.67	74¾	76¾-16	2.00	2.7
Socony Mobil	4,879	[1 2] 4,755	320.0	6.30	89⅝	98½-38¾	3.20	3.6
Standard Oil of California	3,796	2,930	391.0	5.15	79	86 -40½	2.50	3.2
Standard Oil of Indiana	3,306	3,063	219.3	3.10	44⅞	50½-20	1.70	3.8
Standard Oil of New Jersey	12,490	12,725	1,035.0	4.80	78¼	92⅞-40¾	3.30	4.2
U.S. Borax & Chemical	135	98	9.4	2.21	36¾	47½-19⅛	1.10	3.0
AGRICULTURAL EQUIPMENT								
Allis-Chalmers	552	714	22.1	2.33	35¼	36¼-12½	0.75	2.1
Case, J. I	218	289	13.5	2.93	30	38½- 4½	[3]	
Caterpillar Tractor	1,007	1,405	158.5	2.80	46½	53⅞-14¾	1.20	2.6
Deere & Co	981	922	56.5	4.07	62¼	63¼-20¾	1.70	2.7
International Harvester	1,814	2,359	103.2	3.56	50¾	50⅞-21⅝	1.725	3.4
Massey-Ferguson	742	808	40.1	2.66	33⅞	37⅜- 8⅛	1.00	3.0
White Motor	286	635	22.0	3.80	43⅜	44¾-16⅞	1.40	3.2
FOOD PROCESSORS								
Archer-Daniels-Midland	183	339	3.7	2.32	41½	44¼-30	1.60	3.9
Central Soya	126	469	10.5	3.44	60⅝	60⅝-23¾	1.40	2.3
Corn Products	584	979	54.7	2.45	50½	67⅜-37	1.60	3.2
National Dairy Products	825	2,017	69.9	4.83	84½	98½-46¼	2.80	3.3
Pfizer, Chas	465	543	53.4	2.70	71⅜	76⅜-30⅝	1.45	2.0
Pillsbury Co	237	450	10.4	2.35	39½	49 -20	1.00	2.5
Quaker Oats	228	480	16.3	3.89	74	96 -55	2.20	3.0
Ralston Purina	395	988	32.4	2.16	49½	50 -22	1.00	2.0
Swift	634	2,751	16.4	2.70	57¼	65 -31	2.00	3.5
Unilever N.V.[4]	2,932	[5] 5,050	[5] 188.0	[5] 2.83	31	43⅜-23	1.438	4.6
CONSTRUCTION								
Foster Wheeler	96	[1] 228	1.9	2.65	48½	51¾-22¼	[6] 1.40	2.9
Kaiser Industries	441	[7] 452	[8] 15.1	[8] .73	13⅞	15-5¼	[3]	
Morrison-Knudsen	135	314	5.3	2.57	29⅞	35¾-26⅜	1.60	5.4
Pullman	300	661	20.6	4.51	66¼	73⅞-20¼	2.40	3.6
GRAIN-CARRYING RAILROADS								
Atchison, Topeka & Santa Fe	1,857	677	91.0	3.45	41¼	42 -20½	1.60	3.9
Chicago, Milwaukee	682	241	7.3	2.16	61½	64 - 7	1.00	1.6
Chicago, Rock Island & Pacific	497	211	[8] 1.5	[8] .50	42¾	47 -14⅝	[3]	
Illinois Central Industries	743	283	9.8	6.66	78¼	81 -31⅛	2.40	3.1
Missouri Pacific	1,196	417	26.3	14.26	94½	96¼-35¼	5.00	5.3
Union Pacific	1,765	549	93.8	4.03	47⅛	49½-27⅛	1.80	3.8

[1] 12 months ended Sept. 30.
[2] Excludes excise taxes.
[3] None.
[4] Stock data for Unilever N.V. shares.
[5] Estimates.
[6] Plus stock.
[7] 12 months ended June 30.
[8] Deficit.

TWICE AS MANY SUKARNOS?

Each generation faces its own crisis. In the thirties and forties it was the rise of fascism. In the fifties and sixties it has been communism. In the seventies and eighties it's likely to be an even more virulent threat: Hunger. Americans probably won't go hungry, but most of the rest of the world will, and we won't be able to escape the consequencies.

On pages 19 through 26 of this issue, the editors of Forbes examine the economic implications of population growth pressing against an inflexible food supply. The work of a six-man Forbes team, the report takes a generally optimistic view about what U.S. business can do about the situation—and how it can benefit from it.

But not everybody is optimistic, and we think it only fair to expose our readers to the views of an extremely well-informed businessman who thinks the prospects for feeding the world over the next few decades are dim.

He's Thomas M. Ware, 47-year-old chairman of International Minerals & Chemical. Under Tom Ware's brilliant direction IMC has been extremely aggressive in expanding in the fertilizer field. But that isn't Tom Ware's only credential. He is chairman of the Freedom From Hunger Foundation, a nonprofit organization that promotes support among businessmen for the food programs of the United Nations. Most important of all, Tom Ware is an engaged and aroused citizen.

"Hope always springs eternal," he told Forbes late last month. "But I don't see how on earth it's possible for the world to feed itself in the years ahead."

UNDERUSED TOOLS

It isn't a shortage of fertilizer, he emphasizes, of implements, of seeds, or even of land. The trouble is even more basic: It lies in the human mind. "Intelligence," he says, "is capital. We've spent billions on education in this country to get the amount of intelligence we have today. The underdeveloped countries haven't, and they aren't going to be able to catch up overnight.

"We've got the tools," he goes on. "TV is a great tool for mass education. Computers and jet planes give seven-league boots to brilliant men. Satellite communications can spread ideas instantaneously.

"But, because of a lack of education, of intelligence, many of our tools are not being used properly. Atomic power cannot be used for digging irrigation projects because of politics. Population control cannot always be used effectively because of religious ethic. And remember that the sword we give someone to cut food can also be used to slay somebody else."

Ware believes that hunger itself breeds ignorance. "If half the people in the world are starving," he says, "then half the world's minds are permanently maimed. They just don't have the voltage between the ears to get any work done. How can a mental dwarf who has no energy grow more food?"

TO THE SKY?

In his own field of fertilizer, Ware says, proper use takes intelligence and education. "Every soil is different, and needs different treatment," he says. "An American farmer knows just what he needs, and has the capital to pay for it. But a man who can't read might put fertilizer on a plant a foot thick and expect it to grow to the sky. Instead the plant would grow at all."

Ware is concerned too that Americans aren't sufficiently aroused and may wait too long to take really effective action. He points out that it took 15 years to open up his company's big new potash mine in Saskatchewan. "For the first 5 years, we had to sit and assay the market. The next 5 were taken up with design and planning. The third 5 were spent actually digging the hole. In addition to all that time, there was the $60 million we spent. That experience has made me very respectful of the meaning of a doubled population in just 35 years."

SCORCHED EARTH

Finally, he speaks about the scarcity of arable soil in the world, and of the fact that world hunger will create turmoil that destroys soil. "The soil was destroyed by war in the Nile Valley and the Mediterranean

Basin, and now it's being scorched in Vietnam," he says. "When you double the population, you're going to double the number of Sukarnos, Cubas, Vietnams, library burnings, and the like. More accurately, you're probably going to get eight times as much trouble."

We hope Tom Ware is wrong in his pessimistic view. In fact, he hopes so, too. But unless the American people and American business make a mighty effort, and soon * * * well, Ware knows what he is talking about, if any man does.

CAREFUL ASSESSMENT OF DOMESTIC PROGRAM EXPENDITURES URGED

Mr. MILLER. Mr. President, for some time I have been convinced that we must assess very carefully and wisely the expenditures for our domestic programs in light of the needs to win the war in Vietnam.

If we are to have a "win" policy in Vietnam, we must look at the domestic programs to determine where cuts should be made. These cuts rightly should be channeled into our military effort so that we may be able to win the war at the earliest opportunity.

I believe the editor of the Farm Journal in the March 1966 issue made a very valid point when he asked:

Isn't it about time we all got into this war, all made some sacrifice? Should we just leave all the sacrificing to 200,000 or more American boys in Vietnam?

The editor is convinced that we cannot continue full speed ahead on both the domestic and Vietnam areas without a necessary trimming back on the domestic front.

This editorial should be required reading for those who believe we can do both.

I ask unanimous consent that the editorial, "It's Our War," be placed in the RECORD.

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

IT'S OUR WAR

Isn't it about time we all got into this war, all made some sacrifice? Should we just leave all the sacrificing to 200,000 or more Americans boys in Vietnam?

We may as well admit it: For the most of us except those boys and their families back home, life has been going on pretty cozily. We've followed the news of the war, but then have gone on about our affairs undisturbed. Most Americans have been doing pretty well financially. They've enjoyed all the usual pleasures and some extra ones, kept comfortable and snug.

Partly this was because we hoped that this war which we drifted into would soon end, and that the Vietnam nightmare would somehow go away. But we see now that likely we are in for a long and dirty fight and that the cost in men and money will probably go up, not down.

What can we noncombatants do?

Well, for one thing, we can realize we are in a war and act like it. We can ask our Government to do the same.

In his annual budget message the President called on us to "support the struggle in Vietnam" but then added that "the struggle for a Great Society must go on unabated." Unabated, with a war going on? We doubt that he really meant it, for already some spending programs have been cut back. But they need to be trimmed a lot more and the effort turned to the military struggle and the prevention of more inflation. Those are the two big jobs on our hands now. That's plenty; other things can surely wait.

We can make the draft more fair. It can never be fully fair, but so far it has been falling too heavily on the boys not shielded by the sanctuary of college.

If we need more taxes to curtail Government deficits let's have them, unpleasant though taxes are. But not unless or until we've cut out spending for things we can forgo or at least postpone. Let's try that first.

In today's world we need allies. World opinion is a powerful force. But how many American boys should we sacrifice for fear of offending "allies" who are sending food and materiel to a shooting enemy?

It seemed to us that the bombing lull, the dispatch of our emissaries to all parts of the world, the appeal to the United Nations, futile as that organization is, were all worth trying. We favor making every other possible attempt at peace. The President has tried hard.

What we are asking now is that he first consult fully with Congress, which he hasn't done, then have the courage to tell us what is necessary and when. In brief, let's all of us begin to share this war, so far as possible, with the boys doing the fighting. It will be mighty uneven sharing at best, but at least we can start acting like this is our war, not just theirs.

OUR NATION'S CAPITAL COLORING BOOK

Mr. MILLER. Mr. President, in dignified impressive ceremonies at Valley Forge, Pa., on February 22, 1966, the U.S. Capitol Historical Society was presented with its second Freedoms Foundation award. Honored with a 1964 citation for We, the People, the society was recognized again for its 1965 publication, Our Nation's Capital Coloring Book.

The principal Americana Award was presented to the U.S. Capitol Historical Society of Washington, D.C.

Honoring Our Nation's Capital Coloring Book, using the historic and scenic monuments of the Capital City, re-created our heritage in story and picture and included a recommended reading list, a full color page of State flags, a tour map of the city and note pages.

Representing the society at Valley Forge was the driving force founder, and first president of the society, Fred Schwengel of Davenport, former Congressman from the First District of Iowa.

In presenting the George Washington Honor Medal, Dr. Kenneth D. Wells, president of the Freedoms Foundation at Valley Forge, made the following remarks:

This next award goes to show what can be done with an idea in this great free society of ours. The staff of the U.S. Capitol Historical Society, ever mindful of the importance of history to the impressionable young, decided that in order to meet the minds of our youth it must bend to the child's own media. The result was a combination history-coloring book that is now being used in classrooms all over America. It is one thing to produce a coloring book, but another to rank among the top echelon of Freedoms Foundation awards. Our jury felt that this was a great thing being done for millions of young Americans and we are proud to present this medal to the society. Our most sincere congratulations.

Mr. President, I am sure this is an honor with which all Members of Congress and millions of other people are in full agreement. All of us know of the outstanding job that the United States Capitol Historical Society has been doing to make our people more acquainted with the facts and traditions of the U.S. Capitol.

I believe that the untiring work of Mr. Schwengel should share in this recognition because I know how long and how hard he has labored so that the United States Capitol Historical Society will fulfill the dreams of its founders.

VIETNAM: CONTAINMENT OR ACCOMMODATION

Mr. McGEE. Mr. President, the Washington Sunday Star, in its lengthy and well-put lead editorial yesterday, examined the crux of the current debate over America's Vietnam policy, cut through the entangling maze of questions and answers and reached a conclusion. That conclusion was that, "Given the importance that Vietnam has assumed as a test case for Mao's doctrines of revolutionary conquest, there is, at present no realistic alternative to military containment" of Red China.

The Star's editorial commands attention, Mr. President, and I ask unanimous consent that it be printed in the RECORD.

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

[From the Washington (D.C.) Star, Mar. 6, 1966]

CRUCIAL ISSUE: CONTAINMENT OR ACCOMMODATION

The continuing debate on Vietnam has not produced a solution to our problem in that part of the world. But it has succeeded to an encouraging degree in getting the problem down to its essentials.

More and more, in recent days, the debate has begun to transcend the ambiguities of Vietnam itself and center on the problem of the containment of Communist China. More and more, both those who defend our policies in Vietnam and those who criticize them have cast their arguments in terms of a confrontation between American power and that of the vast nation which has taken over as the primary global antagonist of the United States.

Most serious critics of the administration now admit that the containment of China, in southeast Asia and elsewhere, is a vital interest of the United States. The question is simply whether or not the war in Vietnam serves this purpose. Are we containing or provoking China in Vietnam? Are we decreasing or increasing the risk of all-out conflict? Have we the means of attaining our objectives? Is there, in fact, a practical alternative to the military containment of Chinese expansionism in Vietnam and elsewhere?

The answers to all of these questions depend finally on an assessment of the capacities and ambitions of the regime in Peiping. If, as the critics fear, the capacities of Red China are virtually unlimited, military containment is indeed a dubious proposition. And if, as they hope, its ambitions are modest, an alternative might be found.

The alternative suggested, most explicitly by Chairman FULBRIGHT of the Senate Foreign Relations Committee, is what he calls an "accommodation" with China on a large scale. Peiping, he believes, can be induced

to settle for the neutralization of southeast Asia in return for the withdrawal of American power from the area. If this were done, he implies, the aggressive nature of the Communist regime would change and stability would return along China's borders.

In our view the main trouble with this analysis is the fact that it is refuted by virtually every scrap of available evidence about the capacities and ambitions of the regime in Peiping—which, incidentally, greeted Senator FULBRIGHT's suggestion with the revelation that he and his fellow doves are as big "fools" in Peiping's book as are the American hawks. It is also in contradiction with the major conclusion based on this evidence: That today the ambitions of the leaders in Peiping far exceed their material capabilities and that the military containment of China has been an established fact for 15 years.

Those who would seek to assuage China's aggressive expansionism by any sort of a deal in southeast Asia must first close their eyes firmly to the dimensions of Peiping's territorial appetite. The neutralization, or even the outright surrender of Vietnam, Laos, and Cambodia would amount to a drop in the bucket to a regime which loudly asserts traditional claims to hundreds of thousands of square miles on its periphery.

The presence of American power in Vietnam is a minor irritant compared to the presence of American power in South Korea or Nationalist Chinese power on Taiwan. Appeasement in any form is hardly a realistic solution for a country whose list of unfulfilled demands also includes large parts of Siberia, India, Nepal, Bhutan, Burma, Thailand, and Malaysia.

These territorial claims, combined with the militant spirit of the regime in Peiping, have in fact forced a policy of military containment on most of China's neighbors since the consolidation of communism on the mainland in 1949.

The Chinese have contested this containment many times in many places, sometimes with success. Tibet has been invaded and occupied. Direct aggression has been fostered against South Korea. Many clashes have occurred along the Chinese-Russian border. Probing attacks have been made on India. The Nationalist Chinese islands of Quemoy and Matsu in the Formosa Straits have come under bombardment and the threat of invasion from the mainland.

Yet, with the exception of Tibet which had no means of military defense and India where the Chinese still occupy some contested border territory, the lines of containment have held. Today, the encirclement of China about which the leaders in Peiping constantly complain is very real indeed. And the pressure of American power from northern Japan to Thailand on which a major sector of the ring of containment depends has grown to formidable proportions.

Since Korea, the leadership in Peiping has carefully avoided the risk of a direct confrontation with this American power. For all the bluster about paper tigers they have backed away from every situation which threatened to involve American airpower against Chinese territory. Confident as they may be of their ability to defeat any actual invasion of the mainland, the leaders in Peiping are thoroughly aware of China's vulnerability, even in terms of nonnuclear weapons that could be brought to bear.

The formula of conquest by proxy, developed from Mao Tse-tung's doctrines of "peoples' wars of national liberation," has in recent years provided an ingenious solution to the dilemma which has confronted China. Without risk of direct involvement, the encouragement and support of indigenous rebellions in areas marked for conquest have promised to provide the key to unlock the wall of containment and satisfy at least some of Peiping's territorial ambitions.

Vietnam offered the ideal terrain. Since the French occupation, all the apparatus for successful subversive warfare had been at hand. A successful "war of national liberation" in Vietnam—particularly one which ended in the withdrawal of American power from southeast Asia—would open up innumerable opportunities for the expansion of Chinese domination in southeast Asia. Above all, perhaps, in the struggle with Russia for domination of the world Communist movement, success in Vietnam would provide the vindication of the Peiping's militant doctrines.

On the other hand, if Chinese ambitions should fail in Vietnam the outlook from Peiping's point of view would be a good deal less encouraging. If the result of the war there turned out to be a massive new injection of American power, the containment of the rebellion and the strengthening of resistance to subversion in other less vulnerable areas, the leaders in Peiping might be induced to modify some of their most cherished hopes.

Indeed, there is good reason to believe that this result is well on its way to being achieved. In Laos and Thailand, the American buildup in Vietnam has brought about a remarkable stiffening of resistance to Communist pressures. In Indonesia, the hope of the Communists of turning the American position by seizing power has ended in stunning disaster. In Ghana and Cuba, Mao's theories of the exportability of world revolution have suffered serious reverses.

The fact which emerges, and which should impress itself on American doubters, is that the very survival of neutralism today in Asia—in Burma, Cambodia, and Indonesia, for instance—depends very much on the success of the containment effort in Vietnam. The leaders in Peiping have been impressed enough by the difficulties which they are encountering everywhere to warn their people that they must expect temporary reverses and retreats along the road to ultimate victory.

Given the importance that Vietnam has assumed as a test case for Mao's doctrines of revolutionary conquest, there is, at present, no realistic alternative to military containment. The time to begin talking about accommodations will come when the door to aggressive Chinese expansion has been firmly closed once and for all. Under these conditions, a genuine accommodation would take the form of opening the door to China's entry into the community of responsible nations. And this is the ultimate objective to which American policy in Asia should be unswervingly directed.

COOPERATIVE WEATHER OBSERVERS

Mr. MURPHY. Mr. President, for more than a hundred years in this country devoted public servants have been daily performing a public service of which most Americans are not aware. These men are the cooperative weather observers of the U.S. Department of Commerce Weather Bureau.

Under this program, the observer is furnished the necessary instruments and without compensation he takes and records daily observations of the weather. Today in the United States there are over 12,000 of these observers, and it is estimated that these volunteers give to the Government about 1 million hours yearly.

Mr. President, recently the Commerce Department published a book saluting the fine record of those who have been making weather observations for 30 or more years. In my own State of California, there are more than 900 cooperative weather stations in operation and 13 of the men who man these stations have given over 30 years of service to the Weather Bureau.

Mr. President, I ask unanimous consent that the information from "The Cooperative Weather Observer," saluting the efforts of the California volunteers, be printed in the RECORD.

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

CALIFORNIA

A natural resource of first importance to California is the diversity of its climates. Found within her boundaries are the dry desert climate of the southeast and the humid region of the northern coastal mountains. Temperatures range from the searing heat of the desert and the interior valleys to the usually cool pattern of the north coast and the cold winter of the high Sierra Nevadas. It is the cooperative observer who has documented these several climates through the years so that we can tell what they are. The records have many applications.

Consider, for example, the western portion of the San Joaquin Valley. This is an area with a desert-like climate. Few people live here, but for 50 years the operator of an oil company pumping plant maintained a cooperative weather record. Today plans are being made to bring in irrigation water, and the long and complete record from Middlewater forms a basis for estimating the climate of the rest of that area so that growers will be able to make effective use of the newly opened agricultural area.

From time to time flooding has occurred in one part of the State or another, and the records of the cooperative observers are of vital significance in an analysis of these floods. Not only is it important to know what rain fell during the flood situation, but long records of more normal conditions are necessary if users are to evaluate properly the significance of the periods of high rainfall. Damage suits in some flood damage cases amount to several millions of dollars.

Of interest in delineating the climate of an area are the infrequent extremes that suggest the outside limits of weather that can be expected. Typical is the high temperature of 134 degrees F. observed at Greenland Ranch on July 10, 1913. Snowfall amounting to 60 inches was reported in a 24-hour period on January 18 and 19, 1933, at Giant Forest. The total for a season was 884 inches at Tamarack in 1906–07. Some of the heaviest precipitation rates are 1.03 inches in 1 minute at Opids Camp on April 5, 1926, 11.50 inches in 80 minutes at Campo on August 12, 1891, and 26.12 inches in 24 hours at Hoegees on January 22, 1943.

Without the help of the cooperative observers who make their readings regularly each day we would have no information on which to base an estimate of these extremes.

HOWARD R. ALLARD, WILLOWS

Mr. Allard has been the official observer in Willows since 1926, continuing a record started in 1878. For 36 years he was with the irrigation district until his retirement in 1956, and since that time he has served as a city official in Willows. He has taken an active position of leadership in the community, in his church, and in the several branches of the Masonic lodge. At Willows, as at many stations, the weather observations have been a family project.

ERNEST J. ANDERSON, ORLEANS

Mr. Anderson became the observer at Orleans in 1932, continuing a record that

started in 1885. For his outstanding work he was given the John Campanius Holm award in 1964.

ROBERT E. BURTON, SANTA CRUZ

Mr. Burton has operated this station since 1931, except for the war years when he was on duty in the Pacific with the U.S. Navy. During that time he served on Ponape and operated a weather station there. His wife, son, and a neighbor operated the Santa Cruz weather station during that period.

As a special project Mr. Burton has devised equipment for estimating the amount of dew deposited on redwood trees and has found as much as 40 to 60 gallons of water per acre on some nights. He received the John Campanius Holm award in 1964.

At the present time Mr. Burton is a county supervisor for Santa Cruz County.

CARLOS A. CALL, FORT ROSS

In 1907 Mr. Call succeeded his father, who had been observing precipitation at Fort Ross since 1874. A storm in November of 1874 gave a measured total of 18.06 inches of precipitation in 24 hours, and probably the amount was more than 20 inches. The gage ran over at one time during the storm. Mr. Call has sent us copies of data extracted from the records of the Russian colony that manned Fort Ross as early as 1840.

The 91-year record within the family and the 58-year record by Carlos Call are outstanding not only for their length but also for their quality. Mr. Call was chosen in 1960 to receive the John Campanius Holm award and in 1965 the Jefferson award for outstanding service as a cooperative observer.

WALTER CANTRALL, JESS VALLEY

Mr. Cantrall was born in Jess Valley and he continued to live there to the present time. He has been the sole observer at this station since its establishment in 1929, and the record is not worthy for the total lack of missing data.

Shortly after this station was established Mr. Cantrall assisted water resource officials in the selection, measurement, and marking of a new snow course that is still in use more than 30 years later.

EDWARD C. GERLACH, LONE TREE CANYON

Mr. Gerlach has been the observer ever since this station was established in 1933. It is in an area of precious little rainfall, where an accurate measurement of what little does fall is of vital importance. He is interested in community activities and has donated land to the Rod and Gun Club for their rifle range.

LEROY KEMP, SQUIRREL INN NO. 2

Mr. Kemp was first appointed as the official observer in 1929, although he had in fact been taking observations for several years prior to this, both at Squirrel Inn No. 1 and No. 2. He visited the San Bernardino Mountains for a summer vacation in 1924 and has remained there for 40 years. During that time he has worked for the Squirrel Inn, the school district, and the fire protection district, among others, retiring in 1960. For many years he has sent in special weekly snow reports during the winter for the National Weekly Weather and Crop Bulletin.

ARCHIE C. LEACH, CAMPO

Mr. Leach is a rancher who was formerly with the engineering department of the city of San Francisco. His engineering background and his present interests lead to close attention to the accuracy of his precipitation records. He has operated the Campo weather station since January 1926.

This station experienced a cloudburst on August 12, 1891, that produced 11.50 inches of precipitation in 80 minutes. The intensity of the storm is documented by newspaper accounts of the damage done.

EDWIN L. PAULSON, ST. HELENA

Mr. Paulson was born in St. Helena, and except for brief periods of work in other communities he has lived there to the present time. He became a printer in 1902 and worked at that trade until he retired in 1955. He has been the weather observer at St. Helena since 1921, continuing a record started in 1907. His station was one that was chosen to test the dial thermometer a few years ago, and Mr. Paulson received the John Campanius Holm Award in 1961. He lives on his own ranch with his two brothers.

ROGER C. RICE, LOS BANOS

Mr. Rice is a licensed civil engineer, employed as watermaster and chief hydrographer for the network of irrigation canals serving much of central California. Prior to his present employment he was with the U.S. Geological Survey and with Southern California Edison Co., serving at various times in Washington, D.C., San Francisco, Honolulu, Kansas, and Arizona. He has published a number of articles in his field, including one that appeared in the Monthly Weather Review.

Mr. Rice has been the official observer at Los Banos since 1931 and has done an outstanding job of summarizing weather records that go back to 1873. In 1962 he was awarded the John Campanius Holm Award for outstanding service.

WILLIAM B. TEMPLE, COVINA TEMPLE FC 193

Mr. Temple, a leader in civic affairs in the Covina area, is continuing a precipitation record started by his father in 1902 and assumed by him in 1930. In recent years the citrus orchard that surrounded his home has given way to a subdivision that has built up in the area.

DARWIN M. TING, ESCONDIDO

Mr. Ting has been the observer at this station since February 1935, when he replaced Mr. Moon, who had served for 41 years. Mr. Ting is a pharmacist and owns and operates his own drugstore.

K. R. WARREN, WHITTIER CITY HALL

Mr. Warren is an official of the Whittier Water Co. and reports rainfall information to the Los Angeles County Flood Control District as well as to the Weather Bureau.

THE AMERICAN MERCHANT MARINE POLICY

Mr. BREWSTER. Mr. President, the chairman of the House Committee on Merchant Marine and Fisheries, Representative EDWARD A. GARMATZ, of Maryland, recently spoke before the Maritime Administrative Bar Association on the subject of American merchant marine policy.

During his 18 years in Congress, Representative GARMATZ has acquired an expert knowledge of the problems facing our merchant marine. He is eminently qualified to speak on maritime matters.

Representative GARMATZ, in his speech, calls for an end of the proliferation of studies of merchant marine problems and a beginning of effective remedial action. He points especially to the construction of nuclear propelled merchant vessels as a stimulus to reverse the decline of the merchant marine.

I am in complete agreement with Representative GARMATZ' plea to end the inertia prevailing in our maritime program.

Mr. President, I ask unanimous consent that the speech of Representative GARMATZ to the Maritime Administrative Bar Association on February 10, 1966, be printed in the RECORD.

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

REMARKS OF HON. EDWARD A. GARMATZ, CHAIRMAN, HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES, BEFORE THE MARITIME ADMINISTRATIVE BAR ASSOCIATION, LAWYERS CLUB, WASHINGTON, D.C., FEBRUARY 10, 1966

We have all been reading and hearing that the immediate months ahead are critical ones for the American merchant marine and shipbuilding industry. Perhaps they will be, but I suspect that the important matters for administrative, executive, and legislative decision, will be of a different nature than many people are thinking.

I do not expect that we will be actively concerned during this session of Congress with any drastic or revolutionary overhaul of our national maritime policy or programs.

Whatever else might be said about the American merchant marine, it has hardly been the subject of insufficient study.

Since I was first elected to Congress 18 years ago, there has scarcely been a year when some governmental committee, or quasi-governmental committee, was not analyzing or dissecting the American merchant marine.

During those years, we have witnessed at least 25 major studies of varying descriptions by the executive and legislative branches of our Government—not to mention countless minor studies.

In more recent years, we have had the project Walrus report of the National Academy of science, the report of the Maritime Evaluation Committee of the Department of Commerce, the Interagency Maritime Task Force Report, and the report of the President's Maritime Advisory Committee.

I am ready to make one prediction—that we are reaching inevitably the end of an era—the time is approaching when there must be a halt to this proliferation of studies.

Either we will find a way to follow through with the effective execution of our maritime policy and programs, as enacted by Congress, or there will no longer be a subject available for study. I am confident that the way for promoting and sustaining a healthy American merchant marine and ship building industry, will be found.

In my opinion, the difficulties which now beset our maritime industry are largely attributable to the ineffective, and half-hearted administration of the statutory programs, rather than to any basic deficiencies in the programs themselves. Indeed, all of the maritime studies, except one—the Interagency Maritime Task Force Report—seem to agree with that conclusion.

In any hearings which our committee may hold on this subject, I intend to investigate as fully as possible the underlying reasons for the persistent and continual administrative inertia that has, unfortunately, characterized our maritime programs.

Recently the thought has been advanced that the revolutionary ideas proposed by the present Maritime Administrator have accomplished one very worthwhile and beneficial purpose—if nothing else—they have caused the industry to think.

Obviously, I must agree, as I expect anyone would, that thought is good. Such platitudes, however, do not allay my concern for those who would seek to deviate from or to destroy our basic maritime legislative program.

Thought without action in a commercial industry is merely stultifying. We are not attempting to develop a group of philosophers.

A diagnosis without a cure or continuous deliberation without a decision eventually

will produce stagnation and prevent any progress.

I am fearful that the present chaotic and frenzied state of affairs has produced harmful rather than beneficial results.

Announced confusion over the administration of our maritime programs has created uncertainty.

A prospect that domestic operators may be allowed to construct vessels abroad certainly discourages new construction by such operators in domestic shipyards.

The threat that our cargo preference laws may be repealed hinders new construction by operators of bulk carrier vessels.

These vagaries in our own maritime program have impeded the development of the American merchant marine and have unwittingly given encouragement to the merchant marines of other nations.

The Maritime Administrator keeps calling for something new—the miracle that will solve all of our problems. I see many new developments, especially in the area of nuclear propulsion and containerization—but I see virtually no action by the Maritime Administration.

Six years ago I introduced a bill, to encourage the construction of nuclear merchant vessels, as the second phase of our nuclear ship program, but I have heard of little interest in this field by the Maritime Administration.

How new must something be to whet the whistle of those who chase the rainbow? Perhaps even nuclear propulsion is now too antedated for them and some more exotic technological change is sought.

Let us return to reality.

The United States has spent a large amount of money to develop what is still the world's only commercial nuclear vessel—the N.S. *Savannah*.

That vessel is now outmoded, as we knew it soon would be.

Yet the money has been wisely spent, if we move ahead promptly in the second phase of our nuclear ship program which will be far less expensive than the first. If we do not move ahead, the substantial moneys that have been expended will have been wasted.

I believe that we are now on the verge of a technological breakthrough, in the construction of nuclear propelled merchant vessels. Nuclear propulsion is no longer a fanciful dream, or something that is not economically feasible.

We have the present ability to create a fleet of large, fast, nuclear-powered ships, which by their size, speed and ability to load and discharge, could, in a comparatively short time, dominate the point-to-point common carrier movement of the world's commerce.

I believe that a program designed to provide support for a minimum number of nuclear-propelled vessels must be commended immediately in American shipyards. There is at least one American-flag operator ready and willing to pursue such a program, and I am confident that others will follow.

At the present time, the United States has a temporary advantage in the field of nuclear propulsion, but the real advantage will be ours, only if we capitalize on it.

Foreign operators are not encumbered by the type of inertia that prevails in our maritime program and they will eventually move forward. The Germans are now building the *Otto Hahn*, a nuclear bulk carrier, and the Japanese are contracting for a nuclear propelled oceanographic vessel. The Russians have the *Lenin*, a large nuclear icebreaker. These are the foreign equivalents of the NS *Savannah*, except, that at least two of these foreign nuclear vessels already incorporate reactor designs that I am informed are superior to the *Savannah*.

Ironically enough, these foreign reactor designs were derived directly from our own maritime reactor program.

If we are to maintain our lead in maritime nuclear power, and simultaneously to capitalize upon current developments in ocean transportation, we must make a decision now—thinking about it is not enough.

Obviously, if such a program is pursued, it must be undertaken in American shipyards. It would be unthinkable for us to consider exporting our technology abroad, so that foreign operators could use it to destroy our industry.

In my opinion, our domestic shipbuilding industry is the most maligned segment of our economy. It has now become popular sport in some quarters, to place all of the woes of the American merchant marine at the doorstep of the shipbuilder.

Critics of the American shipbuilding industry have pointed out the remarkable accomplishments of the American aircraft producer.

We are all aware that more than 80 percent of all jet planes in commercial use throughout the world are the products of American factories, and their skilled technical and management teams.

If we are to make such a comparison, however, between the American shipbuilder and aircraft manufacturer, let us be fair and realistic.

I have no desire or intention to take anything away from the achievements of the aircraft industry, but the fact is, that the Government has spent several billions of dollars in technological developments, and governmental contracts with the aircraft producers, have allowed them to finance and construct new plants, and to amortize their plant equipment.

Without such a progressive program of governmental assistance in the aircraft industry, the success of the American aircraft producer would scarcely have been possible. As far as I know, no large commercial aircraft in this country was developed without governmental assistance.

The assistance by the Government to the American shipbuilding industry has been insignificant by comparison—and certainly inadequate. It is paradoxical that anyone would suggest that such assistance should now be reduced or eliminated.

If one-tenth as much developmental money had been spent in the shipbuilding field as in the aircraft industry, I am confident that we would now have a shipbuilding industry in this country that would be competitive with foreign shipbuilders.

In my opinion, the American merchant marine and our domestic shipbuilding industry must move forward and grow together.

And for that to be accomplished, we must start having action—not just a lot of words floating through the air. This industry is being talked and studied to death. Action can get underway right at the Maritime Administration by taking positive steps on the various applications which have been sitting there for so long, by taking positive steps to promote the American merchant marine and not just downgrade it all the time, by informing the American people what the merchant marine really means to them—why they must have it—this effort must be combined with a program to sell those in Government along the same lines, not downgrade all the time.

For too long now, the approach has been along the negative line. Let us do something positive—and good—for a change.

PEACE CORPS REPORTS ON SERVICE IN BRAZIL

Mrs. SMITH. Mr. President, a young couple in July 1963 joined the Peace Corps 10 days after their marriage. They were Mr. and Mrs. David Seaton. He is a resident of Coffeyville, Kans. She is the former Carolyn Allen, daughter of Mr. and Mrs. Francis D. Allen of Bangor and granddaughter of Mrs. Mary Allen of Ellsworth, one of Maine's most distinguished women.

They have recently returned from service in Brazil and he has written a most interesting unofficial report, which appeared in the Ellsworth, Maine, American. I invite the attention of the Members to this report and I ask unanimous consent that it be placed in the RECORD.

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

PEACE CORPS REPORT ON SERVICE IN BRAZIL

(NOTE.—This is a report by David Seaton, recently returned from Peace Corps service in Brazil. Mr. Seaton is married to the former Carolyn Allen, daughter of Mr. and Mrs. Francis D. Allen of Bangor, and granddaughter of Mrs. Mary Allen of Ellsworth. Carolyn served as a volunteer with her husband in Brazil.

(David Seaton's home is Coffeyville, Kans., He and Carolyn, "Callie," were married on June 29, 1963, in Bangor, at All Souls Congregational Church. The couple joined the Peace Corps 10 days after the marriage.

(This report is written purely of his own initiative, and has nothing to do with Peace Corps publicity as such.)

"Callie" and I spent 17 months in the town of Muqui, State of Espirito Santo, Brazil. Muqui is located about 400 miles north of Rio de Janeiro, just off the highway that connects Rio with the northern port city of Bahia.

We were invited to Muqui, to work with a school snack program supported by food for peace. And we were trained to use this program as a starting point from what we call in the Peace Corps community action.

When we first arrived in Muqui by car, I guess we were a little disappointed. There was one wide street going right through town, with a railroad track alongside the cobble pavement. It didn't look very pretty.

We went to the dingy "prefeitura" or city hall, to look up the mayor. He was out of town, but the vice mayor talked to us. We listened, but it did little good. Our American project director translated what he could, and we smiled every so often, so we wouldn't look too out of it.

Later, we found out that nobody understands the vice mayor very well, because he has a speech impediment and talks as fast as he can to cover it up.

Finally we got up, shook hands and said our one Portuguese phrase—"muito obrigado" for me and "muito obrigada" for "Callie"—meaning, thank you very much, and skedaddled for the mayor's house to see if he was home yet.

On our way to the mayor's house, we saw that Muqui is really a pretty town once you get around in it. There is an odd-shaped "praca" or park with a beautifully green and close-trimmed garden at the center of town.

The big church, built entirely by local donations, overlooks the main street. Along the side streets, the pale red, yellow, blue and off-white houses are lined up like store fronts, with their entrances right on the sidewalks.

From Boa Esperanca, the little street where the mayor lives, we could see the green hills and huge rock faces that surround the town. All this made us feel better about the idea of living in Muqui.

Ary, the mayor, came home soon after we reached his house. We were sitting there in the living room on straight-backed chairs, with little cups of cafeezinho balanced on the palms of our hands, when Ary came hurrying in the front door.

Ary is a small man, with short legs that embarrass him a little, but he is all activity

and hard work. We could understand most of what he said, because he used simple words and talked slowly. And though he joked a lot, we could tell he was aware of what the Peace Corps and its intentions are all about.

We spent our first 2 months in Muqui, going with Ary to visit people in their homes and at the cafes along the main street. Ary also took us out to the larger "fazendas" or farms, on which live the landowners, in the big—but usually poorly equipped—house, and the tenant farmers in their scattered shacks.

And Ary took us to the "Murro do Querosene," the Kerosene Hill. This is Muqui's "favela" or slum hill, named after one of the big favelas in Rio.

On the Morro, live about 75 of the poorest families in Muqui, in houses made of mud and sticks, with no floors, no electricity, and no money in the mattress. A good number of them have no father, so the mother has to make do by washing clothes or separating coffee beans at a wage of about $3 a week.

The people we met would fill a book of human portrait stories. Most of them were mulattoes. There were also some Italians, whose parents or grandparents had immigrated to Brazil, some Portuguese, a few Spanish, a few Syrians, and even a couple of German families.

All these people speak Portuguese; over 90 percent of them are Catholics. The largest Protestant group is the Baptists. There are also a few Spiritualists, who believe in reincarnation of the soul and communication with the dead.

You can see that it would be hard to describe the typical Muquiense, or citizen of Muqui, because there is so much diversity of racial and cultural origin among the people. But if you were to visit Muqui, the man who would impress your memory most is the homen do campo—the poor, landless man of the countryside.

He might be white or brown or nearly black in color, thin, with strong forearms and back. His hands would be so calloused that you could hardly see the lifelines. He would look at you with friendly, but cautious, eyes, and would probably address you as "o senhor" instead of the familiar "voce."

If he had been working, he might not smell very good, and his shirt would be so patched that it looks like a piece of quilt. His pants would be baggy, perhaps made of grey denim, if his wife got the material at the church last Christmas, as many wives do.

Unless he were going to baptize a baby or marry a son or daughter, he wouldn't be wearing shoes. And his feet would be so tough and padded by callouses that he would walk easily over rocks that would give you a hard time with your shoes on.

This man, toughened by his conditions of life, obedient to tradition, yet always impatient for a better wage or crop or treatment by his employer, is the unknown quantity of Brazil's future and the central figure of her contemporary socio-economic problems.

After a couple of months in Muqui, we got our bearings, settled down into a house of our own, and began to look around for something useful to do. We decided we should spend our time visiting the one-room country schools around Muqui, to see if the teachers wanted to join the school snack program.

This was our steady job for the rest of our stay; we managed to help the local supervisor of the snack program build her participation from about 15 schools to over 30. While we were in Muqui, a lunch program was introduced for the larger schools.

It didn't take long to see, however, that improved nutrition for the children was not going to perfect the educational standards of the rural schools. "Callie" had studied elementary education in college, and was anxious to do something with the teachers to help them improve their methods.

She and some teacher friends, Lenyra and Lizette Costa, who lived up the street, began making posters and visual aids, to use in the classroom. This work caught the interest of other teachers, including Batista, one of the professors at the normal school, and expanded into a project to start a resource library for primary teachers.

When we left Muqui in November 1965, the library committee was working almost every night to recatalog the town library and add a section for the teachers, where they could find ideas to bring their classroom methods more up to date.

I got myself involved in school construction. Muqui has an active chapter of the Society of Saint Vincent of de Paul, an international Catholic laymen's service organization. I went to the meeting of the Vicentinos—as the members of the society call themselves—just about every Friday night.

As "Callie's" interest in teaching methods helped stimulate the library project, my interest in the work of the Vicentinos helped stimulate the revival of an old idea of theirs for building a bigger school at the Morro do Querosene.

With Padre Pedro's guidance, the Vicentinos and I worked out a plan for the expanded school and sent it to the Peace Corps in Rio. The Peace Corps like the idea well enough to send us over a million cruzeiros or about $600, to help with the project.

With fiestas, auctions, and raffles the people of the town raised the other 3½ million cruzeiros needed. On September 5, 1965, the new school—which is a public school, open to all faiths—was inaugurated.

When this school project was going along well, I began to think it would be good to try another such construction project in the countryside, so I went to Monte Alegre, one of the fazendas, to talk to the men about building a new school to replace the dilapidated one their children attended.

The men were interested, and 18 of the men who had school-age children, agreed to donate their labor to the project. The committee we organized asked each man to give at least 4 days of work, and every man who was asked, with three exceptions, gave his quota. Some, of course, gave much more. The administrator of the fazenda donated his supervisory work, and a mason was hired to oversee the construction.

We made the walls of adobe bricks, formed one at a time in a Cinva-Ram machine that presses a mixture of clay, sand, and cement until it is rock-hard, when it dries. The foundation was rock; the roof was made of clay tiles, set on wood lathes, and supported by wooden beams.

Eastern High School of Middletown, Ky., sent us $850, through the school-to-school program, which was to be used only for materials. Actually the Monte Alezie school was finished for about $800, leaving a little for the new Peace Corps volunteers for later improvements.

There is, of course, a lot more to tell, but this is plenty for now. I would like to add one thing, though, "Callie" and I now have double citizenship. The municipal assembly of Muqui made us honorary citizens of their town before we left.

NEW DIMENSIONS FOR HAWAII

Mr. FONG. Mr. President, one of the truly amazing success stories of postwar Hawaii has been the visitor industry. Booming tourism in the 50th State today is a far cry from the fledgling efforts of two decades ago to revive an industry that had all but vanished during the 4 years of World War II.

At that critical juncture 20 years ago, Hawaii turned to a man whose farsighted vision and planning helped shape the future of this burgeoning industry. In Mark Egan—first postwar executive director of the Hawaii Visitors Bureau—Hawaii placed her faith for a comeback in tourism.

Mr. Egan and others similarly dedicated began a promotion campaign which brought in 15,000 visitors and $6,300,000 that first year in 1946. Last year, over 600,000 visitors spent $260 million in Hawaii. By 1970, Hawaii expects to welcome 1 million visitors—making Hawaii "probably the fastest growing recreational area in the world," in Mr. Egan's words.

But Hawaii is much more than a "God-given location, climate, beauty and the rich heritage of Polynesia and its people." In Mr. Egan's view, Hawaii offers seven orientations: Government, agriculture, business, recreation, science, education, and sociology.

How to use these various orientations to bring more visitors to Hawaii from all parts of the world is the mission today of the Hawaii Visitors Bureau and those, like Mark Egan, who look forward to still wider horizons for Hawaii. Their objective is to make Hawaii a more attractive place not only for recreation but even more as a gathering place for large groups of people in business, agriculture, government, science, and learned organizations.

Mr. Egan is now managing director for North America of the Hawaii Visitors Bureau. His headquarters are in Chicago, where one of the four mainland Hawaii Visitors Bureau office is located. The others are in San Francisco, Los Angeles, and New York.

In a recent speech before the Rotary Club of Honolulu, Mr. Egan discussed the "New Dimensions for Hawaii. I ask unanimous consent to have the speech printed in the RECORD at this point, as well as two editorials from the Honolulu Star-Bulletin and the Honolulu Advertiser commenting on his speech.

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

[From the Honolulu Star-Bulletin, Jan. 27, 1966]

NEW DIMENSIONS FOR HAWAII

(NOTE.—Mark Egan is managing director for North America of the Hawaii Visitors Bureau. His headquarters are in Chicago, where one of the four mainland Hawaii Visitors Bureau offices is located. The others are in San Francisco, Los Angeles and New York.

(During World War II, he was chief of service for the Pacific Division of the Air Transport Command.

(In January 1946, Egan reactivated the Hawaii Visitors Bureau, following World War II, by opening the first office in Honolulu. At that time he was the executive director for the organization and continued in that capacity for 5 years, returning to the mainland in 1951 to enter corporate marketing activities.

(For the following 14 years, he was adviser to the board of directors of the Hawaii Visitors Bureau, even though engaged in other business activities. In this capacity, he made an annual trip to Hawaii.

(A year ago, he returned to the bureau in his present capacity, as director of mainland offices and activities.

(Egan's prior backgrounds include management of city convention bureaus in Pittsburgh, Cincinnati and Cleveland. He lectured for 12 years at the Hotel Management School of Cornell University, Ithaca, N.Y. Many of today's hotel leaders were his students.

(This article is based on a speech Egan made before the Rotary Club of Honolulu.)

It is two decades this month that the Hawaii Visitors Bureau was reactivated under the direction of a committee of the Honolulu Chamber of Commerce. Alex Anderson was chairman at the time. It was this group that hired me as the first postwar executive director.

But except for the enforced hiatus of World War II, this was a continuation of the oldest promotional organization of its kind in the United States. Formerly, it had been called the Hawaii Tourist Bureau. But the forerunner was the original Hawaiian Promotion Committee which was organized shortly after the turn of the century.

It is interesting to recall the reasons for changing the prewar name Hawaii Tourist Bureau to its postwar counterpart—The Hawaii Visitors Bureau. It was the feeling of the committee that the word tourist implied an individual from some other place who came to Hawaii with new money to spend.

In the opinion of the committee, the connotation of tourist implied one whose sole reason for being was to be exploited by the so-called tourist attractions such as hotels, restaurants, service businesses, nightclubs, internal transportation facilities, and the like.

The word visitor seemed to imply a guest in one's home with all of the implications of hospitality which such a situation involved. This seemed more in the tradition of the Hawaiian spirit of aloha. It is interesting how many other similar promotional organizations in the United States have since substituted the word visitor for tourist.

Napoleon said "simpletons talk of the past, wise men of the present and fools of the future." But somebody else has said "the past is prelude."

Looking back over the past two decades might be the job of a simpleton but it can also be a useful measurement of progress in any specific area as well as valuable background for appraising the present in terms of the future.

Let's glance for a moment at this past. From the yellowing pages of the publication "New Pacific," July 1946, I read: "First piece of publication the Hawaii Visitors Bureau has printed is a small pamphlet entitled 'Hold Them at Arms Length—But Hold Them.' In it is discussed Hawaii's travel problems; how tens of thousands of people on the mainland want to visit Hawaii; how the Islands aren't ready to receive them; what Hawaii must do in the interim until it is ready to handle the trade.

"With two airlines in operation plus steamship service, Hawaii can, within a few years, attract double and treble our prewar total of tourism, says Egan. A 5-year objective can be over 100,000 visitors spending up to $50 million a year. But fruit like that, he cautions, will not come merely by shaking the tree."

In 1946, there were about 1,500 hotel rooms in the islands. The Royal Hawaiian Hotel was still in the hands of the Navy. There were two methods of transportation: 4½ days by Matson steamers; 17 hours by Pan American Clipper. It was during 1946 that United Air Lines received its certificate to fly from San Francisco to Honolulu. That year 15,000 visitors came to Hawaii and their expenditures amounted to about $6,300,000. The visitor business then was a fledgling as compared with the three other great economic activities in the islands: government, sugar, and pineapple.

Today, this visitor business is big business as we know, ranking with the top industries of the world. In 1964, 508,000 visitors spent $225 million in the islands. In 1965, over 600,000 visitors spent around $260 million.

With this growth have come many changes. These have taken place against the backdrop of God-given location, climate, beauty, and the rich heritage of Polynesia and its people.

These are the elements and assets which are eternal and upon which human effort has built the Hawaii of today. Today there are about 13,500 hotel rooms in the islands. The large hotel average occupancy of 83.2 percent and the smaller hotels of 76.7 percent are far above the national occupancy averages. Transportation to and from the Islands will fit any desire or any budget. And all of these facilities are carefully attuned to the desires and needs of the visitors.

Two decades ago, government, sugar, and pineapple were the primary orientations. As I have said, even tourism had not yet earned its title as an industry. Today there are seven primary orientations in Hawaii and these are what I would like to review briefly with you.

FIRST ORIENTATION: GOVERNMENT

In 1965 the Army, Navy, Air Force, and Coast Guard spent in excess of $400 million in Hawaii. According to Dr. Tom Hitch, "of these expenditures of appropriated funds, 44 percent is for military pay, 32 percent for civilian pay, 23 percent for local purchases and the remainder for miscellaneous disbursements."

But apart from this quantitative approach, we must recognize the linkage between this orientation and others in the islands in the technological research which is being done, particularly by the Navy. This ranges from the nuclear submarine training facility and nuclear power division at Pearl Harbor to military participation in the Mercury, Gemini, and other space programs.

Plus a vast amount of original and cooperative research in oceanography. In addition, we have the Federal grants-in-aid which today represent an estimated $59 million. The department of education, the University of Hawaii, the East-West Center, the Hawaiian National Guard, the department of social sciences and the department of transportation are the principal recipients.

SECOND ORIENTATION: AGRICULTURE

This includes, of course, our great sugar and pineapple industries. But it also carries with it the fact that 1 out of every 15 civilian workers in the State of Hawaii is a farmer or farmworker. The sugar and pineapple industries have done a great deal in the area of agricultural research.

The Hawaiian Sugar Planters Association experiment station has propagated millions of new cane varieties; research is developing in extracting juices by diffusion rather than grinding. Automation is adding to the production process. Pineapple is busy developing both new products and new markets.

Specialists in the Pineapple Research Institute are working, for example, in such areas as fruit characteristics and utilization, field management, pest control, variety development, and chemical analysis and synthesis.

Then there are the specialty crops—coffee, macadamia nuts, flowers, tropical fruits.

And these processes and markets are developing steadily to new highs by dint of continuous work on new technology and the development of new markets.

The greatest tropical agricultural research in the world is done in Hawaii, not only through industry, but through the partnership of industry, Government, and the agricultural extension service of the University of Hawaii.

THIRD ORIENTATION: BUSINESS

Hawaii is becoming the economic center of the entire Pacific Basin. It is becoming the communication hub of the Pacific. Hawaiian companies are engaged in huge construction activities around the Pacific as well as at home.

Manufacturing, exclusive of the processing of sugar and pineapple, represents in the neighborhood of $260 million.

The foreign trade zone will add to Hawaii's already considerable foreign trade in a very real way. Here foreign products and components and merchandise will be imported, processed and reexported without payment of duty. The advantage of bulk shipment to the zone followed by breakdown, processing and consolidation on one bill of lading, etc., will make this development exciting and profitable, to Hawaii.

Recently I attended a meeting of the National Council of Physical Distribution Management of which I happen to be a charter member and a member of the executive committee. One of the important afternoon sessions was devoted to international distribution and the Colon Free Zone was one of the cases.

Nelson S. Kern, export manager for the Gillett Co., was quoted concerning Gillett's experience with the Colon Free Zone. Brought to light were many activities connected with the free zone not usually associated therewith, and beyond the usual idea of bringing materials in bulk, holding them, breaking them down and reshipping. Better control over marketing activities are the result.

Flexible stocks which can be processed on the spot to fit current requirements in specific countries; labeling on the spot to accommodate the individual market; the location of a selling organization to service the particular markets involved are a few of these.

Significantly, Mr. Kern said "as you know, recent developments in the Far East have presented interesting sales possibilities. Japan has revealed a good potential for our products. Similarly, the Philippines, Thailand, Burma could be profitable markets.

"We believe that we should investigate another free zone area, perhaps Hong Kong, to cultivate our sales in that area.

"Whether a place like Hong Kong would provide the same advantages as the Colon location is one of the questions that is now being explored but basically we are sold on the idea of 'free zone activity,' and their valid contribution to developing overseas markets rapidly."

In talking with many of the executives from many leading American corporations that were present at the conference, I was impressed with how few knew about Hawaii's trade zone and many have asked for information about it.

FOURTH ORIENTATION: RECREATION

Many elements have contributed to this orientation beginning with the God-given heritage of sun, sky, sea, climate, beauty, and a hospitable people comprised of many races. Today transportation facilities, hotels, service businesses, and all sorts of sports and recreation allures have made Hawaii probably the fastest growing recreational area in the world with a potential, by 1970, of 1 million visitors and by 1975, of one and a half million visitors. The visitors industry which today represents $250 million will double and triple in the next decade.

Research and development activities, as we know, are expanding rapidly here in Hawaii particularly in the fields of oceanography, geophysics, astronomy and biomedicine.

Outer space research is also a part. It is interesting that today for example, Haleakala is known to the visitors from the recreational standpoint as the world's largest dormant

volcano; to the scientist, Haleakala is known as the window to the universe.

The University of Hawaii is becoming one of the great universities of the United States. The East-West Center brings large numbers to Hawaii from Pacific basin countries to be trained technically and professionally. It is said that the wise men of the East meet the wise men of the West in Hawaii.

SEVENTH ORIENTATION: SOCIOLOGY

Sociologists call Hawaii the 21st century society. Here we are not preoccupied with any one race or group of races. Rather, we are preoccupied with the overriding concept of human harmony. The implications here for interracial studies, people-to-people programs, interaction of various cultures, and experiments in world peace are tremendous.

Let's keep in mind these seven orientations: Government, agriculture, business, recreation, science, education, and sociology.

It is curious that in the promotion of the visitor business in Hawaii, we have only used one of the seven orientations—the recreational. Could it be that we are missing something? Could it be that some of our future lies in the expansion of the relationship of visitors to the other orientations as well?

Why am I talking about these orientations? In your business you recognize, I am sure, that the successful corporation is a system which operates within a local, national, and even global environment. And it is a system which is interrelated with many other systems existing in these various geographies.

The corporation is composed of many interrelated subsystems, each with related components. We are discovering that before we develop programs of any sort, be it for the corporation, the visitor industry, a university, or even a government, we must take a conceptual approach. We must start with such questions as "what kind of a business are we in?" And we must be certain that we are not myopic in this approach. By taking a conceptual approach, the program emerges in a much more obvious and sensible fashion.

SYSTEMS APPROACH

Today we call this the systems approach. Thus, with the corporation we have the systems approach in our manufacturing process. The marketing concept is another example of this coordinated systems approach. And right now on our business horizons appears the newest and most intriguing systems approach to the physical movement of product from the end of the production line to its final resting place.

Let's take this conceptual approach and apply it to the total economy of Hawaii.

It can be viewed as a total system—ever-changing system—with subsystems and components which are all interrelated and interdependent. Nothing today really stands alone. In fact, if any of the components involved in the economy of Hawaii seem to stand alone, they might be considered extraneous to the system.

Let's go back to the visitor industry as a case in point. Up to this moment we have taken only the quantitative approach to the visitor industry. We say that today the visitor industry represents $250 million in Hawaii's economy. We reach this figure by looking at each visitor in terms of how much he's worth "on the hoof." Our research has decided that he is worth about $420 and so we multiply this by the number of visitors and up comes our total of $250 million.

The Hawaii Visitors Bureau is now taking a qualitative approach to this subject. We are not only considering how much the visitor is worth to us "on the hoof" but we should very seriously begin to ask ourselves "who is he?" Just think about this a moment and some exciting prospects emerge. And all, I believe, are related to the future of this visitor business.

I am talking about the marketing program for the visitor business in Hawaii.

CONVENTION BUSINESS

And, of course, in a talk of this sort, we can't begin to do much justice in depth to as big a subject as this but I shall try to give you some idea of what is on my mind.

We have moved from the promotion of the visitor business in terms of individuals traveling to Hawaii and have added to this activity the development of what is commonly known as conventions.

But I think we might be misled by the connotation of the word convention and convention business as it might apply to Hawaii. We are talking about bringing to Hawaii large groups of people who are interested in the same orientation. These include business, agricultural, government, scientific and learned organizations.

It is nonsense to use just the recreational orientation to bring them to Hawaii. In fact, use of the recreational orientation will repel certain organizations because of the facetious overtones. And it is equally silly to approach an organization interested in space with that part of our science orientation which pertains to oceanography.

The same can be applied to all of the groups of which there are thousands meeting not only in the United States but around the world which can be brought to Hawaii at some time by the matching of orientations existing in Hawaii with those of the particular organization.

In the case of the international organizations which meet only periodically in the United States, Hawaii offers the most unique State in the Union in that it is the only offport State and its position as the crossroads of the Pacific will encourage attendance to that meeting in Hawaii from all over the Pacific Basin. And, in the case of the international groups the sociological orientation as it exists in Hawaii is an important factor.

In structuring the marketing plan for the Hawaii visitor industry, the Hawaii Visitors Bureau is paying attention to some of these points. Our research presently identifies market segmentation in terms of the demographic, the geographical, economic status, race, national origin, education, sex and other established criteria. What I am talking about now is called the psychographic market segmentation which means to break across the boundaries of these traditional market sectors and identify a homogeneity or linkage among the people who might otherwise be considered as belonging to diverse markets.

I am sure that you can see that this approach would have quite a profound influence on our current advertising and sales program patterns. It is this sort of sophistication which Hawaii needs in keeping ahead of the competitive pack.

NATURE OF BUSINESS

It has been said that all businesses are alike. If you remove the material content from a business all that you have left is allocation of corporate resources and effort of people. In this sense, all businesses are alike.

My friend, Peter Drucker, points out in his classic "The Practice of Management," there is only one valid definition of business purpose and that is to create a customer. He goes on to say that if this be true, there are only two functions of business and these he calls the entrepreneurial functions. One is marketing and the other innovation.

Taking Hawaii's visitor industry as a case in point, we are certainly involved with the overall objective of creating customers for Hawaii. The functional activities for so doing should be geared to marketing and to innovation and we should continuously evaluate and measure our programs against these two criteria.

The visitor industry here in Hawaii like any of its other industries is having its future decided by what happens today.

In his later book "Managing for Results," Dr. Drucker says "before an executive can think of tackling the future, he must be able to dispose of the challenges of today in less time and with greater impact and permanence. For this he needs a systematic approach to today's job.

"There are three different dimensions to the economic task:

(1) The present business must be made effective; (2) its potential must be identified and realized; (3) it must be made into a different business for a different future.

Each task requires a distinct approach. Each asks different questions. Each comes out with different conclusions, yet they are inseparable. All three have to be done at the same time—today. All three have to be carried out by the same organization, with the same resources of man, knowledge and money and in the same entrepreneurial process.

"The future is not going to be made tomorrow; it is being made today, and largely by the decisions and actions taken with respect to the tasks of today."

I am suggesting then that we in Hawaii start today toward a more sophisticated approach to the development of our highly important and dynamic visitor industry.

Taking a leaf from Dr. Drucker's comments, we feel that the coordinated marketing concept should be used in structuring the market plan and the marketing strategies for the activity. We mean not just words but we mean an actual demonstration of a coordination between all of the dynamics that are involved in marketing including research, advertising, public relations, sales promotion, and sales. This is what I have referred to earlier as the systems approach.

PRODUCT STRATEGY

The other half of the coin is, of course, product strategy. Continuous development of what we call the visitor plant and this goes beyond hotel and transportation facilities. This involves everybody and the total area of Hawaii and all of the other systems and subsystems as they are interrelated.

For our own good and in the interest of all of Hawaii, we shall continue to appraise the visitor industry quantitatively for measurement for certain purposes. But we shall also keep the qualitative very much in mind.

I am not suggesting that we become so preoccupied with the development of the visitor industry at the expense of recognizing its relationship to a much larger system of which it is really a subsystem. Here I am speaking again of the total economy of Hawaii and the relationship to it of all its parts. And the interrelationship as well.

In this context and certainly as a dramatic example of innovation, our marketing strategy will be involved continuously with present and future orientations as they exist and may exist in Hawaii and these will be used as well as the traditional recreational orientation in bringing a highly interesting mix of visitors to Hawaii.

This, in our opinion, is the one way in which we can avoid the further development of a great mass visitor industry by 1970 of a million people all of whom are nameless, faceless, and whom we regard as a lot of trouble except for the fact that they are worth millions of dollars on the hoof.

This is the Hawaiian Visitors Bureau's interpretation of the systems approach to the problem. And very much involved in this interpretation is the interrelationships and interdependence of these systems which are involved. The other day in Chicago a general executive of a corporation was discussing this point with me and he said he was reminded of Gertrude Stein's expression "a rose is a rose is a rose." He put it—"a system, is a system, is a system."

And I'd like to close with another gem from Drucker. He says "that neither results nor resources exist inside the business. Both exist outside. There are no profit centers within the business; there are only cost centers.

"Results depend not on anybody within the business nor on anything within the controls of business. They depend on somebody outside * * * the customer in a marketing economy, the political authority in a controlled economy. It is always somebody outside who decides whether the efforts of a business become economic results or whether they become so much waste and scrap."

I titled this talk today "Pacific Panoply" partly because it sounded good but more importantly because it seems to express what I am trying to say. Panoply means a full suit of armor; a magnificent or impressive array. A display of appropriate appurtenances. You, no doubt, can get the relationship from some of the new dimensions I have been discussing with you today in terms of Hawaii and her uninterrupted present and future economic expansion.

[From the Honolulu Advertiser, Jan. 22, 1966]

THE VISITOR "MIX"

To act as a catalyst in moving the Hawaii visitor industry from a $6 million business 20 years ago to a $265 million economic bonanza today has been the major assignment and accomplishment of the Hawaiian Visitors Bureau.

Now, however, the Hawaiian Visitors Bureau with its background of success in selling Hawaii as a vacation area has accepted an added role as the marketing arm of the visitor industry in the islands.

This new responsibility was described as an expansion of the bureau role, but not at the expense of it, by Mark Egan, Hawaiian Visitors Bureau managing director for North America, in a recent talk before the Honolulu Rotary Club.

Egan pointed to the "linkage" between the seven facets of the State economy that can be developed for the total benefit of that economy.

Recreation (tourism) was listed as one of the major facets, along with government, agriculture, business, education, science, and sociology.

By matching the interests of groups in these fields to the programs and facilities in Hawaii, conventions and conferences can be attracted on a basis other than vacations.

Cases in point are the recent Governor's scientific conference on Kauai, the attraction which the University of Hawaii and the East-West Center holds for scholars, and which oceanography and space developments here have for groups in those fields.

The Hawaiian Visitors Bureau feels that because of its marketing organization it is in a position to cooperate with the components that go to make Hawaii the economic center and communications hub of the Pacific.

Thus, the million visitors a year expected by 1970 presumably will be a "mix" of vacationers and professional people, who will combine conferences and vacations.

This expansion of services by the Hawaiian Visitors Bureau has been under way since the bureau began to contract with the State Department of Planning and Economic Development several years ago.

Today, the bureau and the department work cooperatively in many fields and the Hawaiian Visitors Bureau mainland offices are equipped to promote the whole of the State's economic resources.

The foreign trade zone and the opportunities it will offer are a part of this package.

Entering 1966, the Hawaiian Visitors Bureau has a continuing program of selling travel to Hawaii. It has a long-range program of adding 400,000 annual visitors to the total by 1970. It has an advisory function to the resort promotion areas of the Pacific and the world.

To accomplish all of these will require an expanded program and budget.

The present budget of $1.57 million does not adequately meet the needs of the visitor promotion program, let alone the added assignments. This will be an issue before the legislature and the business community before long.

[From the Honolulu Star-Bulletin, Jan. 27, 1966]

TIME FOR A REASSESSMENT

Twenty years ago, Mark Egan occupied a cubbyhole off Bishop Street that was labeled the office of the Hawaii Visitors Bureau.

The number of resort hotels in the territory could be counted on one hand—Halekulani, Moana, Naniloa, Volcano House, Kona Inn. (The Royal Hawaiian was still closed for postwar renovation.)

There were only a few commercial hotels of quality—names like Alexander Young, Hilo Hotel, and the now-defunct Maui Grand and Kauai Inn.

Hawaii was settling back to some kind of normalcy after World War II, but with the recognition that the economy needed new props, and that tourism offered a great hope.

One of Egan's pressing problems was the lack of activity for visitors, and in particular the lack of night life.

He was overjoyed to receive the news that Don Beachcomber planned a restaurant with floor show, an innovation of considerable importance in Egan's book. (The principal other places to eat in Waikiki in those days were the Halekulani, Moana, Tropics restaurant and Wagon Wheel.)

In this atmosphere, with the visitor pace at about 15,000, down from a prewar peak of around 33,000, Egan dared to think of the days when the figures might run to the hundreds of thousands.

As much as any man, Egan is responsible for the concepts which have shaped the postwar development of the visitor industry.

Now, in an important speech, he suggests that some major rethinking is in order.

Its suggestion that we have passed the time when we should stress only Hawaii's recreational charms is not new.

But he offers an analysis of the new situation raised by the possibility of visitors by the million and the suggestion that many of these visitors will relate to Hawaii in other ways than as simple fun-seekers.

For many, in fact, fun may be the bonus or extra to go with some other prime reason for coming here.

There have been past instances where some business or professional groups avoided Hawaii for fear that a meeting in a vacation spot would be misinterpreted.

Guidelines for assessing this market and approaching it are offered in Egan's talk this month to the Honolulu Rotary Club.

He heads back this weekend to Chicago, the base from which he now handles his work for Hawaiian Visitors Bureau. The document he has left behind is worth mulling over.

DOMESTIC HEALTH

Mr. BREWSTER. Mr. President, never before in its history has this Nation been more acutely aware of the importance of providing adequate standards of health for every citizen in this country. And never have we understood more clearly how crucial the existence of an active and effective partnership between local, State, and Federal agencies and organizations is to that goal.

The very growth and complexity of American society has underscored the fact that the protection of the individual cannot be assured through individual action alone.

His protection demands a safe and a healthful environment to begin with. It further demands the availability of professional manpower, of diagnostic and treatment facilities, of intelligently planned and balanced service programs.

Most local, State, and regional health authorities have long recognized the need for such coordination. They have until now lacked the financial resources to make it a reality. Federal health grants have done much to strengthen State and local health programs, but they have not until now provided for the fully comprehensive approach so obviously required.

Now, however, President Johnson seeks to correct this situation. Through what he aptly calls "a partnership for health," he proposes to amend sections 314, 316, and 318 of the Public Health Service Act to:

Stimulate and support comprehensive statewide and areawide planning of health services, manpower, and facilities.

Strengthen and extend comprehensive community health services by giving much-needed support to programs providing personal and environmental health services by buttressing the leadership of State health and mental health departments and by broadening their capacity for leadership.

Give added incentive through health service development grants to the trying of new methods and avenues for service.

I consider these proposals intelligent, farsighted, and essential to this Nation's well-being.

I believe that the program for hospital modernization deserves particular priority.

For some years, while Federal funds have been channeled into much needed new construction under the Hill-Burton Act, existing hospitals steadily deteriorated—especially those in our larger and older cities. These hospitals are not only our major centers for specialized care: they are our teaching and research hospitals. What folly it would be to further jeopardize the work of these institutions—already laboring under great handicaps—by refusing to provide now the aid they have long needed. Continued neglect of these centers of learning and progress can no longer be countenanced if the people of the United States are to receive the high quality hospital care that has come to be a basic human right.

The President's new proposals—funds for modernization and replacement of hospitals and other health facilities, and a program of planning grants, are not a substitute for, nor a criticism of, past programs. They are, rather, an answer to a growing problem, a supplement to the Hill-Burton program which, since it began in 1946, has wisely helped guide the development of the Nation's hospital system.

Alleviation of hospital obsolescence was begun by the Hospital and Medical Fa-

cilities Amendments of 1964, with the authorization of $160 million in Federal funds. It should be clear to all of us now that this amount was not enough. Projections for the years 1966–76 place the cost of modernization at $9.75 billion for the 10-year period. This figure represents the cost of modernizing beds that are now obsolete, plus those becoming obsolete each year. Within the next 10 years an estimated 390,000 beds require replacement.

In the face of such need, the President's proposal deserves wide support.

CONCLUSION OF MORNING BUSINESS

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

TAX ADJUSTMENT ACT OF 1966

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

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

The Senate resumed the consideration of the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes.

THE UNITED STATES AND CHINA

Mr. FULBRIGHT. Mr. President, it is quite obvious, from the discussions that have taken place in the last several weeks, particularly with regard to the military authorization bill, that underlying those discussions was a deep concern about our relations with China. So this morning I want to say a few words about that subject.

Speaking of China, United Nations Secretary General U Thant recently made the point that "when a country is obsessed with fear and suspicion, all sorts of tensions are likely to develop, all sorts of unreasonable reactions are likely to come forth. Countries, like individuals," he said, "have nervous breakdowns," and it is the duty of the community to try to understand and find some remedy. The Secretary General pointed out that "China is going through a difficult stage of development and" he said, "in such a delicate stage, countries will show certain emotions, certain strong reactions, certain rigidities, and even certain arrogance"—The Washington Post, January 21, 1966.

The Secretary General's words are supported by modern knowledge of human behavior.

Said the distinguished psychiatrist, Dr. Jerome D. Frank:

> Frightened, hostile individuals tend to behave in ways which aggravate their difficulties instead of resolving them, and frightened, hostile nations seem to behave similarly.[1]

A nation, like an individual, Dr. Frank suggests, is likely to respond to a feared rival by breaking off communications, by provocative behavior, or by taking measures which promise immediate relief, regardless of their ultimate consequences.

Fearful and hostile behavior is not rational but neither is it uncommon, either to individuals or to nations, including our own. In retrospect most Americans would agree that our national behavior was unduly fearful and irrational during the McCarthy period of the early fifties and the "Red scare" after World War I. And just about all of us would agree that our Nation suffered something worse than a "nervous breakdown" just over a hundred years ago.

Perhaps we southerners have a sensitivity to this sort of thing that other Americans cannot fully share. We—or our forebears—experienced both the hotheaded romanticism that led to Fort Sumter and the bitter humiliation of defeat and a vindictive Reconstruction. The indignities suffered by the South during that era have burdened not just the South but the entire Nation with a legacy of bitterness far more durable and, in retrospect, more damaging than the physical destruction wrought by the war itself. Even today, although the South has long since recovered its political rights and has begun at last to share in the Nation's economic prosperity, the very word "Yankee" still awakens in some southern minds historical memories of defeat and humiliation, of the burning of Atlanta and Sherman's march to the sea, or of an ancestral farmhouse burned by Cantrell's raiders, or a family fortune lost and never recovered, or of arrogant carpetbaggers and the helpless rage of the people they dispossessed.

These memories are irrational but not irrelevant. They are pertinent because they persist and, by persisting, continue to work a baleful influence on our national life. They may be pertinent as well in helping us to understand the bitterness and anger and unreason in the behavior of other peoples who once were great but then were struck down and finally rose again only after a long era of degradation at the hands of foreigners.

I am thinking about China. Not being an expert in such matters, I cannot claim with anything approaching certainty that the indignities suffered by China in the 19th century have had human consequences comparable to those of the injustices suffered by the American South in the wake of the Civil War. It may be, however, that there is a similarity. Unless we are to believe that there is a "Chinese nature" which is entirely different from the "American nature," unless we believe that there is no such thing as a common human nature, it would seem to me logical to suppose that, national differences—great as they are—notwithstanding, the people of one nation are likely to respond to success and to humiliation, to victory and to defeat, in about the same way as the people of another nation.

China has experienced very little except humiliation and defeat in its relations with the West, including Russia and, to some degree, America. One of our leading Chinese scholars, Prof. John K. Fairbank, who is the director of the East Asian Research Center of Harvard University, believes that the rapacious behavior of Europeans in China in past centuries has a great deal to do with the irrationality and hostile behavior of China's current leaders. He writes:

> The sources of China's revolutionary militancy are plain enough in Chinese history. The Chinese Communist regime is only the latest phase in a process of decline and fall followed by rebirth and reassertion of national power. China's humiliation under the unequal treaties of the 19th century lasted for a hundred years. An empire that had traditionally been superior to all others in its world was not only humbled but threatened with extinction. Inevitably, China's great tradition of unity, as the world's greatest state in size and continuity, was reasserted.[2]

Words like "extraterritoriality" and "unequal treaties" are far too antiseptic, too bland, to describe China's humiliation by Western imperialism. In human terms, the coming of Western civilization to China in the 19th century meant the plundering of China's wealth by foreigners and the reduction of most of the Chinese to an inferior status within their own country. Missionaries were immune from Chinese law and treated the Chinese as heathen, except, of course, for the converts who also claimed immunity from Chinese law and used the power conferred by their foreign association to intimidate their fellow citizens. Foreign goods were exempted by treaty from internal toll taxes imposed by the Manchu Dynasty to pay for the Taiping rebellion of the mid-19th century, with the result that Western companies destroyed their Chinese competitors in the sale of such products as timber, oil, tobacco and, of course, opium. Each of China's disastrous 19th century wars with the West was followed by the levy of a huge indemnity or some further incursion on the economic life of the country.

The first of these wars, the opium war of 1839 to 1842, came about when the Chinese Government tried to end the traffic in opium. The destructive narcotic was destroying the health and the lives of alarming numbers of Chinese addicts, but it was also a source of great profit to foreign and Chinese opium merchants. British businessmen were the major foreign dealers in opium, but Americans, French, and others also participated; opium became an important factor in the trade balance between some Western countries and China. When the Chinese Government tried to ban the import of opium in 1839, the British refused to pledge their compliance, whereupon

[1] Letter from Dr. Frank to Senator FULBRIGHT, Sept. 13, 1960.

[2] John K. Fairbank, "How To Deal With the Chinese Revolution," the New York Review of Books, Feb. 17, 1966.

a number of incidents occurred culminating in war between China and England. The British won easily and under the Treaty of Nanking of 1842 China was forced to cede Hong Kong to Britain, open five treaty ports for British trade, accept tariffs that could not be changed without Britain's consent, and, in addition, pay an indemnity to compensate the British for lost opium and for expenses incurred in the war.

Following the British example, other powers exacted concessions from China through persuasion and the threat of force. The United States, for example, signed a treaty with China in 1844 under which the United States acquired trading privileges and extraterritoriality for both civil and criminal cases.

The opium war and the Treaty of Nanking exposed China's vulnerability and opened the way to extensive exploitation by foreign powers. In the 1850's the British Prime Minister Lord Palmerston judged that "the time is fast approaching when we shall be obliged to strike another blow in China." In Palmerston's words:

> These half-civilized Governments such as those of China, Portugal, Spanish America require a dressing down every 8 or 10 years to keep them in order.

The Chinese got many a "dressing down" in the years that followed. The British and French fought another war with China in 1856. Under the treaties of Tientsin new concessions were granted and old ones enlarged. The European powers acquired new trading ports and additional authority over Chinese tariffs as well as other privileges. The Chinese were required to pay indemnities, and there was also an article guaranteeing the protection of missionaries since, in the words of the treaty:

> The Christian religion, as professed by Protestants and Roman Catholics, inculcates the practice of virtue, and teaches man to do as he would be done by.

The Chinese refused to ratify these treaties. Hostilities were renewed and the British burned the Emperor's summer palace in Peiping. Under the Peiping Convention of 1860 more ports were opened, more indemnities were paid and the Chinese were compelled to cede Kowloon to England.

The treaties of 1842 and 1844 and of 1858 and 1860, known for fairly obvious reasons as the "unequal treaties," formed the basis of China's relations with the West until the Second World War.

The Chinese also had their difficulties with the Russians. In 1858, while the Chinese were beset with British and French attacks from the sea and the Taiping rebellion in the interior, the Russians presented the Chinese with certain territorial demands. The Chinese were forced thereupon to cede to Russia all of the hitherto Chinese territories north of the Amur River. In 1860 the Russians demanded and received additional territory on the Pacific coast, including the area at which the port of Vladivostok was subsequently established. Under these two treaties Russia deprived China of a territory larger than Texas.

In the last decade of the 19th century Japan joined the Western Powers in their depredations against China. Japan attacked China in 1894 and under the treaty of Shimonoseki, which ended that war, Japan exacted large cessions of territory as well as extensive commercial privileges. Pressure by the European powers forced the Japanese to withdraw some of their demands, notably for Port Arthur on the Liaotung Peninsula, but Japan acquired the island of Taiwan and extensive trade privileges and, of course, China was compelled to pay an indemnity.

Having joined with the powers in forcing Japan to return the Liaotung Peninsula to China, Germany now demanded a reward. The Chinese failed to see the equity of this claim, but were brought around when the Germans landed troops. China was thereupon forced to lease the port and Bay of Kiaochow to Germany for 99 years and was also forced to yield commercial privileges on the Shantung Peninsula.

The other powers also sought rewards. Russia demanded and received the lease of Port Arthur and Dairen and the right to build a railroad across Manchuria. France, which had forced China to recognize French authority in Indochina in the 1880's, demanded and received in 1898 an extensive sphere of influence in south China, including the lease of Kwangchow Bay for 99 years. The British, not to be outdone, now demanded and acquired control of the Chinese maritime customs, lease of a naval station at Weihaiwei, and the extension of the lease of Kowloon to 99 years.

China had become a virtual colony with many masters. "Yet," said Sun Yat-sen, then a rising revolutionary, "none of the masters feels responsible for its welfare."

The Society of the Righteous and Harmonious Fists, better known as the Boxers, was a secret organization composed largely of poverty-stricken peasants. Their grievances might well have been directed against the Manchu rulers of China, but government officials had no great difficulty in persuading the Boxers that the foreigners were the cause of the misery of the people. With great savagery, the Boxers fell upon foreigners and their Chinese cohorts in 1900; they were especially merciless toward missionaries and their Chinese converts. The Boxers went on a rampage against the foreigners in Peiping, besieging the foreign legations.

An international rescue force made up of Japanese, Russians, British, Germans, French, and Americans was sent to relieve the legations. The commander of the allied force, Field Marshal Count Von Waldersee, was under instructions from the Kaiser "to give no quarter and to take no prisoners," so that "no Chinese will ever again dare to look askance at a German."

The allies proved the equal of the Boxers in their ferocity. The defeated Chinese were now compelled to sign a new treaty under which the foreign powers received the right to station troops in their legation sites, a new Chinese tariff system was imposed, an indemnity of $333 million was to be paid, and the Chinese were obliged to punish war criminals.

The United States returned a large part of the $25 million which was its share of the Boxer indemnity with the provision that the fund be used to educate Chinese students in the United States. Many Americans have regarded this as an act of extraordinary philanthropy.

The United States thereafter announced its open-door policy toward China. The open-door policy purported to preserve the territorial integrity of China and to safeguard for all nations equal commercial access to China. Limited and ineffective as it was, the open door policy induced the Chinese to think of the United States as the only major foreign power which might be thought of as their friend and possible protector. The open-door remained the basis of American policy toward China until the Communists came to power in 1949 and closed China's door.

Political history hardly begins to convey the human effects of Western imperialism on the Chinese people. Something of the meaning of life in China under the impact of Western imperialism is conveyed by a Chinese engineer's account of his return to China in 1913 with his Belgian wife and son. He wrote as follows:

> In Shanghai it was agony, for there it was only too plain that in my own country I was nothing but an inferior, despised being. There were parks and restaurants and hotels I could not enter, although she could. I had no rights on the soil of a Chinese city which did not belong to the Chinese; she had rights by reason of something called skin.
>
> We boarded the English steamer from Shanghai to Hankow; the first class was for Europeans only, and there was no other steamer. Marguerite leaned her arms on the railings and stared at the river. She was in first class, with our son. I went second class. I had insisted it should be so. "It is too hot for you here below."

Some years earlier as a student in Shanghai the young man had written to his brother about his inability to understand the Europeans. He wrote:

> They always bewilder me. At once most ruthless in the pursuit of their interests, caring nothing for the wholesale misery they bring, at the same time their papers are full of verbiage of their nobility, rightness, and the good they do. They become indignant at our public executions, and our cruelty to dogs. Yet the record of their lootings and killings in our country shows no such correct compassion.

The humiliations to which the Chinese were subjected would be difficult for any people to endure. Consider how shocking they must have been to a nation with a far longer and in many ways more illustrious history than that of any nation in the West, to a people who have always—and not without some justification—regarded their civilization as superior to any other. Before the time of Christ the Chinese had developed the principles and methods which were to hold together their empire until the 20th century. In science and technology as well as government, China was well ahead of Europe by the time Marco Polo visited China in the 13th century. China

became the center of civilization in eastern Asia and it became the model for smaller states, such as Korea and Vietnam, whose rulers accepted the obligation of tribute to the Chinese Emperor as their suzerain.

When European merchants and missionaries and buccaneers first came to China, they did not come to a land of primitives and pagans. They came upon a rich and ancient civilization, but one which had fallen behind in its technology, especially its military technology, with the result that it was thrown open to exploitation by foreigners whose power vastly exceeded their wisdom. Writes C. P. Fitzgerald, professor of far eastern history in the Australian National University:

> It is a regrettable fact that the value of a nation's contribution to civilization, her place in the world, tends to be judged, from age to age, by the strength or weakness of her military power. When China under K'ang Hsi or Ch'ien Lung was manifestly too strong for any European encroachment to succeed, the real and serious weaknesses of the Government and economy were not regarded; the achievements in art and literature were much respected. When China fell behind Europe, her military power becoming negligible, encroachment was continual, and the value of Chinese civilization fell sharply in Western eyes.[3]

The Chinese revolutions of the 20th century were in part spawned by the ravages of the West. Finding themselves militarily inferior to the West, but unshaken in their faith in the superiority of their own civilization, the Chinese undertook, first through the unsuccessful democratic revolution of Sun Yat-sen, then through the successful Communist revolution of Mao Tse-tung, to acquire those Western techniques of science and technology, of political organization and military power, which would make it possible to expel the West from China. It is ironic and significant that the Western political doctrine that China finally adopted was the one which the West itself had repudiated.

It is of great importance that we try to learn something more about the strange and fascinating Chinese nation, about its past and its present, about the aims of its leaders and the aspirations of its people. Before we can make wise political—and perhaps military—decisions pertaining to China, there are many questions to be asked and, hopefully, answered: What kind of people are the Chinese? To what extent are they motivated by national feeling? To what extent by ideology? Why are the Chinese Communist leaders so hostile to the United States and why do they advocate violent revolution against most of the world's governments? To what extent is their view of the world distorted by isolation and the memory of ancient grievances? To what extent, and with what effect on their Government, do the Chinese people share with us and with all other peoples what Aldous Huxley has called the simple human preference for life and peace?

We need to ask these questions because China and America may be heading toward war with each other and it is essential that we do all that can be done to prevent that calamity, starting with a concerted effort to understand the Chinese people and their leaders.

The danger of war is real. It is real because China is ruled by ideological dogmatists who will soon have nuclear weapons at their disposal and who, though far more ferocious in words than in actions, nonetheless are intensely hostile to the United States. In the short run the danger of war between China and America is real because an "open-ended" war in Vietnam can bring the two great powers into conflict with each other, by accident or by design, at almost any time. Some of our military experts are confident that China will not enter the war in Vietnam; their confidence would be more reassuring if it did not bring to mind the predictions of military experts in 1950 that China would not enter the Korean war, as well as more recent predictions about an early victory in Vietnam. In fact, it is the view of certain China experts in our Government that the Chinese leaders themselves expect to be at war with the United States within a year, and it is clear that some of our own officials also expect a war with China.

The expectation of war, even though it is not desired, makes war more likely. Writes social psychologist Gordon Allport:

> The crux of the matter lies in the fact that while most people deplore war, they nonetheless expect it to continue. And what people expect determines their behavior. The indispensable condition of war, is that people must expect war and must prepare for war, before, under warminded leadership, they make war. It is in this sense that "wars begin in the minds of men."[4]

The first vital step toward altering the fatal expectancy of war is the acquisition of some understanding of our prospective adversary. Most of us know very little about Communist China, partly for lack of qualified observers in China and partly because there are so few China experts in our own Government and universities. At present, I am told, there are only about six full-time analysts of Chinese affairs in the Department of State. Some of the most knowledgeable "old China hands" were driven out of the State Department by the McCarthy investigations and there are now few if any well-known and influential "sinologists" at the highest level of Government comparable to such Soviet experts, as George Kennan and Llewellyn Thompson. There are some highly competent China specialists below the top levels of Government but they are not exerting a major influence on policy. Some of these experts, according to James Reston, do not subscribe to the view that the war in Vietnam can be enlarged without drawing China into the conflict—"The New China Experts," New York Times, February 16, 1966.

We must acquire knowledge not only of China but of the Chinese. To most of us China is a strange, distant, and dangerous nation, not a society made up of 700 million individual human beings but a kind of menacing abstraction. When Chinese soldiers are described, for example, as "hordes of Chinese coolies," it is clear that they are being thought of not as people but as something terrifying and abstract, or as something inanimate like the flow of lava from a volcano.

Both China and America seem to think of each other as abstractions: to the Chinese we are not a society of individual people but the embodiment of an evil idea, the idea of imperialist capitalism, and to most of us China represents not people but an evil and frightening idea, the idea of aggressive communism. Man's capacity for decent behavior seems to vary directly with his perception of others as individual humans with human motives and feelings, whereas his capacity for barbarous behavior seems to increase with his perception of an adversary in abstract terms. This is the only explanation I can think of for the fact that the very same good and decent citizens who would never fail to feed a hungry child or comfort a sick friend or drop a coin in the church collection basket celebrated the dropping of the atomic bomb on Hiroshima and can now contemplate with equanimity, or indeed even advocate, the use of nuclear weapons against the hordes of Chinese coolies.

I feel sure that this apparent insensitivity to the incineration of thousands or millions of our fellow human beings is not the result of feelings of savage inhumanity toward foreigners; it is the result of not thinking of them as humans at all but rather as the embodiment of doctrines that we consider evil such as fascism and communism. Wrote William Graham Sumner:

> If you want war, nourish a doctrine. Doctrines are the most frightful tyrants to which men ever are subject, because doctrines get inside of a man's reason and betray him against himself. Civilized men have done their fiercest fighting for doctrines.[5]

For these reasons it is important that Americans and Chinese come to know each other in human terms. There is no easy way for us to make ourselves known to the Chinese as the decent and honorable people we really are, and it is not likely that the dogmatic men who rule in Peiping will soon remove the blinders of ideology and look at the world in realistic and human terms. This makes it all the more important for Americans to be openminded and inquisitive, to set aside ideological preconceptions and try to learn all that we can about the Chinese and their behavior and attitudes, and especially to try to find out why exactly the Chinese are so hostile to the West and what, if anything, can be done to eliminate that hostility.

In the hope of making some contribution to a better understanding of China the Committee on Foreign Relations will begin on Tuesday, March 8, a series of

[3] C. P. Fitzgerald, "The Chinese View of Their Place in the World" (London: Oxford University Press, 1964), pp. 34–35.

[4] Gordon W. Allport, "The Role of Expectancy," Hadley Cantril, ed., "Tensions That Cause Wars" (Urbana: University of Illinois Press, 1950), pp. 43, 48.

[5] "War" (1903).

public hearings on China and on American attitudes toward China. The immediate purpose of the inquiry will be educational rather than political. It seems to me that at this stage the best contribution the committee can make is to provide a forum through which recognized experts and scholars can help increase congressional and public knowledge of China. Whether and in what way the inquiry will influence American foreign policy will depend upon the value of the information provided and the attentiveness and openmindness with which it is received.

Our ultimate objective must, of course, be political: the prevention of war between China and America. At present there appears to be a growing expectation of war in both countries and, as Professor Allport points out, "what people expect determines their behavior." Perhaps a concerted effort to increase our understanding of China and the Chinese would alter that fatal expectancy, and perhaps if our expectations were altered theirs too would change. It is anything but a sure thing but, considering the stakes and considering the alternative, it seems worth a try.

The Chinese today, like Americans a hundred years ago, are in an agitated and abnormal state of mind. It is not only within our means but, as a great and mature Nation, it is our responsibility, as U Thant so wisely pointed out, to try to understand the causes of China's agitation and to try to find some remedy.

On November 14, 1860, Alexander Hamilton Stephens, who subsequently became Vice President of the Southern Confederacy, delivered an address to the Georgia Legislature in which he appealed to his colleagues to delay the secession of Georgia from the Union. He said:

> It may be that out of it we may become greater and more prosperous, but I am candid and sincere in telling you that I fear if we yield to passion, and without sufficient cause shall take that step, that instead of becoming greater or more peaceful, prosperous and happy—instead of becoming Gods, we will become demons, and at no distant day commence cutting one another's throats. This is my apprehension. Let us, therefore, whatever we do, meet these difficulties, great as they are, like wise and sensible men, and consider them in the light of all the consequences which may attend our action.[6]

What a tragedy it is that the South did not accept Stephens' advice in 1860. What a blessing it would be if, faced with the danger of a war with China, we did accept it today.

Mr. MORSE subsequently said: Mr. President, earlier today, the Senator from Arkansas [Mr. FULBRIGHT] made a very great speech on the floor of the Senate on American foreign policy toward China.

It had been my plan to be in the Chamber when he made his speech, which I read earlier this morning. But, as I announced before, I was detained representing the Senate at a luncheon in honor of the group of visiting Parliamentarians from Paraguay.

[6] Alexander Hamilton Stephens, "Secession," in Modern Eloquence (New York: P. F. Collier & Sons, 1928), vol. II, p. 203.

The speech of the Senator from Arkansas [Mr. FULBRIGHT] is another of his truly remarkable contributions to American foreign policy. In it, he is seeking to open up the most closed part of the foreign policy mind of America—our relations with Communist China.

One has to have been in this body in the late 1940's and early 1950's to know how fraught with emotion this subject is, and how hard it is for anyone to talk about it with reason. That is exactly why it has been a closed book in the State Department and the administrations of the last 17 years.

But keeping the subject closed has not changed the fact that it is there, and that events, conditions, and possibilities have shifted and changed as much in that area of our international relations as they have in every other area in these 17 years.

When I hear that Communist China is an aggressive, militant power that must be brought into peaceful coexistence by means of fear of American military power, I am reminded that, although we applied that principle to the Soviet Union with some success, we coupled it with many other policies toward Russia that are still missing from our policy toward China.

For example, we withheld diplomatic recognition from the Bolshevik government of Russia for about the same length of time that we have now withheld recognition from the Communist government of China. But when the cold war began, and when it culminated in the Cuban missile crisis, our diplomatic relations with the Soviet Union were a key element in enabling us to judge for ourselves her interests and possible responses.

In fact, if we had not had diplomatic relations with Russia at the time of the October 1962, missile crisis, I do not think there is any doubt about the fact that we would have been at war with Russia. It was only because we had well-traveled diplomatic avenues open that it was possible for the President of the United States and the head of the Russian government to communicate with each other.

What is sorely needed at this critical time, when war clouds between the United States and China are gathering, is communication between the United States and China.

The presence of the Soviet Union in the United Nations has been another factor in exposing her leaders to world opinion and discussion, which is not present in the case of China.

Further our trade and cultural and tourist exchange with the Soviet Union, including the visit of Mr. Khrushchev to this country, have had some slight effect in achieving the state of mind that enables the Soviet Union and the United States to think of each other as people, rather than as the disembodied dogmas that the Senator from Arkansas has talked about.

How well I remember the latter part of November, when, as chairman of the Senate delegation—the Senator from North Dakota [Mr. BURDICK] is on the floor, and he knows whereof I speak, because he was a member of my delegation—we went to Hong Kong, because the administration had urged us to go to Hong Kong, for a briefing on Chinese problems. We had a briefing by our great Foreign Service officer there, the Consul General, Mr. Rice. In our discussions we talked about China's economic conditions. In that briefing came the information that the Chinese people have not been as well fed in decades and decades and decades.

When a question was asked by one of our delegation as to whether there is not starvation in China, we were told there is not. In that briefing we were told that China has crop failures. There are areas of China that suffer from drought and failures because of weather conditions. But it was suggested, as the Senator from North Dakota will remember, that perhaps it would be a good idea to take my delegation to one of the largest Communist banks in Hong Kong. We were told they would be very proud to show it to us. We were told that that large Communist bank last year had an exchange benefit of more than one-half billion dollars. Then it was said to us, that is where they get the money to pay for Canadian wheat.

Then there was a little discussion about trade policy. No one could listen to it without recognizing the shortsightedness of American policy vis-a-vis China.

I come from the west coast. Business interests up and down the west coast have visited me for years, urging that we recognize the advisability of engaging in trade with China in nonstrategic goods. Canada does it, and Canada has taken away from the United States our historic wheat trade program with China.

The Senator from Kansas [Mr. CARLSON], from a great wheat State, sits on the floor of the Senate. He will not deny, I am sure, what has developed over a great many years with respect to the wheat trade with Kansas. As far as Asia is concerned, China was the chief purchaser of American wheat for years. Now Canada enjoys that benefit.

What are we gaining by it? What is this kind of economic isolationism leading us to? What is this kind of economic isolationism vis-a-vis China leading us to? In my opinion, it is contributing to an oncoming war with China.

I am proud to sit at the feet of the great Senator from Arkansas [Mr. FULBRIGHT], who has the courage and the foresight to tell the American people, as they are being swept up in waves of patriotic hysteria—which is really false patriotism—that they are following a mistaken course of action in regard to United States-China relationships.

Mr. President, we will not be able to contain China with American bombs. We will not be able to contain China solely with American military forces. But it appears that we are ready to try.

These are times when Americans in seats of responsibility should be willing to give the American people that forewarning. I think it is the height of national stupidity to think we can win a peace after a war with China, for all

that the hundreds of millions of Chinese will do will be to dig in for as long as it takes to throw the United States out of Asia.

The interesting thing is that is what most Americans would do if they were Asians in the same situation.

When are we going to learn that no Western power, including the United States—just as the other Western powers have already learned—will be able to maintain a position of domination in Asia? That era is gone.

These are times when we had better take a look at what our future position is going to be vis-a-vis Asia and China, and recognize that the course of action the United States calls military containment is an insurance policy for war. That is going to be the end result.

So I say that if the Senator from Arkansas had never done another thing on behalf of public enlightenment—and he has done a great many things—his speech today and the hearings he will open tomorrow would be all the monument necessary to his devotion to a foreign policy based upon information and reason.

Judging from the ease with which military solutions are talked up for every American difficulty in the Far East, one wonders whether we should not at least get to know China better before we have a war with her. Yesterday, for example, we heard again, but this time from an administration confidant, the proposal that we mine the North Vietnamese harbor at Haiphong. With Americans, mining the harbor seems to be in somewhat the same class as bombing—it sounds neat and sanitary and seems to avoid the messy elements of war that are distressing to watch on television screens.

But no one has mentioned the fact that every navy that has minelayers also has minesweepers. The military technology of mines has not been discussed, but it has been true in the past that mines can be swept as well as laid out. It may be that the United States has developed something new in this respect. But if we did place mines so as to intercept shipping into Haiphong, we would have to assume that Soviet or Chinese minesweepers would try to get rid of them.

I cannot imagine Soviet freighters, for example, going through a minefield without the Soviet Navy first trying to get rid of the mines. I cannot imagine the Communist flag of Russia lowering itself to a blockade of Haiphong, an American blockade of Haiphong.

That is a risk that, in my judgment, those responsible for the leadership of the United States should never run. That is a risk which, in my judgment, the leaders of this Government cannot justify taking in future American history. That is a risk that, in my judgment, augurs very well the terrible danger of a war with China and Russia. That is why I think we ought to heed the Senator from Arkansas when he is pleading with us to change our course of action from one obviously designed for unconditional surrender in southeast Asia to a program of accommodation, to a program of recognizing that Asia is entitled to exercise a voice in determining the policy of Asia.

Is this minelaying something we would have to keep going back to, to do over and over, while the Chinese or Russians kept sweeping them out? At what point would American Navy vessels begin intercepting the minesweepers?

The idea that we can use our military power in ways that will damage an enemy without annoying anyone else or leading to further incidents and confrontations that continue to expand the war is one of the great fallacies of our thinking about Vietnam. Putting mines anywhere around Haiphong is going to mean confrontations at some point with nations whose vessels are sunk or which send their own military vessels to protect their freighters.

Let us stop thinking we can bring this or any other form of force to bear upon North Vietnam without suffering some kind of consequence to ourselves by way of additional problems and additional opposition.

Here is another easy fallacy in our thinking about China. What would be the American response to a mine laid by China or Russia in the Gulf of St. Lawrence? The idea that just because we have always done pretty much as we pleased in pre-Communist China we can go on doing pretty much as we please anywhere on her borders is going to lead to war with China unless we find additional means—nonmilitary means—to use at the same time, to bring her to a sense of community responsibility rather than opposition to the free world.

There is no question about her irresponsibility so far as her leaders are concerned. It saddens me, but I say it because I believe it: Her irresponsibility compares with our own irresponsibility. Her irresponsibility compares with the irresponsibility of our own leadership, for, in my opinion, our own leadership is taking us closer to a war with China.

I do not know whether it is possible to get Red China to assume some sense of responsibility, given the climate that prevails in the present administration. I feel we must change our course of action, at least to the extent of adding to it the nonmilitary means of reaching a state of peaceful coexistence. That effort must be made. The great statesman from Arkansas, the chairman of the Foreign Relations Committee, is trying to point the way to a program of statesmanship as a substitute for what I consider to be the military and political expediency on the international scene of our present administration.

The Senator from Arkansas [Mr. FULBRIGHT] outlined briefly the history of China's relations with the West. In it he mentioned the "open door" policy of the United States. Had I been here when he made his speech, I would have asked him this question.

Was it not true that the purpose of the open door policy was to safeguard the commercial interests of the United States against the possibility that European extraterritorial rights in China might become the means of gaining trade privileges at our expense?

I intended to ask him that question when he was discussing this problem on page 4 of the manuscript, as the advance copy was handed to me. I ask the question rhetorically. I would supply the RECORD with my own answer to it.

In his circular telegram to our embassies in Berlin, Paris, London, Rome, and St. Petersburg, at the time of the China crisis of that day, John Hay said:

> If wrong is done to our citizens, we propose to hold the responsible authors to the uttermost accountability. The purpose of the President is, as it has been heretofore, to act concurrently with the other powers first, in opening up communication with Peiping and rescuing the American officials, missionaries, and other Americans who are in danger; second, in affording all possible protection everywhere in China to American life and property; third, in guarding and protecting all legitimate American interests; and fourth, in aiding to prevent a spread of the disorders to the other provinces of the empire and a recurrence of such disasters. It is, of course, too early to forecast the means of attaining this last result; but the policy of the Government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese empire.

Mr. President, undoubtedly the American desire to keep all of China accessible to American interests served to offset somewhat the European demands for exclusive rights; but our motives were still those of self-interest and not motives for the benefit of China itself.

If we are going to further the cause of peace, an honorable peace, if we are going to further the cause of substituting the rule of law for America's military jungle law in southeast Asia, it is for us to recognize that the time has come for a change in American policy vis-a-vis China, to follow the leadership of the Senator from Arkansas [Mr. FULBRIGHT], to recognize that, now, not the Chinese closed-door policy but the U.S. closed-door policy should be changed in China, and that we ought to recognize that an accommodation should be worked out.

As I have said so many times in this historic debate, these despicable Chinese leaders are going to leave the scene sooner or later. Time will overtake them. But the masses of Chinese people will carry on, and as enlightenment develops, as they become better and better informed and educated, perhaps through increased contacts with the West, as they enjoy greater benefits of economic freedom over the course of years, this great reservoir, now empty of United States-China good will, can be filled again. I am interested in filling that reservoir of United States-China friendship.

I still think that we ought to start filling that reservoir and that is why I must go on record once again, this time in support of the historic speech of the Senator from Arkansas [Mr. FULBRIGHT], in pleading with my Government that it stop a policy that obviously is designed to contain China through military force alone and face the fact that we can never militarily contain China, for if we follow the policy we will take America to a war

that can lead not only to a war with China but the beginning of world war III. That is my plea.

I hope that the voice of the Senator from Arkansas will be heeded before it is too late.

TAX ADJUSTMENT ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes.

Mr. SMATHERS. Mr. President, the Nation has enjoyed 5 years of uninterrupted economic expansion. There has been a steady upward climb since early 1961—in gross national product, in employment, in personal income, and in corporate profits.

We have come a long way over the past 5 years. We now have a high-level balanced prosperity—and a new set of concerns: Can we keep a destructive price-wage spiral from getting underway? Will there be enough plant capacity to produce all the goods and services we seek? Can we avoid bottlenecks in major industries or key skills that would hamper our defense effort or our economic expansion? And, of paramount importance, we must provide additional revenues required by the conflict in Vietnam.

All this has a great deal to do with the tax measure, H.R. 12752, now before us.

While our tax system—particularly at a time when we are approaching full employment and full use of our industrial capacity—has powerful revenue-generating capacities, the amount of revenues we could expect in fiscal 1966 or 1967, under present tax laws, will not be sufficient to maintain the right fiscal balance during the coming year.

In view of the demands of the Vietnam situation and the domestic economic environment, President Johnson concluded—correctly, I think—that the budget receipts we would get without this pending legislation would be too low in relation to the costs of the conflict in Vietnam.

Last month, in a letter to the chairman of the House Ways and Means Committee, President Johnson defined the three choices he faced:

> A deficit in excess of $6.5 billion, which would require the Government to borrow the additional money.
>
> An increase in corporate and personal income tax rates, or other new taxes.
>
> Temporary restoration of certain excise taxes, and adoption of graduated withholding of individual income taxes and current payment of corporate income taxes—to increase revenue without a general tax increase.

The President chose the third alternative—which he called—and note these adjectives—moderate, equitable, responsible and essential. And he also assured us:

> If our needs in Vietnam require additional revenues, I will not hesitate to request them.

In our Senate Finance Committee hearing on this bill, Mr. President, I questioned Secretary of the Treasury Fowler closely on another subject—the threat of inflation.

Secretary Fowler made it clear that administration officials are concerned about inflation. But he also stressed it would not be wise to impose additional measures of restraint on the economy—in addition to those reflected in the tax bill now before the Senate or in the President's budget and economic reports—unless or until "unforeseen inflationary pressures" develop.

Now, Mr. President, I would like to discuss certain features of the pending bill—one that, aside from its moderating influence on the expenditures of individuals and business firms, will produce an additional $1.1 billion in revenues during the current fiscal year and $4.8 billion in fiscal 1967. The key revenue features of the bill would—

First. Put into effect, starting May 1, 1966, a new graduated withholding system for the collection of individual taxes on a pay-as-you-go basis.

Second. Restore, temporarily, the 7-percent manufacturers excise tax on new passenger automobiles that was in effect prior to January 1, 1966, but allowing this rate to drop 2 percent on April 1, 1968, and to 1 percent on January 1, 1969.

Third. Reinstate, also on a temporary basis, the 10-percent excise tax on telephone service. The bill provides that this rate would drop automatically to 1 percent on April 1, 1968.

It would be completely removed on January 1, 1969.

Fourth. Provide for a speedup in the payment of income taxes by larger corporations, so that, with respect to tax liabilities in excess of $100,000, a corporation would move to a current-payments basis by 1967 instead of 1970, as provided by the Revenue Act of 1964.

Fifth. Require self-employed persons, starting in 1967, to pay social security taxes on a quarterly estimated basis. They are now required to pay their income taxes on a quarterly estimated basis.

The proposals relating to the corporate income tax, the graduated withholding system, and payment of social security taxes by the self-employed on a current basis would not alter anyone's final tax liabilities. These proposals have to do with when the taxes are to be paid and, I repeat, do not represent tax increases.

The tax bill now before us involves a structural improvement in our tax system.

Even if the enactment of a graduated withholding plan for individual income-tax payers had no economic or revenue effects—and it has both—it would be very worthwhile.

The graduated withholding plan increases no taxpayer's final tax liabilities—but it certainly will help to solve the problem faced by many Americans who find the present 14-percent flat-rate withholding system leaves them holding the bag when April 15 rolls around.

The same time that some taxpayers find they owe a very substantial amount to the Federal Government at income-tax time—that is, April 15 for most of us—there are many other Americans who find the present system results in substantial amounts of overwithholding for them. This has been particularly true for the lower income taxpayer.

The bill now before us, Mr. President, does not solve all the problems of overwithholding or underwithholding for the more than 63 million American taxpayers who are covered by the withholding system. But, as the tables in the committee's report make clear, the six-bracket graduated withholding plan involves very substantial structural improvements in the withholding system.

One of these improvements, which has received very little public attention, involves the incorporation of the minimum standard deduction, which we approved as part of the Revenue Act of 1964, into the graduated withholding plan. This, coupled with other features of the graduated withholding plan, will reduce overwithholding for many taxpayers with incomes of $5,000 or less per year.

This bill, Mr. President, will reduce from 20 million to slightly under 13 million the number of tax returns in this income group where overwithhold exceeds $10 annually. It will thus serve to boost the number of break-even situations by a very substantial number.

Here I am talking about 15.4 million individual taxpayers with incomes of $5,000 a year or less, who, under the new system, will be in this break-even group. The present system permits only about 8.4 million of such taxpayers to be in the break-even category—that is, in the category where the amount of withholding is within $10 of final tax liability.

The committee bill also will make the withholding system more equitable for other income groups, as well, both in terms of the number of tax returns involved and the amount of dollars involved. The amount of overwithholding now averages out, under the present 14-percent flat-rate system, to about $136 per taxpayer. This will be reduced under the bill to about $124. The comparable figures for underwithholding are: The average per taxpayer affected by underwithholding now is $151 per year. Under the committee bill, this average will be pulled down to $79 per year.

It might be theoretically possible to change the Federal income tax withholding system to such a degree that the withholding system would work almost perfectly for all taxpayers—all 63 million or so wage and salary earners who are covered by the system. However, the search for tax equity can be carried to such a point that another equally important goal of tax policy—simplification—can be drowned in a sea of redtape.

I think the committee, in approving President Johnson's recommendations with some modifications, has come up with recommendations providing a graduated withholding plan that will be both workable and much fairer for all taxpayers.

Prior to the switch over to the new graduated withholding system, of course, the Internal Revenue Service must acquaint employers with the way the new system will work, but the Revenue Service has repeatedly demonstrated its capability for handling an assignment of this sort.

Once the format of the new withholding system is set, IRS will prepare a new "Employer's Tax Guide," the necessary tables, and so on, to permit the new system to get underway smoothly.

In place of the present 14-percent flat-rate withholding system—where an employer withholds only that amount unless there is a voluntary election on the part of the wage earner to have a larger amount withheld from his wage or salary—the new system will scale the withholding to a six bracket approach, ranging from 14 to 30 percent.

While the present system takes into account only the number of exemptions the employee lists with his employer, and the 10-percent standard deduction, the new system will reflect also the minimum standard deduction which was approved as part of the 1965 Revenue Act.

The bill now before the Senate also contains special relief provisions, which will come into play starting next year.

These are designed to permit persons with substantial itemized deductions to increase the number of their withholding allowances, if certain tests are met.

Both the Ways and Means Committee and the Senate Finance Committee reasoned that 1967 would be a better starting time for the special relief features.

Since the graduated withholding system will be in effect only 8 months of this calendar year, the situation—overwithholding for some taxpayers with larger than usual itemized deductions—will not be a serious problem this year in view of the underwithholding that will generally exist during the first 4 months. Further, there was a desire expressed all around to get the new system quickly into operation with a minimum of administrative burdens for both taxpayers and the tax service.

Tables will be worked out to reflect the technical language of the law, relating to the special relief provisions. Thus, no taxpayer will be obliged to apply a complicated formula to his own individual situation to determine whether or not he is eligible for one or more additional withholding allowances.

As under the present system, employers will be permitted to compute withholding by means of either a percentage method or wage-bracket tables. The Internal Revenue Service will distribute wage-bracket tables for the various payroll periods now recognized. The Revenue Service also will supply instructions for the use of the percentage method.

For irregular supplemental wage payments—such as a bonus for a salesman—employers will be permitted to either apply a flat percentage rate to the supplemental wage payment without making any allowance for exemptions, or treat the payment as if it were part of the current or preceding regular wage payment. Where a flat percentage rate is used, regulations to be issued by the Treasury or Internal Revenue Service will specify a flat rate of about 20 percent.

As under present law, claims for withholding allowances will be filed under the new system by the employee with his employer. However, the number of times per year the employer will be required to recognize changes in the number of exemptions and withholding allowances claimed by employee will be increased. At present, these dates are January 1 and July 1 of each year. The bill adds May 1 and October 1 each year as status determination dates. As under present law, employers will be permitted to put changes in exemptions claimed by employees into effect prior to the four so-called status determination dates if they desire to do so.

On the graduated withholding system generally, the Senate and House versions of the bill are pretty much alike.

While I have not attempted to discuss every aspect of the new graduated withholding system, I think it is clear that the new system will be a substantial improvement over the present 14-percent flat-rate system.

Next, I believe, Mr. President, there is the broadest public interest in the excise tax features of the pending bill. Therefore, I would like to discuss, briefly, why we decided to approve a 2-year moratorium on automobile and telephone excise tax reductions, rather than seeking the revenue elsewhere.

There are four main reasons—and they all are persuasive:

First. These excises involve a substantial amount of revenue.

Second. Both of these excise taxes are still in effect—unlike the many other we wiped off the tax books in 1965.

Third. The impact of the readjustment of excise rates on automobiles and telephone service would be spread over a broad segment of the American public because of the widespread ownership of cars and the use of telephones.

Fourth. And finally, to modify—and postpone for 2 years the gradual reduction of these excise levies—would involve relatively minor administrative and compliance problems for the industries involved. The adjustments would not require, for example, setting up new tax accounting procedures.

The bill now before the Senate differs somewhat from the President's recommendations. We did agree, however, to restore temporarily the 7-percent excise tax rate for new automobiles and the 10-percent rate for telephone service—rates which, under the 1965 excise tax relief bill, had dropped on January 1, 1966, to 6 percent in the case of automobiles and to 3 percent in the case of telephone service.

The pending bill would keep both of these rates—that is, the 7 percent for automobiles and the 10 percent rate for telephone service in effect until April 1, 1968, when they will automatically, under the legislation, drop to the lower rates Congress specified in the 1965 law.

On April 1, 1968, the automobile excise tax will drop to 2 percent, and on January 1, 1969, this excise tax will drop to 1 percent where it will remain.

Similarly, the telephone excise tax, under the committee's bill would stay at 10 percent until April 1, 1968. Then it would drop automatically to 1 percent, and on January 1, 1969, it will be removed entirely.

We estimate that the excise tax proposals will provide about $35 million in additional revenues in the current fiscal year; and about $1.2 million in fiscal 1967, starting July 1.

Not everyone is happy, of course, with the decision to restore, temporarily, the 7-percent manufacturers' excise tax rate on automobiles or the 10-percent telephone service excise. I did notice, however, that some outstanding auto industry leaders were not unduly alarmed by this proposals. The auto industry has had a series of great years—and 1966 looks no less promising for that industry because our action, in effect, will add only about $22 to the retail price of the average new automobile—the same $22 which was taken off only last January.

All in all, Mr. President, the excise tax features of this bill shape up as the appropriate steps to take at this time. I support them; the committee supports them; and I think the Congress should enact them.

I expect, Mr. President, to have something to say later about the amendment, which I understand will be offered on the floor, to substitute suspension of the 7-percent business investment tax credit for the excise tax features of this bill.

At this time, however, I would like to make some general comments on why we should not modify the investment credit, as part of this bill which is designed to meet current revenue needs associated with the Vietnam situation.

The Finance Committee considered the idea of substituting suspension of the investment credit for the excise tax proposals in this bill, and rejected it. We should reject it here.

We approved the investment credit to provide a long-range incentive for growth and modernization of our productive capacity. It has been successful. The added capacity and efficiency that have resulted from the operation of the credit along with the new depreciation guidelines since 1962 are of tremendous value to our economy and our defense effort now. The credit is one of the key weapons in assuring a strong and sustainable level of investment to add to our productive capacity and efficiency.

The suspension of the credit would discourage new orders and commitments and this in turn would result in a cutback in investment and capacity at a later period. There is a considerable "leadtime" in carrying out investment projects. The investment credit becomes available when assets are put in service and hence present contracts are being undertaken in reliance on the availability of the credit when the project is completed.

As President Johnson has stated, it is not necessary or desirable to change individual or corporate final tax liabilities in response to the current economic situation associated with Vietnam expenditures.

Nor should we overlook the contribution of the investment credit to our balance-of-payments situation in two direct ways:

First, it makes investment here in the United States more attractive, and second, it encourages modernization and cost cutting to strengthen our export position.

To suspend the investment credit in a world in which investment incentives are widely used in foreign tax systems under which our international competitors operate would weaken our international competitive position.

Looking back a bit, Mr. President, I recall that 3 or 4 years ago there was widespread concern about the weakness of investment demand.

But the fiscal measures—including the investment credit of 1962—served to strengthen both consumer demand and incentives for business to modernize and expand.

The Council of Economic Advisers—in discussing the longer term prospects in the 1966 annual Economic Report, summed up the present situation in this way:

> Business investment programs in the past 2 years seem to have added to capital in the right places and in appropriate amounts.

Aside from the longer term implications, Mr. President, I just don't see any merit in suspending the 7-percent investment tax credit at a time when American industry is operating—as it is today—so close to full utilization of capacity.

To cut back the expansion of the American economy, through a suspension of the investment tax credit, would, it seems to me, seriously hamper the efforts of business to cut costs and to avoid bottlenecks and production delays.

We won't make much headway against inflation by cutting down the capacity of business firms to meet the high-level demand we now anticipate in the months ahead.

Without going into more detail, I think it is obvious that the amendment sponsored by the senior Senator from Tennessee has no place in the tax adjustment bill now before us.

The proposal to suspend the business investment tax credit is not a good idea, either for the short range or the longer pull.

It certainly is not a suitable substitute—either in its potential economic effect or in its revenue aspects—for the excise tax provisions of the pending bill (H.R. 12752).

The administration does not favor suspending the business investment tax credit.

For all of these reasons, I urge the Senate to reject such proposals.

Mr. President, the provisions of the legislation before us today are sound. Laying aside for the moment the excise restorations, these provisions represent real improvements in our tax law which will help to make our pay-as-you-go tax system more effective and more equitable—both for corporations and for individuals.

It would have been beneficial from the taxpayers' viewpoint to make these changes before. But we have not had an appropriate opportunity before now to recommend them, since they involve a substantial increase in tax receipts—even though this increase is of a one-shot nature. Now we need just such an increase—not only to help meet our obligations in Vietnam but also to help us to meet the possible threat of inflationary pressure.

These tax changes are sound changes at any time, but they are particularly sound changes to make at this time.

Permit me at this time to briefly summarize what I have already stated.

This bill is carefully designed to provide the additional revenues needed in this period of a high level of military expenditures in South Vietnam.

The revenues will have their greatest effect on the status of the budget during fiscal year 1967 but the economic effect will be felt earlier, in fiscal year 1966.

The President's present plans call for a level of expenditures for the Vietnam operations of $10.5 billion in the fiscal year 1967.

This is an increase of $4.7 billion over the $5.8 billion level in the fiscal year 1966.

This rapid increase in expenditures—more than 10 percent above the level of all expenditures in fiscal 1965—comes when the economy is approaching full employment and creates the very real danger of serious inflationary pressures while the growth of defense expenditures is taking place.

The nature and timing of the tax changes in H.R. 12752 will siphon off the dangerous margin until the normal growth of the economy and tax revenues generate the normal built-in restraints against inflation.

At the present time, the economy is near full employment. We have reached the interim goal of 4 percent unemployment of the labor force sought by Presidents Johnson and Kennedy.

It is quite likely that unemployment will fall near to 3 percent of the labor force by December of this year.

Manufacturing output rose to 91 percent of full capacity utilization in December 1965, only 1 percent below the preferred operating rate. As we would expect, several industries are operating above this level at the present time.

The wholesale and consumer price indexes rose more rapidly during 1965 than during any of the preceding 4 years.

While the greatest increases occurred in food and medical services, the prices of industrial materials and products also rose at a faster rate than in the 4 years before.

Increasing defense expenditures at this time add to demands from the private sector of the economy, and their impact already is reflected in the indexes of prices, capacity utilization and unemployment.

It must be apparent to every one of the Members of this body, as well as to many other observers, that some kind of restraint must be placed upon the economy to avoid a serious explosion of prices. Therefore, we must be careful, and prescribe just the correct medicine and quantity of medicine to meet the present situation. It is a delicate problem, and there is as much danger from prescribing too much medicine as there is from too little medicine.

The tax changes contained in H.R. 12752 have been planned to offset the timing of the higher defense expenditures, the growing impact of private industrial and consumer spending, and the attainment of full employment of the labor force and industrial production.

The greatest impact of the increased defense expenditures—almost entirely due to Vietnam needs—is being felt right now in fiscal year 1966. The increase next fiscal year will be smaller, adding less of an economic impact to the economy at the time when full employment will be at hand.

The economic effect of the rise in defense expenditures will be felt most seriously in fiscal year 1967, after the rise in Government expenditures, as a result of the response by business and consumers to the income added to the economy by the new defense expenditures. It is at that time the tax changes included in this bill will have their greatest effect in providing price stability.

The major parts of the bill do two things. First, the tax collection procedures are altered to produce a more current payment pattern of tax liabilities, and these adjustments are timed to start the increase of collections in 1966 and 1967 when the need is greatest. These adjustments do not involve any changes in tax liabilities.

Secondly, the excise tax rates on automobiles and telephones will be restored to the levels in effect last December and will remain at those levels for a 2-year period. These higher tax rates will have important stabilizing effects, even though the additional taxes that will be paid by each taxpayer will be a modest amount. The sacrifice is far less than the "taxation by inflation" that we can expect if H.R. 12752 is not enacted.

The collection speedups on the corporation income tax and graduated withholding will provide economic restraint by reducing the currently available supply of cash to individuals and corporations. These provisions will require a rescheduling of plans and a deferral of some purchases into the future. It is hoped that the weight of these effects will be just great enough to bring about modifications rather than disastrous cancellations. The small increases in excise tax rates will strengthen this tendency.

In fiscal year 1968, after the impact of these new tax provisions, the continuing growth of the economy will continue to generate its normal growth of Federal tax receipts—about $7½ billion a year. This increase will be large enough to provide a budgetary surplus in 1968 if the presently projected level of Federal expenditures, including Vietnam costs, can be maintained.

The normal growth in tax receipts also will be adequate to finance an additional increase in defense expenditures in the event that would become necessary.

All in all, I think we have a carefully and responsibly designed fiscal program before us.

The changed pattern of tax collections and the excise tax rate increases are large enough—and timed properly—to offset the potentially inflationary margin of Federal expenditures and to continue the healthy growth of output and income.

It will permit us to meet our responsibilities in southeast Asia while at the same time reaching our long sought-after goal of domestic full employment.

It puts our economy into the position where it will be able to maintain its healthy growth in output and employment without the dislocations that would be inevitable if we had to step hard on the economic brakes and then release them abruptly.

And because Congress has recognized that President Johnson proposed moderate, equitable, responsible, and essential tax adjustments at this time, to meet primarily the revenue needs associated with the situation in southeast Asia, we have been able to move swiftly in considering and acting on this legislation.

I do not think it should go unnoticed, Mr. President, that our Chief Executive called upon us to act on these tax recommendations in his state of the Union message in mid-January.

Within days, the House Ways and Means Committee was working on the tax program.

Within a month after the President's request for action, the Tax Adjustment Act of 1966 was ready for House floor action.

And our committee started to consider the bill within 2 days of its House passage—that was on Friday, February 25.

Now the bill—approved overwhelmingly by our committee with no major changes—is before the Senate.

We are demonstrating—as we have demonstrated in the past—that the Congress can, indeed act both swiftly and responsibly to adjust our tax system to meet our obligations abroad and to keep our economy advancing at home.

I urge, Mr. President, that the Senate approve the bill.

COMMITTEE AMENDMENTS AGREED TO

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ROLE OF WHITAKER & BAXTER IN CONNECTION WITH PROPOSED CONSTITUTIONAL AMENDMENT FOR LEGISLATIVE REAPPORTIONMENT

Mr. TYDINGS. Mr. President, some days ago the distinguished Senator from Wisconsin [Mr. PROXMIRE], the distinguished Senator from Illinois [Mr. DIRKSEN], the minority leader, and I joined in a colloquy relating to the financial contributions and lack of financial reporting by a noted California public relations firm known as Whitaker & Baxter. This firm has been, I understand, retained for the purpose of enacting a constitutional amendment, the so-called Dirksen amendment, or Senate Joint Resolution 103. This amendment would, in effect, permit the malapportionment of one house of a bicameral State legislature.

In this connection, I invite the attention of the Senate to a number of articles, one published in the Los Angeles Times, one in the Washington Evening Star, and one in the Boston Globe, each written by a different reporter, but all relating to the fact that the firm of Whitaker & Baxter has failed in any way to reveal the source of the financial contributions which have been made and which the firm is using in the operation of a rather extensive public relations effort to amend the Constitution of the United States.

I refer to an article written by John H. Averill, a staff writer, published in the Los Angeles Times of February 9, 1966. I ask unanimous consent that the entire article be printed at this point in my remarks.

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

[From the Los Angeles Times, Feb. 9, 1966]

DIRKSEN WILL POSTPONE REAPPORTION SHOWDOWN—MOVE REPRESENTS SUDDEN SHIFT IN STRATEGY TO CIRCUMVENT ONE-MAN, ONE-VOTE RULING

(By John H. Averill)

WASHINGTON.—With the odds seemingly against him, Minority Leader EVERETT M. DIRKSEN, Republican of Illinois, has tentatively decided to postpone an immediate Senate showdown on his revised legislative reapportionment amendment.

This represents a sudden shift in his strategy.

When Congress reconvened last month, DIRKSEN said he planned to seek action by mid-February on his proposed constitutional amendment to circumvent the Supreme Court's one-man, one-vote ruling.

But he is now letting it be known that he probably won't attempt to take his amendment to the Senate floor until sometime in March and perhaps even later.

TACIT CONFESSION

Opponents of the DIRKSEN amendment immediately interpreted the minority leader's decision as a tacit confession he still lacks the votes to get it through the Senate.

DIRKSEN, however, continues to insist that his prospects have improved since last August 4 when an earlier version of his amendment was defeated, 59 to 39. Although this was a majority for the amendment, it was seven votes short of the two-thirds majority required for approval of a constitutional amendment.

After his August defeat, DIRKSEN rewrote the amendment in an effort to meet objections of some of his opponents. It retains the original objective, however, of seeking to give the States a means of escaping the one-man, one-vote ruling that both houses of State legislatures must be based on population.

DIRKSEN's new amendment would give a State's voters a chance every 10 years to choose whether they want both houses of their legislature based on population or to have one apportioned by other factors, such as geography.

CLAIM BY LIBERALS

Senate liberals who led the successful fight against the earlier Dirksen amendment last summer insist not only that their ranks remain firm but that they have picked up votes.

Some sources close to DIRKSEN are inclined to accept the liberals' assessment. But not DIRKSEN.

He has told associates he doesn't want to force action on his new amendment until the Senate has disposed of legislation authorizing additional military and economic assistance for the war in Vietnam. These bills, now pending in committee, are expected to be ready for Senate consideration by next week.

DIRKSEN's tentative decision to delay a showdown on his new amendment comes just 3 weeks after he told a televised press conference that a massive nationwide fundraising and publicity campaign had been organized in behalf of it.

SOLID FOUNDATION

The minority leader refused at that time to discuss details of the operation other than to say it has a solid financial foundation.

Those financial details remain shrouded in secrecy.

Whitaker & Baxter, a San Francisco public relations and advertising firm which is directing the campaign for the Dirksen amendment, will not discuss how much money has been raised or spent.

"We haven't released any figures and frankly we don't intend to," Clem Whitaker, Jr., the head of the firm, told a reporter. He said such matters "detract from the issue." He defined the issue as getting the Dirksen amendment through Congress and ratified by the States.

To conduct the campaign for the amendment, Whitaker & Baxter is directing a newly formed organization called the Committee for Government of the People.

The committee and a new Washington branch of the Whitaker & Baxter concern share a suite of offices in downtown Washington.

Although DIRKSEN is chairman of the new committee, the actual direction of it is under Robert M. Smalley, a Whitaker & Baxter partner who was formerly public relations director of the Republican National Committee.

At his January 19 press conference, DIRKSEN announced that the New York accounting firm of Price Waterhouse & Co. had been retained to audit contributions and expenditures of the new committee and would make a report public on its findings.

However, Price Waterhouse denied knowledge of this and referred a questioner to one of the firm's partners in San Francisco, Walter Baird.

Baird, in a telephone interview, said he serves as treasurer of the new Dirksen committee but added that "this has nothing to do with Price Waterhouse."

He said his function is to deposit contributions to the committee in the bank and then report to Whitaker & Baxter.

Although Whitaker & Baxter refused to divulge its fee for the Dirksen amendment campaign, records on file with the Clerk of the House of Representatives show that the Washington law firm of O'Connor, Green, Thomas, Walter & Kelly is being paid $15,000, plus expenses, to lobby for the amendment.

Mr. TYDINGS. Mr. President, I wish to comment from the article. The following statement appears at about the middle of the article:

Whitaker & Baxter, San Francisco public relations advertising firm which is directing the campaign for the Dirksen amendment, will not discuss how much money has been raised or spent.

The article then quotes Clem Whitaker, head of the firm:

"We haven't released any figures and frankly we don't intend to." He said such matters "detract from the issue."

Further in the article, Mr. Averill states as follows:

At his January 19 press conference, Dirksen announced that the New York accounting firm of Price, Waterhouse & Co. had been retained to audit contributions and expenditures of the new committee and to make a report public on its findings.

However, Price, Waterhouse denied knowledge of this and referred a questioner to one of the firm's partners in San Francisco, Walter Baird.

Baird told a reporter in a telephone interview that he served as treasurer of the Dirksen committee, but added that this has nothing to do with Price, Waterhouse & Co. He said his function was to deposit contributions to the committee in the bank, and then to report to Whitaker & Baxter. Although Whitaker & Baxter refuse to divulge its fees to the Dirksen campaign, records on file with the House of Representatives, show the Washington law firm of O'Connor, Green, Thomas and Kelly as having been paid $15,000 plus expenses to lobby for the amendment.

I refer now to an article entitled "Washington Close-Up," written by Paul Hope, and published on February 18. I ask unanimous consent that this 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:

WASHINGTON CLOSE-UP: DIRKSEN DRIVE PICKS UP HELPERS

(By Paul Hope)

A well-heeled and professionally staffed campaign seems to be breathing some life into Senate Republican Leader EVERETT DIRKSEN's effort to lessen the effect of the Supreme Court's one-man, one-vote ruling.

DIRKSEN is fighting for congressional approval of his constitutional amendment to let the people of each State decide whether they want one house of their legislatures to be apportioned on factors other than population. The Supreme Court has ruled that both the upper and lower houses of State legislatures have to be based as nearly as possible on population.

A Dirksen lieutenant claims the Senator is within three votes of having the two-thirds necessary to get the amendment through the Senate. Last year it failed by seven votes. It is expected to come up again next month.

DIRKSEN claims the Supreme Court ruling, which is throwing control of State legislatures to urban areas, is upsetting the system of checks and balances developed by the Nation's Founding Fathers. He calls the situation the gravest constitutional issue ever to confront representative government in the United States.

DIRKSEN's new effort to drum up grassroots and congressional support is being run by a team of professionals out of a five-room suite in a downtown Washington office building.

Those in charge will talk about almost anything but where the money is coming from to finance the operation. Such inquiries are directed to DIRKSEN's office and his office says it's coming from contributions.

It's obvious the campaign is well financed.

In charge is Whitaker & Baxter, a San Francisco public relations firm whose services don't come cheap.

Eight people are in the Washington office. Their salaries alone would total in the neighborhood of $10,000 a month.

Whitaker & Baxter have hired a lobbyist, John Flynn, of a Washington law firm, who has listed his fee at $15,000. Samuel C. Brightman, longtime public relations director for the Democratic National Committee, also has been hired as a part-time consultant.

Rent on the suite amounts to several hundred dollars a month. A massive national distribution of pamphlets and other propaganda is being undertaken, involving large printing and mailing costs.

Television tapes containing messages from Senators and House Members are being distributed free to stations around the country. However, part of that tab is being picked up by the Federal Government, since the tapes are made in Government facilities available to Congressmen at minimal costs.

Coordinating the effort in DIRKSEN's office is a Senate employee, Clyde Flynn, Jr., minority counsel for the Senate Subcommittee on Constitutional Amendments, on which DIRKSEN serves.

The top man in the downtown Washington office is Robert M. Smalley, who resigned last year as public relations director for the Republican National Committee to take a job with Whitaker & Baxter. During the 1964 presidential campaign Smalley was press aid to William E. Miller, the GOP vice-presidential candidate.

Another top man is Ernest Tupper, a former lobbyist for the American Can Co., who has a financial consulting business in Washington. Tupper worked for the Dirksen amendment last year for the National Commission for Constitutional Government but since efforts have been consolidated he moved over to the Whitaker & Baxter suite.

Another lobbyist for the amendment last year, Rein J. Vander Zee, former top assistant to Bobby Baker in the Senate Democratic leadership office, apparently is not involved in the operation this year.

Among groups supporting the Dirksen amendment are the American Farm Bureau Federation, the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Association of Real Estate Boards. Smalley says, however, that none of these groups has put up money to finance the Whitaker & Baxter operation.

Arrayed against the Dirksen forces are a host of organizations, many with powerful and well-financed lobbies in Washington. They include labor unions, civil rights groups, the liberal Americans for Democratic Action and the National Committee for Fair Representation. Their coordinator is Lawrence Speiser, Washington representative for the American Civil Liberties Union.

In typical Dirksenese, the Senator from Illinois, in announcing his grassroots drive last month, said his troops were "going forward to meet the infidels."

The leader of the antiamendment forces, Senator PAUL H. DOUGLAS, Democrat, of Illinois, declared it was more as though DIRKSEN and his cohorts were "riding off to belabor a dead horse."

Speiser, who said his forces slacked off after the amendment was defeated last year, is taking no chances with DIRKSEN. He is starting to count his senatorial noses to see that some of them haven't got under the Dirksen tent.

Mr. TYDINGS. Mr. President, I ask unanimous consent that there be printed at this point in the RECORD an article entitled "In One-Man, One-Vote Fight: Mystery Fund Backs DIRKSEN," published in the Boston Globe of Tuesday, February 22, 1966.

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

IN ONE MAN, ONE VOTE FIGHT: MYSTERY FUND BACKS DIRKSEN

(By James S. Doyle)

WASHINGTON.—In an eighth-floor suite of offices in downtown Washington, behind doors that bear no identification, money is being collected for a nationwide assault on the Supreme Court's one-man, one-vote decisions requiring most State legislatures to reapportion their seats.

The finances of this operation are as mysterious as the unmarked office doors, despite the illustrious political names connected with the campaign.

Since January 19, when Senate Minority Leader EVERETT MCKINLEY DIRKSEN announced the formation of the Committee for the Government of the People, reporters seeking information on how much money has been collected have been refused any information.

DIRKSEN originally said that the accounting firm of Price, Waterhouse & Co. had been retained to audit contributions and expenditures and make a public report.

But Price, Waterhouse officials have denied that the company was retained.

Robert M. Smalley, who is running the day-to-day operations of the committee, said Wednesday there was no plan to report to Congress any of the committee's financial dealings except the fees paid to a legal firm hired to lobby for the amendment in Congress.

Smalley said the lobbyist, Jack Flynn of the law firm of O'Connor, Green, Thomas & Kelly, "has been retained as an incident of the operation, but only as an incident. Fundamentally we are trying to reach the people.

He said that Walter Baird of San Francisco, a partner in Price Waterhouse, was acting treasurer of the committee and "does in fact audit the books."

Smalley was asked if he considered this comparable to the public audit of a nationally known accounting firm that DIRKSEN had promised.

"Certainly it is to us, and to Senator DIRKSEN it is," he replied.

On all other features of the committee's financial operations, Smalley was tight-lipped. "I'll have to refer you to Senator DIRKSEN on that," he kept saying.

But DIRKSEN has been dodging all questions on the committee's finances for more than a week.

The Price Waterhouse partner, Walter Baird, told a reporter his function is to deposit contributions in the bank and report to the advertising firm that is running the committee's operation.

That firm is Whitaker & Baxter of San Francisco. Smalley says that a firm partner, Clem Whitaker, Jr., is in command of the whole operation and visits Washington frequently.

Whitaker has also refused any financial information. "We haven't released any figures and frankly we don't intend to," he told a reporter. "It detracts from the issue."

Meanwhile, as the contributions roll in, DIRKSEN has switched his tactics in the Senate, where he had promised to seek action by mid-February on his proposed constitutional amendment that would circumvent the Supreme Court's rulings.

Reporters who keep a nose count in the Senate maintain that DIRKSEN's amendment has less support than last year, when it missed by seven votes.

They also maintain that each day DIRKSEN waits, as the Vietnam and budget questions preoccupy the Senate, DIRKSEN loses support.

But the Senator says he is gaining support in the Senate, and probably won't attempt to take his amendment to the floor until next month or later.

Meanwhile the Committee for Government of the People, which DIRKSEN described at the outset as having a solid financial foundation, continues to accept donations.

Smalley says that most of its work to date has consisted of nationwide mailings of press releases, recording of television spot announcements, arranging speakers for groups,

and setting up adjunct committees in 34 States.

Its headquarters consists of a rather drab suite of offices on the eighth floor of a building at 733 15th Street NW.

Whitaker & Baxter is listed as room 828 on the lobby directory, and the committee at room 832, the eight-man staff is housed in adjoining offices numbered 826 to 834.

Mr. TYDINGS. Mr. President, a large-scale operation is being conducted out of a Washington office building by Whitaker & Baxter. The firm employs a number of secretaries and at least one attorney who has reported a $15,000 lobbying fee. The firm is sending literature throughout the country, soliciting support under the name of the Committee for Government of the People, over the signature of a Samuel C. Brightman, consultant to the Committee for Government of the People. The letter from this committee patently misstates the facts on two major points involved in the constitutional debate.

The letter, dated January 28, 1966, which I understand has been circulated to every Democratic State chairman, states on page 2 that the Dirksen amendment "is not an attempt to abandon the one-man, one-vote principle." It also states that it "is not mandatory," and that "it imposes no duty or requirement on any State."

Mr. President, I ask unanimous consent that a copy of this letter of January 28, 1966, be printed at this point in the RECORD.

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

WASHINGTON, D.C.,
January 28, 1966.

I hope that you will take the time to read this brief letter and its enclosures carefully. During my years as a deputy chairman of the Democratic National Committee, I had a great deal of experience with problems of legislative apportionment and with the kindred problem of allocation of delegates to Democratic National Conventions.

This experience has led me to believe, without by any means abandoning the one-man, one-vote principle as a basic yardstick, that other factors can possibly be introduced in formulating the composition of any democratic body designated to representing groups of people.

It is notable that both major political parties have seen fit to introduce some of these other factors in the apportionment of delegates to their national conventions, created to make major national decisions for their members of the democratic process.

It is my personal belief that the States should enjoy similar freedom, if they so desire, to recognize other factors along with population in the constitution of their legislatures. In effect, this, with built-in safeguards to guarantee fair representation, is the intention of Senate Joint Resolution 103, popularly known as the Dirksen amendment. Since there is a great deal of misunderstanding about this proposal, I should like to mention a few things that it is not:

It is not a partisan issue. Democrats support it as strongly as Republicans.

It is not an urban versus rural issue. It is supported by Senators from highly urbanized States.

It is not an attempt to abandon the one-man, one-vote principle.

It is not mandatory. It imposes no duty or requirement on any State.

All it does is to give States the freedom to deal with problems created by geography and the location of the State's population according to the wishes of a majority of the voters in that State. And whatever decision each State reached must be put before the voters after each census.

I believe that this right of self-determination should be given to each State and that is why I am sending you this letter and material.

Naturally I hope that you will agree with my views and express yourself publicly and by writing to me or to the Committee for Government of the People. I am enclosing a card for your convenience if you wish to express your support of the committee's efforts to me.

With all best wishes.

Sincerely,

SAMUEL C. BRIGHTMAN,
Consultant to the Committee for Government of the People.

Mr. TYDINGS. Mr. President, this matter came to my attention through a copy of a letter written by Mr. Sidney S. Kellam to Mr. Samuel C. Brightman.

I ask unanimous consent that a copy of Mr. Kellam'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:

VIRGINIA BEACH, VA.,
February 18, 1966.

Mr. SAMUEL C. BRIGHTMAN,
Washington, D.C.

DEAR MR. BRIGHTMAN: My attention has been called to an article in the Richmond News Leader of February 12, in which it states that I have been named to the Virginia committee with several other people to conduct an educational campaign on behalf of the proposed constitutional amendment on reapportionment now before the U.S. Senate.

In your letter to me of January 28, you pointed out that there was no thought of abandoning the one-man, one-vote principle nor was it an urban versus rural issue; and you sent me a lot of material to read and a card to send in. While I did not carefully read the card, I was of the impression that additional information would be sent to me, and I did not agree in any way to serve on any committee, and I was relying 100 percent on your letter that it was not in any way abandoning the one-man, one-vote principle.

I do not wish to serve on any committee that would in any way abandon the one-man, one-vote principle nor to get involved in any issue that would be urban versus rural and if somewhere on this card it read that I agreed to serve on this committee. I would like to advise you that it would be impossible for me to do so. I am interested in receiving any additional material that you may have on this subject and after carefully studying it all, I would then be in a position in determining whether or not I favor any proposed amendment.

Very sincerely,

SIDNEY S. KELLAM,
Democratic National Committeeman.

Mr. TYDINGS. Mr. President, this is a tremendously important constitutional issue. It is not proper, in my judgment, for a letter to be circulated to responsible party officials with a statement that it would in no way abandon the one-man, one-vote principle.

I feel that, although the committee under the letter of the law is only, as I understand it, required to file its quarterly reports between April 1 and 10, it is important for the people of the United States and for elected representatives to know the source of the funds being used to support the Whitaker and Baxter public relations firm. It is important to know how these funds are being spent.

I feel that we may vote on this matter before April 1. I think that Members of Congress are entitled to know where the firm of Whitaker & Baxter is getting this money and how the money is being spent. I do not believe that the firm should hide behind the specific language of the statutes which, in a sense, would obviate the necessity of filing any financial records except on quarterly dates.

At the time of the colloquy with the junior Senator from Illinois [Mr. DIRKSEN] and the senior Senator from Wisconsin [Mr. PROXMIRE], I was not aware of the letter and the information which were sent out under Mr. Brightman's signature. However, I think that it points out the need and the necessity in such a vital matter to have a complete financial disclosure and to know exactly what is happening in connection with the public relations activities of Whitaker & Baxter.

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

Mr. TYDINGS. I yield.

Mr. PROXMIRE. Mr. President, what is the background and what has been the political experience and relationships of Whitaker & Baxter, this firm which is in charge of organizing support for the Dirksen amendment around the country?

Mr. TYDINGS. It is my understanding that the Whitaker & Baxter public relations firm specialized in the managing of political campaigns. I understand that they represented groups who opposed medicare in the Congress for some years. They were engaged in lobbying activities which, for a time, were unsuccessful, until the people of the United States expressed their mandate in the 1964 elections.

I understand that they are from California, and that they have from time to time been active in soliciting business of a political nature and in actually managing California political campaigns.

Mr. PROXMIRE. Is it not also true that this is one of the highest priced, highest pressure, and most successful political public relations firms in the country?

Mr. TYDINGS. I am not in a position to state affirmatively one way or the other, but——

Mr. PROXMIRE. It has that reputation, does it not?

Mr. TYDINGS. They have such a reputation.

Mr. PROXMIRE. Yes; indeed.

I should like to ask, in connection with this Price, Waterhouse business, was it not asserted at one point that Price, Waterhouse, a very reputable accounting firm, would audit the books of Whitaker & Baxter, or rather of the committee, in connection with this effort by the committee to lobby the Dirksen amendment through the Congress?

Mr. TYDINGS. I read into the RECORD the article appearing in the Los Angeles Times which covered the initial press releases. I was not present at the press meeting, but it is my understanding that Senator DIRKSEN had indicated that Price, Waterhouse would audit the

books and the funds which were to be used by Whitaker & Baxter.

It is my understanding, from reading of the report and talking with the reporters, that when Price, Waterhouse was contacted, they stated that Price, Waterhouse had not been retained to audit the books, and that a member of the firm, a Mr. Walter Baer, stated that he served as treasurer, but added that "this has nothing to do with Price, Waterhouse." He stated that his function is to deposit contributions to the committee in the bank, and then report to Whitaker & Baxter.

Mr. PROXMIRE. So here we have a situation in which the firm of Whitaker & Baxter, which has a reputation as one of the smoothest, slickest, most effective high-pressure political public relations outfits in the country, has been hired. There is no evidence by which we can determine how much money is being spent. They are not being audited by Price, Waterhouse, or by any accounting firm. They have retained a number of very high-priced people, including one lawyer for $15,000, whose term is not specified—it was not $15,000 a year, obviously—probably for what will be a few weeks' parttime work. They have also retained Sam Brightman, a man who was formerly very closely affiliated with the Democratic committee, as well as Rein VanderZee, who was Bobby Baker's top assistant here in the Senate, and was well and favorably known by most Senators as a very personable young man, at a very big fee.

It is my understanding that the present expenditures are in the neighborhood of something like $10,000 a month, as a minimum. Was that the estimate of the Senator from Maryland?

Mr. TYDINGS. Let me say this: I do not know how much money they have taken in or are spending. I know they have as headquarters a suite of offices on the eighth floor of a building at 733 15th Street NW., and that Whitaker & Baxter is listed as room 828 on the lobby directory of that building; that the committee is at 823, and that they have a large staff in an adjoining suite of offices numbered 826 to 834.

I am not prepared to estimate how much they are spending or how much it costs to have a suite like that, or a staff of that size, except that it is not inconsequential.

Mr. PROXMIRE. In the second place, as I understand it, and as I think many people in the Congress and the public expect, there is a lobby law that requires some kind of reporting by lobbyists supporting legislation, and there are reports made, and at least some of those reports do disclose the financial interest; that is, the amount spent, as well as other data on the lobbyists.

In this case, however, it appears there is no disposition on the part of Whitaker & Baxter and no disposition on the part of anyone else to report the amount that is spent to lobby the Dirksen amendment through the Senate, although it is clear that literally thousands of dollars—and I think we can say conservatively tens of thousands of dollars—are being spent in this endeavor; is that not correct?

Mr. TYDINGS. I think that would be a fair assumption.

Mr. PROXMIRE. With respect to the letter written by Mr. Sam Brightman—which, as the Senator pointed out, did result in at least one case of a prominent Democratic official sending in a card indicating that he might support this kind of position; but he sent it in, clearly, because he was deceived, and he said so, and later withdrew his support, after being informed as to what the actual situation was:

In the fourth paragraph of the letter, Mr. Brightman has a series of subparagraphs. He says, speaking of the Dirksen amendment, "It is not a partisan issue. Democrats support it as strongly as Republicans."

I wish it were not a partisan issue. There are some wonderful Republicans opposing the Dirksen amendment, but let us see how many there are. When the matter was up for a vote in the Senate last year, 29 of 32 Republicans supported the Dirksen amendment. There were three who voted against it; Senators CASE, JAVITS, and BOGGS.

On the Democratic side—and Mr. Brightman indicates that Democrats supported it as strongly as Republicans—Democrats in the Senate do not support it at all, because the RECORD showed that out of the 64 Democrats voting, 36 voted no, and only 28 voted for the Dirksen amendment. So it is clear that that statement is just plain wrong.

I do not know of any other evidence of how Democrats or Republicans stand on the Dirksen amendment. There has not been a vote in the House. Certainly, the vote in the Judiciary Committee indicated a preponderance of Democratic opposition; is that not correct?

Mr. TYDINGS. That is correct. Seven of the eight members of the Judiciary Committee who oppose the amendment are Democrats. Four of the eight who support it are Republicans.

Mr. PROXMIRE. So that, as the record indicates, that statement is just untrue—not only inaccurate, but untrue.

Mr. Brightman then goes on to say:

It is not an attempt to abandon the one-man, one-vote principle.

Now, what is it, if it is not an attempt to abandon the one-man, one-vote principle? Does it not seem transparently clear that the whole trust of the Supreme Court's decision in June of 1964 was to affirm a one-man, one-vote principle in State legislatures throughout the country, in both the upper and lower houses? Is that not correct?

Mr. TYDINGS. The Senator is correct.

Mr. PROXMIRE. Is not the whole purpose of the Dirksen amendment to abandon that principle? Is not it clear that the amendment would provide that geographic, political, and other considerations would be considered with population in determining the representation in one branch of the legislature. Could this do anything but abandon the one-man principle?

Mr. TYDINGS. That is correct.

Mr. PROXMIRE. It is very difficult for me to understand how a letter can go out from a man as eminent and as outstanding as Samuel Brightman, saying that Democrats support the amendment as strongly as do Republicans, and that it is not an attempt to abandon the one-man, one-vote principle.

The Senator from Maryland is certainly an expert on this matter—he, together with the Senator from Indiana [Mr. BAYH] and the Senator from Nebraska [Mr. HRUSKA], probably attended more of the hearings and more of the detailed exposition of this effort by supporters of the Senator from Illinois than anyone else.

Mr. Brightman says about the amendment, as his third point:

It is not mandatory. It imposes no duty or requirement of any State.

What is the Senator's answer to that statement?

Mr. TYDINGS. That is incorrect. Senate Joint Resolution 103 requires that each State obtain approval every 10 years regardless of whether or not they have a plan of apportionment which seeks to divide from the one-man, one-vote principle.

Even if they have an absolutely proper and constitutionally created State legislature, the States will be required, every 10 years, if this constitutional amendment is passed, to obtain reapproval of their system of apportionment.

Mr. PROXMIRE. So it now appears that every one of the specific points made by Mr. Brightman in his letter is wrong. The fact is that the Democrats do not support this amendment as strongly as the Republicans; that is clear. In the second place, it is an attempt to abandon the one-man, one-vote principle, or it is nothing at all. In the third place, it is mandatory, and the Senator from Maryland has demonstrated clearly that it is mandatory, although Mr. Brightman's letter says it is not.

The Senator from Maryland is rendering a valuable service in calling the attention of the Senate to the deceptive, erroneous, and false solicitations being made by Whitaker and Baxter to officials around the country in order to line up support for this amendment against the very important principle which the Senator from Maryland is striving so hard to defend.

I should like to ask the Senator from Maryland one or two additional questions.

First, in contrast to the thousands of dollars which, it is clear—and there has been no dispute regarding this spending—are being spent to advance the amendment, can the Senator give the Senate an idea how much money has been used in opposing the Dirksen amendment, and how much is being spent at the present time?

Mr. TYDINGS. My understanding is, as was stated on the floor of the Senate—and this is in the RECORD—by the Senator from Illinois [Mr. DOUGLAS], who is the sole contributor, to my knowledge, that it is in the neighborhood of $500 for reprints of a copy of a speech, to further the effort of those of us who are opposed to the Dirksen amendment. In other words, it is less than $1,000.

Mr. PROXMIRE. Also to pay for some lunches.

Mr. TYDINGS. The Senator is correct.

Mr. PROXMIRE. These were lunches given for supporters who got together. We have no suite of offices.

Mr. TYDINGS. That is correct.

Mr. PROXMIRE. No persons of any kind—attorney, secretary, public relations firm, or any other kind—are being retained by those of us opposing the Dirksen amendment.

Mr. TYDINGS. The Senator is correct.

Mr. PROXMIRE. No funds of any kind have been spent for anyone to come to the Senate to appear, or anything of that kind.

Mr. TYDINGS. The Senator is correct.

Mr. PROXMIRE. So that those of us opposed to the Dirksen amendment—I should say Senator DOUGLAS has spent a limited amount of money, a few hundred dollars, in order to disseminate some information, and we have hired no one. And no one, literally no one, has been hired to help make the fight against the amendment. We are fighting this battle strictly on its merits; is that not correct?

Mr. TYDINGS. The Senator is correct.

Mr. PROXMIRE. Does not the Senator from Maryland feel—as I feel, at least—some deep concern about this problem, that it is a vital issue, as the Senator maintains the Senator from Illinois [Mr. DIRKSEN] has been making —as he always makes a greatly effective and gallant fight—but at the same time, in view of the fact that the last vote was close, that only seven Senators who switched could have made the difference, in view of the fact that these literally thousands of dollars are being spent on behalf of the Dirksen amendment at the present time, and in view of the further fact that those of us who oppose the Dirksen amendment are spending practically nothing, and in view of the fact that not only is money being spent for the Dirksen amendment but also some of the most competent brains in the Nation in terms of political image, and organizing support in the country has been rallied behind it, does not the Senator from Maryland feel that it is necessary for those of us who oppose the Dirksen amendment to make the strongest possible fight we can, that those Senators who agree with us that the principle is a principle worth defending should recognize that we are being challenged as we have not been challenged at all before, and that this is the very first time that those supporting the Dirksen amendment have really put the money, the muscle, and the power in this way behind their position.

Mr. TYDINGS. I could not agree more with the Senator. Let me add that this is perhaps the most important constitutional issues to be debated, at least in this century. There is nothing wrong, as such, with groups lobbying for or against legislation. This is in the American tradition. But to have a public relations firm which avoids answering questions to members of the press about its activities, which seeks to withhold information from the press as to the source of its contributions, as to the manner in which it is spending it, and as to the people on its staff, is not in the interest of sound legislative procedures. It is even more important now because this is such a vastly important constitutional issue and disclosure is not that difficult. All they would have to do would be to publish the names of their contributors, the amount of money received, the persons on their staff, and how they are spending the money, so that the people of the United States and Members of Congress would have all the facts before them when the vital matter comes to a vote.

I fail to see why Whitaker & Baker, and those they have retained or hired, are failing to comply with the spirit, at least, of our statutes involving full disclosure in matters of lobbying.

Mr. PROXMIRE. Let me ask the Senator one more question—and I apologize for detaining him because I know that he wishes to make only an abbreviated statement—but is it not true that the information has also been disseminated by this organization, including I believe, Mr. Brightman—correct me if I am wrong—indicating that the Senate Judiciary Committee has approved the Dirksen amendment?

Mr. TYDINGS. Such a statement was made in material disseminated to Members of Congress by the Committee for Government of the People.

Mr. PROXMIRE. Is it not also true that that is false information—that the Senate Judiciary Committee did not at any time approve the Dirksen amendment?

Mr. TYDINGS. The Senator is correct. The Senate Judiciary Committee reported Senate Joint Resolution 103 without recommendation.

Mr. PROXMIRE. Is it not also true that they have disseminated information saying that if the Dirksen amendment is defeated, there will be an effort made to apply the so-called one-man, one-vote principle to the U.S. Senate?

Mr. TYDINGS. My understanding is that they have put out that kind of argument.

Mr. PROXMIRE. Therefore, is it not clear to anyone covering the Senate in the Senate Press Gallery, or anyone who has served in the Senate, that this is ridiculous, that it cannot be applied to the Senate because of the clear language in the Constitution, No. 1; and that, No. 2, it is an entirely different situation, that the Federal Government was formed on the basis of separate and sovereign States combining together to provide certain enumerated, specified powers to the Federal Government, reserving the rest of the powers to the States, that there is no analogy whatsoever between that situation and the situation within the States, where there is no federal system. The federal system is not a historical fact, but is based squarely on the federal principle which I am sure the Senator from Maryland approves—which I certainly heartily approve, too—that basic federal principle of limited national powers and definite reservation of powers to the State is made meaningful by the organization of Congress, including the Senate which has two Senators from every State.

Mr. TYDINGS. The Senator is correct. That point has been raised in debate, both in committee and on the floor of the Senate. Specifically, those of us who favor fair apportionment, have repeatedly described the basis for the federal system. We have pointed to the fact that under our Constitution no State can be deprived of an equal representation in the Senate without its own approval; that we would oppose any such effort. This argument has nothing whatever to do with the issue before us today.

Mr. PROXMIRE. I thank the distinguished Senator from Maryland.

Mr. DIRKSEN. Is that all the Senator has to say?

Mr. PROXMIRE. So far as I know.

Mr. DIRKSEN. Mr. President, I listened with a great deal of interest to the dialog between my very distinguished friend, the distinguished Senator from the great Badger State of Wisconsin, and the very distinguished lawyer from the great Free State of Maryland. The dialog was not quite up to the level of Plato, but it was interesting notwithstanding.

Therefore, I approach each of them with the idea of calling up the reapportionment resolution as an amendment to the Constitution and that we agree on a limitation of time and that we do this in such a manner as not to impede with the progress of legislation dealing with Vietnam.

I suggest also that they consult with my senior colleague [Mr. DOUGLAS], who has been one of the "three horsemen" in opposition to this amendment; and thereafter I shall discuss it with the majority leader. Perhaps we can proceed, and all the concern about where we raise the money and the nature of the literature sent down and the quality of the public relations firm and all these other questions can be so beautifully disposed of.

I may say to my friend from Wisconsin that if one picks out a public relations firm, he should certainly pick one out that had some "clout"——

Mr. PROXMIRE. May I say to the Senator from Illinois that they certainly picked one with a lot of "clout"—a "golden clout."

May I ask the Senator from Illinois if he would not agree that the disposition of the Senator from Maryland and the Senator from Wisconsin to have a unanimous consent to limit time would be an indication of our sincerity in trying to get this issue to a vote in view of the position the distinguished Senator from Illinois took so effectively on 14(b); in view of the position taken by the Senator from Illinois, as I understand it, on the upcoming minimum wage legislation and unemployment compensation legislation, to wit: that he may organize a long, long educational campaign tying up the Senate for weeks to achieve his objectives, in what can properly be described as filibusters.

I would hope that the distinguished minority leader would give real consideration to adopting this same position or

attitude of charity and cooperation toward this minimum wage and unemployment compensation legislation that we have toward this very vital constitutional amendment.

Mr. DIRKSEN. Mr. President, my friend from Wisconsin has been endowed by the Almighty with a sweet and gracious way, and he can be so whimsical, even though not always interesting. I might say that for my distinguished friend from Maryland. They approach this in a wonderful spirit.

Of course, the Senator from Illinois cannot always be accountable for his cantankerous qualities when there is controversy in the air and when he has a deep conviction on a matter, even as my friend from Wisconsin has a deep conviction on this proposal for legislative reapportionment.

But I am eternally grateful to him for the lovely way, the charming way, the disarming way, the gracious way he approaches it.

I shall be more than glad to cooperate and to speak with the majority leader, and then we will let it come before the Senate.

Mr. PROXMIRE. I thank the Senator. I hope that once again he will give consideration to that spirit of charming cooperation that we are showing here on these other matters.

Whereas the Senator from Illinois paid us a tribute that we are not always interesting but whimsical, he is always interesting as well as whimsical.

Mr. DIRKSEN. I thank the Senator.

Mr. President, this will be pursued with vigor.

SHOCKING ATTACKS BY GOVERNOR CONNALLY AND ATTORNEY GENERAL CARR, OF TEXAS, ON ATTORNEY GENERAL NICHOLAS KATZENBACH AND THE NATIONAL ADMINISTRATION IN CONNALLY-CARR EFFORTS TO LIMIT VOTER REGISTRATION IN TEXAS

Mr. YARBOROUGH. Mr. President, on February 9, 1966, a three-judge Federal court sitting at Austin, Tex., composed entirely of judges who had practiced law in Texas for many years before appointment to the bench, held unconstitutional a 64-year-old poll tax requirement for voting in Texas. Shortly thereafter, Gov. John Connally, of Texas, convened the Texas Legislature on February 14 to pass a registration law for a system of registration without payment of poll tax. The legislature enacted a law requested by Governor Connally which provided a period for registration for voting in the 1966 primary and general elections, without the payment of a poll tax, such period of registration to begin March 3 and to end March 17.

By its order entered on February 9, 1966, the Federal court, composed of U.S. Circuit Judge John Brown, of Texas—appointed by President Eisenhower; U.S. Circuit Judge Homer Thornberry—appointed by President Lyndon B. Johnson; and U.S. District Judge Adrian Spears—appointed by President John F. Kennedy—unanimously entered an order "after enjoining and prohibiting the officers of the State of Texas from requiring the payment of poll taxes as a prerequisite to voting in general, special, and primary elections, Federal, State, or local elections in the State of Texas, and then ordered "the court retains jurisdiction of this cause for such other and further orders as may be required."

The three-judge Federal court expects to look at the results of the 15-day registration to judge its effectiveness. Since facts on its effectiveness will need to be presented to the court, the Justice Department is using the FBI to gather pertinent facts. The Justice Department regularly uses the FBI to gather facts in all types of cases, civil and criminal. The FBI factfinding was not threatened as a club, or publicly announced by the Justice Department as a political move—all the publicity on it came from State candidates, since it was not concealed from the State.

The FBI is expected to gather facts on the publicity given to the open registration period, the number of deputies used to increase registration, the number of offices available to register in, and their office hours, and this information is to be gathered in representative counties.

Attorney General Katzenbach phoned the attorney general of Texas, Waggonner Carr, and advised him of the merely fact-gathering duties of the FBI and that they would be used to gather facts, but not in an attempt to supervise the registration. Within a matter of a few days, Attorney General Waggoner Carr, of Texas, and Governor John Connally, aided and followed by some other State and Federal officeholders in Texas, denounced the Attorney General of the United States in a shocking and discreditable manner.

Mr. President, I ask unanimous consent to have printed at this time in the RECORD an article from the Dallas Morning News, March 3, 1966, entitled "Connally, Carr Rap Voter Check by FBI," and an article from the same issue of the Dallas Morning News entitled, "Katzenbach Astonished," and another article from the same issue of the Dallas Morning News entitled "Registration Rule Altered."

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

[From the Dallas (Tex.) Morning News, Mar. 3, 1966]

CONNALLY, CARR RAP VOTER CHECK BY FBI

(By Jimmy Banks)

AUSTIN, TEX.—Gov. John Connally and Attorney General Waggoner Carr bitterly condemned here Wednesday an FBI investigation of voter registration in Texas, terming it an unjustified insult to the entire State.

Both noted that even the Federal court which struck down the poll tax found that it had not been used to discriminate against anyone. But Carr said U.S. Attorney General Nicholas Katzenbach told him he had personally ordered the FBI to spot check voter registration during the special 15-day period beginning Thursday.

Connally said Katzenbach and the U.S. Justice Department apparently "intend to instigate trouble in this State, where there has been none."

Carr told Katzenbach that citizens of Texas "will cower under such misuse of authority.

"If you have any complaint against Texas," Carr said in a letter to the U.S. Attorney General, "state it in court—don't threaten with the FBI."

Both Connally and Carr said Katzenbach's action constituted an insult to every public official in Texas and particularly to the tax assessor-collectors responsible for registering voters under the new act adopted to replace the poll tax system.

Connally said Katzenbach had put "a great service," the FBI, in a very difficult position since the Justice Department had already asked "that they scour the State in an attempt to find some evidence of discrimination under our voting laws, which the Justice Department alleged but could not prove."

"Conversely," Connally noted, "the Federal court held specifically there had been no discrimination in Texas."

Carr said the FBI probe climaxes State dealings with the U.S. Department of Justice on the poll tax issue which have been getting "progressively more disagreeable because of a big brother attitude they've taken, trying to oversee the affairs of this State."

Carr issued his statements at a press conference, along with copies of a letter he mailed Tuesday to Katzenbach. He said the U.S. Attorney General telephoned him Wednesday morning after learning the press conference had been scheduled.

"He denied there was any surveillance of the State government involved," said Carr, "saying it was his personal decision to send the FBI into the State to spot check the way citizens are registered.

"To me, sending the FBI to spot check how we enforce our laws and guarantee constitutional rights is contemptuous and I have so advised Mr. Katzenbach," said Carr. "When he acts in a contemptible way toward my State, I get fighting mad."

Carr also told Katzenbach, in his letter, that he would refuse to make reports to him on voter registration as requested.

"Our reports will be made to the Federal court having jurisdiction over this matter and to no one else unless the court directs us to do it," said Carr. "You have the same right as any other citizen to see what we file with the court if the court desires you to see it."

Carr's letter also noted that Katzenbach's office had opposed Texas' successful efforts last Saturday to obtain a 30-day stay of the order banning the poll tax as a requirement for voting. "Without the stay" said Carr, "we had no satisfactory way to prevent fraudulent multiple voting by persons presenting themselves to vote under real or fictitious names" in special elections during the next month.

"I found it difficult to understand why Texas had to fight your office for the right to protect the purity of her elections for the next 30 days," Carr wrote to Katzenbach.

He added that "our State is capable of handling our internal affairs" and would not be subjected to "any humiliation resulting from an overlord attitude."

KATZENBACH ASTONISHED

WASHINGTON.—Attorney General Nicholas Katzenbach said Wednesday he was astonished at charges made by Texas Attorney General Waggoner Carr that the FBI was conducting surveillance on Texas State government.

He said he had not yet received a letter written to him by Carr on the matter but that he had talked with Carr by phone prior to the State attorney general's press conference.

"On the basis of both the facts and of our conversation," Katzenbach said in a prepared

statement, "I am astonished that he would express such views.

"As I explained to him," Katzenbach continued, "the FBI has been assigned merely to gather facts regarding actual registration in sample counties.

"The pertinence of this information is explicitly evident from the order issued Saturday by the three-judge Federal court sitting in the pending poll tax proceedings."

REGISTRATION RULE ALTERED

AUSTIN, TEX.—Attorney General Waggoner Carr advised county tax assessor-collectors Wednesday that voters over 60 who did not obtain exemption certificates prior to January 31 can register during the next 15 days.

Carr's decision on persons over 60 in towns of more than 10,000 population represented a change from his original interpretation of the new Voter Registration Act.

"We've had an opportunity to study the act more deeply since the first instructions went out," said Carr, "and we feel our first interpretation was too strict."

Persons who were subject to paying the poll tax but who failed to do so or failed to obtain a free certificate for voting in Federal elections should now register, Carr noted.

"Persons holding a paid poll tax receipt, a receipt stamped 'poll tax not paid' (for voting in Federal elections) or those who have received an exemption certificate do not need to register and should not be allowed to do so," Carr advised.

Mr. YARBOROUGH. Mr. President, it will be noted from this article, entitled "Registration Rule Altered," that after being advised that FBI agents would be sent into Texas, Attorney General of Texas Carr changed his previous interpretation of the new voter registration act. Carr's first instructions ordered that in cities of more than 10,000 population in Texas, persons over 60 years of age could not register under the new law. Under the old laws, voters over 60 years of age, but living in cities of more than 10,000, were exempt from poll tax payments, but must obtain an exemption certificate. On the passage of the new law in February, Attorney General Carr ruled that in case of voters over 60 years of age in cities of over 10,000 population, a failure to obtain an exemption certificate before January 31, 1966, barred those more than 60 years of age from obtaining a free exemption certificate under the new law. Upon learning that FBI agents were watching the registration to be able to furnish the court with information for use in the event of additional attack on the reasonableness of the State's action, Attorney General Carr hastily changed his ruling, as reported in the Dallas News of March 3, 1966, and ruled that prospective voters over 60 years of age, living in cities of more than 10,000 might register between March 3 and March 17, under the new law, and vote this year.

Vastly beneficent effect has been obtained by the sending of FBI agents into Texas. Prior to this change of ruling by Attorney General Carr, the tax assessors and collectors in Houston, Harris County, and Fort Worth, Tarrant County, and a number of other counties were instructing that people more than 60 years of age living in cities of more than 10,000 who did not obtain an exemption certificate under the old law prior to January 31, 1966, could not obtain free voter registration under the new law and thus be qualified to vote.

Furthermore, the tax assessor and collector for Harris County—including the city of Houston—and may other cities, acting on instructions from State officers at Austin, Tex., had advised prospective voters that the informal type of application for a free registration, being printed in many newspapers in Texas, could not be used as a basis for registration but that the prospective voters must wait until the tax assessors and collectors had printed application forms—these forms to be printed under the new law, the registration time from the 3d to the 17th of March already being in effect.

After news of the arrival of FBI agents in Texas, these rulings were hastily changed and tax assessors and collectors who acted in good faith on advice of State officials in Austin had advised the public that the informal type of applications for registration being printed in daily papers over the State could not be used to apply for voter registration in Texas, now advised the public that such proper registration forms could be used wherever printed.

Thus, two vast and beneficial changes have been obtained already by the sending of FBI agents to Texas and Attorney General Katzenbach is to be complimented for his action in aiding the court by sending them there.

The State officers are apparently angry that the poll tax was stricken down—the Attorney General has fought long and diligently to try to keep the poll tax in Texas. For those Texans who have not paid their poll tax this year, the State has provided this short 2-week registration period. For future years, however, the law will require annual registration prior to February 1 of each year. Texas thus becomes one of the only five States in the Union with an annual registration instead of a permanent voter registration that 90 percent of the States have. Thus an effort is still being made to restrict the size of the electorate in Texas.

Illustrative of the anger of the State officials of Texas over action of the Federal court in enforcing constitutional rights which will expand the electorate, are articles from the daily press of Texas. Mr. President, I ask unanimous consent that there be printed at this point in the RECORD an article from the Austin American dated March 3, 1966, under the title "Connally, Barnes Join Carr in Indignation at the FBI Check of Registration," and an article from the Fort Worth Star Telegram of March 3, 1966, under the title, "Connally Blasts Plan of FBI Voter Watch," an editorial entitled "Texas Has Cause for Resentment," an article of San Antonio Express of March 3, 1966, under the title "Katzenbach Act Called Insulting: U.S. Planning To Monitor Registration," and also an article in the same issue of this San Antonio Express entitled "Counties Advised To Make Certain All May Register," and an article from the Houston Post, March 3, 1966, under the title "FBI Check on Voters Denounced" and a subsequent headline "Over 60 May Register, Carr Rules."

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

[From the Austin (Tex.) American, Mar. 3, 1966]

CONNALLY, BARNES JOIN CARR IN INDIGNATION AT FBI CHECK OF REGISTRATION

(By Sam Wood and Jerry Hall)

Gov. John Connally and House Speaker Ben Barnes Wednesday added their indignation in response to an order by U.S. Attorney General Nicholas deB. Katzenbach directing the FBI to check Texas voter registration.

Katzenbach's order was revealed earlier in the day by Attorney General Waggoner Carr who described himself as "fighting mad and highly insulted."

There has been no indication from any quarter that registration at county level would not be in keeping with the new voter registration law.

Connally described the U.S. Attorney General's action as "a gratuitous insult to the public officials of this State, particularly to the assessor-collectors and election officials."

Barnes branded the Justice Department's action as "completely uncalled for."

Registration of voters under the law passed last week by a special session of the legislature starts Thursday. The county assessor-collectors are the registrars.

Wednesday morning Attorney General Carr released to reporters a letter he had sent to Katzenbach after having been informed in a telephone conversation Tuesday by an assistant to the U.S. Attorney General the FBI had been asked to check Texas voter registration for any acts of discrimination.

In his letter to Katzenbach Carr said: "Your assignment of the FBI to maintain surveillance over the Texas government is an insult to every public official and every citizen of Texas."

Governor Connally told reporters he had read Carr's letter and approved of it.

All three Texas officials pointed out that in the poll tax test case which resulted in the Federal district court's judgment that the poll tax as a prerequisite to voting is unconstitutional, it was conceded there had been no evidence of voter discrimination in Texas.

Connally said the U.S. Attorney General's action indicated a determination to "investigate trouble in this State where we have no trouble."

"I've no fear of what the FBI might find," the Governor told reporters. "I can only deplore the image that might be left in other parts of the country simply because the U.S. Attorney General ordered such an investigation."

Connally said it was his hope that "every eligible voter registers." He pointed out that in his first legislature repeal of the poll tax was submitted to the people, and it was defeated. In his second legislature the repeal amendment was submitted again and will be on the November ballot.

"I feel just as Attorney General Carr does that we are capable of handling our elections and as far as that goes all of our internal affairs," Speaker Barnes said.

Carr set the stage for his denunciation of the Katzenbach order at a press conference called for the purpose of "clarification" of the emergency registration period.

"He (Katzenbach) called me this morning after I had put the letter in the mail," Carr stated. He quoted the U.S. Attorney General as saying it was his personal decision to have the FBI make "spot checks" of the Texas registration. He said Katzenbach stated the action was not surveillance.

Carr said he told Katzenbach "to me any spot check by the FBI is contemptuous and

should not be done. I advised him very strongly of my feeling."

Carr told reporters "You can be contemptuous of me and I'll get angry. 'But when you get contemptuous of my State I get fighting mad.' "

The State attorney general said he told Katzenbach he expected him to show respect to this State and to its elected officials who will be conducting the registration.

The letter, mailed early Wednesday after Carr's talk Tuesday with an assistant, stated: "We will not subject this State to any humiliation resulting from an overlord attitude."

The State attorney told the Federal official "I know of no court order which requires me, as Attorney General of Texas, to report to you for anything Texas does."

Carr announced that tax assessor-collectors are being urged to extend the regular working days during the 15-day registration period in order that everyone who desires to do so can register. He said he also had urged the registrars to hire as many deputies as possible.

[From the Fort Worth (Tex.) Star-Telegram, Mar. 3, 1966]

CONNALLY BLASTS PLAN OF FBI VOTER WATCH

(By Harley Pershing)

AUSTIN.—Gov. John Connally joined Attorney General Waggoner Carr Wednesday in denouncing the Federal Government's plan to send FBI agents into Texas to monitor the new voter registration system.

He said the action, prompted by U.S. Attorney General Nicholas Katzenbach, was "unjustified and unwarranted," adding that it was a "gratuitous insult" to the elected officials of Texas, particularly the county assessors-collectors.

Earlier in the day, Carr labeled Katzenbach's decision as "contemptuous," adding that it made him "fighting mad."

Carr called a news conference Wednesday morning to reveal that Katzenbach had informed him that the FBI would be on duty throughout the emergency registration period.

Carr said also the U.S. Attorney General had requested a report on how the voter signup was progressing, whether assessor-collectors were making determined efforts to sign up voters and working employees overtime to bring about full registration.

Carr condemned this action, saying it was not authorized by the Federal courts which struck down Texas' poll tax as a requirement for voting, a decision that brought about an emergency legislative session to write the new voter registration law.

In a letter to Katzenbach—copies were furnished newsmen—Carr told the Federal official he would not report to him on progress of the registration.

He added that if Katzenbach wanted the information he could obtain it from official reports filed with the Federal court.

"Your assignment of the FBI to maintain surveillance over the Texas government is an insult to every public official and every citizen of Texas," said Carr's letter.

The attorney general said that Katzenbach telephoned him, just before the news conferference, to explain that the FBI would be making spot checks and not maintaining a surveillance over voter registration.

Carr said he was told that Katzenbach wanted the FBI reports to determine "if we are conducting voter registration that is satisfactory to Washington."

In Washington Katzenbach, after hearing of Carr's comments, released this statement Wednesday:

"I have not yet received Attorney General Carr's letter which I gather was only mailed today, but I did talk with him this morning prior to his press conference. On the basis of both the facts and of our conversation, I am astonished that he would express such views.

"At that time I made it perfectly clear to him that the FBI is not maintaining surveillance over the Texas government and he has in no sense been threatened. As I explained to him, the FBI has been assigned merely to gather facts regarding actual registration in sample counties.

"The pertinence of this information is explicitly evident from the order issued Saturday by the three-judge Federal court sitting in the pending poll tax proceedings."

Carr noted that the State's relations with the Federal official had deteriorated greatly since his decision to seek a 30-day extension of the Federal court's order outlawing the poll tax.

He went before the court Saturday and won the extension until March 26 in order to complete the registration period.

In Connally's news conference, the Governor charged that Katzenbach's action places the FBI, which he called "a great service," in a very difficult position.

He noted that the FBI failed to find any evidence of discrimination against voters through poll tax payments when the Federal Government filed its lawsuit last year, challenging constitutionality of this long-standing custom.

TEXAS HAS CAUSE FOR RESENTMENT

Texas Attorney General Waggoner Carr is fully justified in his indignation over U.S. Attorney General Nicholas Katzenbach's attempt to watchdog the State's free vote registration. Every Texan ought to share Mr. Carr's feeling about what he calls a gratuitous insult to the State.

This attempted Federal supervision includes assignment of the FBI to maintain a close watch on the registration and orders from Mr. Katzenbach for all details of the registration to be reported to him promptly.

The Texas attorney general's reply to this uncalled for interference in what is the State's business was a proper mixture of curt rebuff and expression of willingness to cooperate:

"I know of no court order which requires me to report to you for anything Texas does. If you have any complaint against Texas, state it in court, don't threaten us with the FBI. Your assignment of the FBI to maintain surveillance over the Texas government is an insult to every public official and every citizen of Texas.

"Texas will cooperate with you in every reasonable way on this or any other matter, but we will not subject this State to any humiliation resulting from an overlord attitude."

It is difficult to see why Mr. Katzenbach should feel it necessary to keep such a strict watch on Texas' registration performance. The State is acting under the supervision of a three-judge Federal court, which ruled Texas' poll tax method of registration unconstitutional.

Without waiting even for appeal of the court's ruling, the legislature was called into special session and acted promptly to set up a free registration system patterned generally after the methods in use in other States. To this form of registration the court has given its assent, and it is to the court, and not to Mr. Katzenbach, that the State is answerable.

In trial of the poll tax case, Mr. Katzenbach was unable to point out where the qualification of voters in Texas had been conducted on a discriminatory basis. The court expressly found that it had not. It is to be wondered, then, why Mr. Katzenbach feels suspicion over the registration that will be conducted over the next 15-day period.

Texas has a right to resent the implication that there is reason for someone to look over its shoulder as it goes about business that is essentially its own and distinctly, under the circumstances, not Mr. Katzenbach's.

[From the San Antonio (Tex.) Express, Mar. 3, 1966]

KATZENBACH ACT CALLED INSULTING—U.S. PLANNING TO MONITOR REGISTRATION

(By John Ford)

AUSTIN.—Gov. John Connally Wednesday joined State Attorney General Waggoner Carr in angrily protesting assignment of FBI agents to monitor Texas voter registration procedures.

Carr, in one of the strongest statements of his public career, said he is "fighting mad" at "overlord" and "big brother" attitudes of the U.S. Department of Justice and Attorney General Nicholas Katzenbach toward Texas.

Connally charged Katzenbach with intentionally fomenting trouble among militant Texas political factions during the March 3–17 first free registration period under the State's new voter qualification law.

The law went into effect just last week to replace the poll tax abolished by Federal court action brought by Katzenbach on authority of the 1965 Federal Voting Rights Act.

HEATED WORDS

Heated words used by both the attorney general and the Governor strongly indicated a gathering new political storm between State and Federal Government officials which may sweep many areas of controversy before the all-clear sounds.

Carr called Katzenbach's decision to order the FBI to check on the registration mechanism "contemptuous" and a culmination of "progressively more disagreeable" relations between the State and the Justice Department. He said he would refuse to comply with a request by Katzenbach for detailed reports on status of registration.

"When I heard about this action on the FBI Tuesday, I decided it was time to blow the whistle on him * * *. It's an insult to every public official and every citizen of Texas * * *. I'm fighting mad," Carr told reporters, his voice breaking occasionally with anger.

The Texas attorney general, who is a Democratic candidate for U.S. Senator, communicated his views to Katzenbach in a three-page letter.

ADVANCE KNOWLEDGE

Connally, who acknowledged he had advance knowledge of Carr's letter, called Katzenbach's action "completely unwarranted and unjustified."

"It's a gratuitous insult to the public officials of this State, particularly the tax assessor-collectors and their deputies and election officials," the Governor said of what he termed FBI "monitoring" of Texas voter registration.

Connally said the assignment puts "a great service—the FBI—in a very difficult position" since it already has made an investigation in the State and found no voter discrimination." Both he and Carr emphasized that the three-judge Federal court which knocked out the poll tax also found the voting levy was not discriminatory as to race.

"I can only interpret the action of the U.S. Attorney General in asking the FBI to monitor our registration to mean that, for whatever reason * * * they intend to instigate trouble in this State where we have had none," Connally stated.

KATZENBACH ASTONISHED

In Washington, Katzenbach expressed astonishment, according to the Associated Press.

"On the basis of both the facts and of our telephone conversation, I am astonished that he would express such views," the Attorney General said.

When he talked to Carr Wednesday morning, Katzenbach said, "I made it perfectly clear to him that the FBI is not maintaining surveillance over the Texas Government, and he has in no sense been threatened.

"As I explained to him, the FBI has been assigned merely to gather facts regarding actual registration in sample counties. The pertinence of this information is explicitly evident from the order issued Saturday by the three-judge Federal court sitting in the pending poll tax proceeding."

Katzenbach said he has not yet received Carr's letter, "which, I gather was only mailed today."

URGE REGISTRATION

Both Carr and Connally urged local tax officials (registrars under the new State act) to take whatever steps are necessary—including naming deputies in all areas and authorizing overtime work—to encourage the widest possible registration.

"That would be the most healthy thing that could occur," Connally said. "I encourage everybody to register, to vote and to go to precinct conventions on election night."

The Governor said he knew of no complaints by the Justice Department against any Texas election official or any allegation that voters had been prevented from qualifying.

He said, in answer to a question, he is not sure whether he will discuss the FBI assignment with President Johnson and other high officials, but may do so.

Carr in his letter to Katzenbach said he found it "difficult to understand" why Justice Department attorneys fought a 30-day stay of the poll tax abolishment order. Federal judges in Houston Saturday granted the stay despite Federal opposition.

TURNED DOWN

Carr said the delay was necessary "to protect the honesty of our elections until our new registration law could be put into effect." He noted the Justice Department was also turned down by the court in its attack on length of the 15-day initial registration period.

He complained that Stephen Pollack, a high-ranking assistant in the U.S. Justice Department civil rights section, had twice contacted his office here requesting detailed reports on registration procedures be sent to Washington. He reported Pollak informed him Tuesday the FBI would "check on Texas to see whether our registration is carried out as you think it should be."

"I know of no court order which requires me to report to you for anything Texas does," Carr wrote Katzenbach. "Quite frankly, we feel our State is capable of handling our internal affairs. Our reports will be made to the Federal court having jurisdiction over this matter and to no one else unless the court directs us to do it. You have the same right as any other citizen to see what we file with the court if the court desires you to see it.

CONFIDENCE APPRECIATED

"Our State appreciates the confidence the court has in Texas' ability to see that its citizens are duly protected in their constitutional rights once those rights are judicially determined.

"Your assignment of the FBI to maintain surveillance over the Texas government is an insult to every public official and every citizen of Texas," Carr continued. "If you have any complaint against Texas, state it in court—don't threaten with the FBI * * *. Texas will cooperate with you in every reasonable way on this or any other matter, but we will not subject this State to any humiliation resulting from an overlord attitude."

Carr said Texas officials are dedicated to guaranteeing all citizens the opportunity to qualify to vote.

He told reporters Katzenbach learned in advance that he had scheduled a press conference here and called him by telephone to inform him that the FBI is only making "spot checks" on registration and to deny any "surveillance over Texas government." Carr said he found it difficult to "draw the line between spot checks and surveillance."

COUNTIES ADVISED TO MAKE CERTAIN ALL MAY REGISTER

AUSTIN.—Attorney General Waggoner Carr, Wednesday called on county tax assessor-collectors to appoint an adequate number of voter registration deputies and authorize overtime if necessary to give all prospective registrants a chance to sign up March 3–17.

Reversing earlier legal advice, Carr said Texans over 60 years of age in cities of 10,000 or larger must be permitted to register during the first free registration period in the State if they did not obtain old-age exemption certificates under the poll tax law before January 31.

Tax officials (made registrars under the new registration act passed last week to replace the poll tax as a voting requirement) earlier had been informed the over-60 group could not register this month. Carr said this was the result of hasty interpretation of the new law, and that legislative intent obviously was to permit the oldsters to sign up as any other voter who had not paid the poll tax can during the 2-week free registration period.

REPORT ASKED

The attorney general requested tax officials to send him a report on how registration is progressing at the end of the first week and a final report at the end of the 15-day period. He enclosed forms for the reports.

"It is important that we receive this report promptly so that we can defend the good faith effort of Texas against any future attacks by the Federal Department of Justice," Carr stated in a memo to registrars.

He noted that he fought a U.S. Justice Department attack on shortness of the registration period by assuring Federal judges tax collectors "would do their clear-cut duty to provide a reasonable opportunity to register everyone in their respective counties."

Carr pointed out, however, the three-judge court, which abolished the poll tax, retained jurisdiction of the dispute over the registration period. He said this allowed the Justice Department "to make further complaints to the court in the event the 15 days actually proves to be insufficient time."

OBLIGATION EMPHASIZED

Carr reported the court emphasized obligation to provide adequate registration facilities and to publicize fully rights of all citizens during the registration period and times and places deputies will be available.

He urged appointment of "a sufficient number of deputies to assure that all people in all areas of your county are afforded a full and adequate opportunity to register."

"If * * * it is necessary to extend the working hours of your deputies beyond the usual and ordinary working day, I strongly urge you to do so," Carr wrote the tax officials.

He also urged that local newspapers, radio and television stations be provided full information on times and places deputies will be available for registration.

SAMPLE FORMS

The attorney general enclosed sample mail registration forms, and advised that local newspapers be requested to reproduce them and that organizations participating in the registration drive be allowed to print and circulate them.

Carr again said these persons should register if they want to vote in State and local elections this year: those who have not paid the poll tax or obtained a "free" poll tax receipt for voting in Federal elections before the January 31 deadline.

Original estimates of some State officials, including Gov. John Connally, that only 50,000 to 100,000 will register over the State this month now look a little low, Carr acknowledged.

Connally, however, stuck by his estimate of less than 100,000 statewide.

[From the Houston (Tex.) Post, Mar. 3, 1966]

FBI CHECK ON VOTERS DENOUNCED

(By William H. Gardner)

AUSTIN.—Both Gov. John Connally and Attorney General Waggoner Carr angrily denounced Wednesday the decision of the U.S. Department of Justice to have FBI agents monitor the registration of Texas voters, calling it an insult to the State.

The Governor charged that the move was a deliberate move to stir up racial trouble in this State "where we've had none before." He added that it was completely unjustified and unwarranted, since the Federal court which declared the poll tax unconstitutional on February 9 stated specifically that in the last 20 years it had not been used in Texas to disenfranchise Negroes or any other class of voters.

Attorney General Waggoner Carr wrote a strong letter of protest to U.S. Attorney General Nicholas Katzenbach, who confirmed in a telephone conversation with Carr that it was his decision to have the FBI "spot check" the voter registration, which begins Thursday and lasts for 15 days.

Governor Connally said he had not talked with President Johnson, his close personal friend, about the Justice Department's decision to send FBI agents into the President's home State to supervise voter registration, and did not know whether he would do so.

"I approve of the letter Attorney General Carr sent and the position he took," Connally told newsmen at a press conference. "The requirement that the FBI monitor registration of voters in this State does a disservice to the people of Texas. It is a gratuitous insult to the public officials of this State, particularly the tax collectors and their deputies who will conduct the registration."

Connally added that it put the FBI in "a very difficult position," since the Department of Justice already had asked that agency to search the State for evidence of discrimination in the poll tax, but none could be found.

"I can only interpret the action of the U.S. Attorney General to mean that, for whatever reason, they intend to institute trouble in this State, where we've had none," the Governor continued. He pointed out that he had twice recommended abolition of the poll tax—in 1963, when it was defeated by the people, and again in 1965, when the legislature voted to submit it to another vote next November. He said he hoped every qualified voter who has not already paid his poll tax will register in the 15-day period.

"So far as I know, there have been no complaints or charges by anyone against any election official of Texas that they prevented anyone from voting," Connally said.

Attorney General Carr, at an earlier news conference, branded the Department of Justice decision as contemptuous, and an insult to every citizen and every public official in Texas.

"When anyone acts in a contemptible way toward my State I get fighting mad, and that's the way I am this morning," said the Texas attorney general, speaking deliberately and with an obvious effort to control his anger.

He said Stephen Pollack, a Justice Department attorney who took a leading part in the Federal Government's fight against the Texas poll tax, had asked him to report to Katzenbach on the way the Texas voter registration progresses. Among other things, Carr said,

he was asked to report on whether tax collectors make their deputies work overtime and on weekends.

"I simply want to state to you that I know of no court order that requires me, as attorney general of Texas, to report to you for anything Texas does," Carr said in his letter to Katzenbach. "Quite frankly, we feel our State is capable of handling our internal affairs. Our reports will be made to the Federal court having jurisdiction over this matter and to no one else unless the court directs us to do it."

Referring to the assignment of FBI agents to spot check the registration, Carr said no citizen of Texas would be intimidated by it.

"If you have any complaint against Texas, state it in court—don't threaten with the FBI," he wrote. "Texas will cooperate with you in every reasonable way on this or any other matter, but we will not subject this State to any humiliation resulting from an 'overlord' attitude."

The Texas attorney general told newsmen that ever since the poll tax fight began the contacts his office has had with the Department of Justice have been getting progressively more disagreeable because of "a big brother attitude they've taken in overseeing the affairs of this State."

"This attitude has reached the limits which to me can no longer be tolerated," Carr said. He then read a copy of the letter he had sent to Katzenbach.

Carr appealed the Federal court's ruling outlawing the poll tax to the U.S. Supreme Court Wednesday. The attorney general served notice of appeal to the three-judge court, stating the appeal is based on two questions:

1. Does the U.S. Constitution guarantee to every citizen the right to vote in State elections?

2. Does the poll tax requirement infringe on a right protected by the U.S. Constitution?

The Federal court held that the answer to both questions is affirmative.

WASHINGTON.—U.S. Attorney General Nicholas Katzenbach said Wednesday that he was astonished by charges made in Austin by Texas Attorney General Waggoner Carr over Federal examinations of free voter registration in the State.

"Your assignment to the FBI to maintain surveillance over the Texas government is an insult to every public official and every citizen of Texas," Carr said in a letter to Katzenbach.

"No citizen of Texas, any more than any citizen of any other proud State, will cower under such misuse of authority." Carr said he would defy the Justice Department.

The 15-day emergency voter registration will begin Thursday, having been made necessary by a three-judge Federal court's ruling that Texas' poll tax, as a qualification for voting, is unconstitutional.

Katzenbach said he talked with Carr before his press conference in Austin. "On the basis of the facts and our conversation, I am astonished that he would express such views," Katzenbach said.

"At that time I made it perfectly clear to him that the FBI is not maintaining surveillance over the Texas government, and he has in no sense been threatened.

"As I explained to him, the FBI has been assigned merely to gather facts regarding actual registration in sample counties." The Justice Department would not give the names of the counties chosen for the sample.

"The pertinence of this information is explicitly evident from the order issued by the three-judge Federal court," Katzenbach said.

OVER-60 MAY REGISTER, CARR RULES

AUSTIN.—Attorney General Waggoner Carr said Wednesday that voters over 60, living in cities over 10,000 population, who did not get their exemption certificates before the February 1 deadline will be allowed to register for voting in the 15-day registration period beginning Thursday.

This is a reversal of a previous interpretation of the new registration law, when it was held that over-60 voters who had not obtained their exemption certificates could not now register.

The new ruling was sent out from the attorney general's office Wednesday to all tax collectors in the State as a part of the instructions for registering voters.

"We are now advising tax collectors to allow them to register," Carr said. "We feel it was the legislative intent in passing the new voter registration bill not to discriminate against people over 60. We concluded that our first interpretation was too strict."

The letter of instructions from the attorney general also urged tax collectors to appoint a sufficient number of deputies so that everybody who wishes can register in the 15-day period from March 3 through 17. It advised registrars to supply full information on registration procedures to newspapers, radio, and television stations.

Attorney General Carr asked that county tax collectors report to his office at the end of the first week on how registration was progressing, and submit another report at the end of the 15-day period.

It has been estimated that 2 million Texans are eligible to register, but Carr said he did not expect nearly that many to do so. He added, however, that he thought the figure would be somewhat higher than the 50,000 to 100,000 estimate of registrations which some have made.

Mr. YARBOROUGH. Mr. President, all of the people of Texas who believe in real democracy and the expansion of the electorate owe a vote of thanks to the Federal court, the Federal judges on it, and to Attorney General Katzenbach and to this administration for their actions involving the electorate in Texas.

It is shocking that so-called Democratic officeholders in Texas; namely, Gov. John Connally, Attorney General Waggoner Carr, and others should denounce the national Democratic administration for its efforts to secure voting rights for the people of Texas. The national administration is to be commended instead of denounced for its diligent efforts to assure constitutional voting rights for the people of Texas.

It is estimated that 2.4 million Texans qualified to vote under the old law, but that there are 3.4 million more adults who could qualify under the Federal court opinion. These 3.4 million unregistered are given 14 days by the Connally-Carr political machine to qualify to vote in Texas.

Mr. President, in protecting and securing the voting rights of Texas, the three-judge Federal court is right, this administration is right, Attorney General Katzenbach and the President who appointed him are right. The Texas lawyers in Katzenbach's office who advise him are right, and the Governor and the Attorney General of Texas are wrong and those public officers in Texas who have sided with them are wrong. Connally, Carr, and others are fighting the basic right of people to vote.

Mr. President, I ask unanimous consent to print at this point in the RECORD my remarks at Houston, Tex., last Friday evening, March 4 under the title of "A Plan To Bring Texas Into the 20th Century Politically and Governmentally," which deals mainly with the right to vote in Texas and the restriction on that right to vote that people of Texas have suffered for many years.

Mr. President, I also ask unanimous consent to print at this point in the RECORD the opinion of the U.S. District Court for the Western District of Texas, Austin division, under the title of *"U.S. of America, plaintiff,* v. *State of Texas, et al., defendants,"* Civil Action No. 1570, before Brown and Thornberry, circuit judges, and Spears, district judge, and the decree in that same cause dated February 9, 1966.

Mr. President, I ask unanimous consent that my radio report to the people of Texas on the weekend of the 5th and 6th of March 1966, be printed in the RECORD at this point.

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

A PLAN TO BRING TEXAS INTO THE 20TH CENTURY POLITICALLY AND GOVERNMENTALLY

(A speech delivered by Senator RALPH W. YARBOROUGH at the Four-State COPE meeting in Houston, Tex., at the 1966 Go Union Banquet, March 4, 1966)

Friends and fellow Texans, trying to develop a plan to bring Texas into the 20th century politically and governmentally may at first glance appear to be an impossible task. However, I can tell you that we already have the basic tools here in Texas.

These tools are: first, a progressive, forward-looking majority of the Texas people, and second, the right to vote. That is all we need for the Texas people to be able to express their wishes and to elect those people who are willing to carry out the will of the Texas people that we enter into the 20th century.

However, the difficulty is that we still have some people with 18th century ideas who are trying their best to hold back progress in this State and who have used every power in their hands to keep the Texas people from voting in this State. For where the people vote, they will vote for progress.

For many years, I have been fighting the poll tax as a barrier to the right to vote. Yet, it was not the establishment State government of Texas who finally struck this down, but it was a three-judge Federal court composed of three Texas judges. Those in political and governmental power in this State didn't want the voters to be able to vote.

And when the February special session of the Texas Legislature was called, those in power did not pass a law to try to help more people in Texas to vote, but rather they were trying every way they could think of to keep the Texas people from voting.

They fear the people; they distrust the people, and the people of Texas should ask why.

Now it seems to me that the last thing a man representing the people of this State should be afraid of is letting the people of the State vote—maybe the facts of the matter are that the people of this State are not being represented, but only a few interests are controlling the State and they are trying to keep it that way.

Why else would a representative of the people advocate a restrictive, retrogressive system of annual registration which only five States in this Nation still have? I will tell you why, it is because they are afraid of the people, and afraid of the vote.

When this same three-judge court decided that it would call upon its agents to gather the facts to protect the people's constitu-

tional rights during this limited 2-week period of registration, this same powerful establishment minority said that they were insulted.

It is a strange public official who thinks that it is an insult to have the constitutional rights of the people of this State protected. Why would any public official be afraid of the scrutiny of honest people who were trying to protect the constitutional rights of voters?

I will tell you why—because these are the very people who have been against the voters all of their public life. We are trying to bring Texas into the 20th century and these people are still fighting the constitutional rights that this country wrote back in the 18th century. I say that people who are 200 years behind the times are not representing the Texas people.

One hundred and thirty years ago last Wednesday, Texas declared its independence from Mexico. One of the reasons was that Mexico had not provided an adequate public educational system for the children of Texas. For this, the people of Texas revolted. Last year the State of Texas dropped from 29th in the Nation in education to 30th in the Nation, at a time when the Texas establishment was saying that we were making progress. Now here is what they call progress: Over the last 10 years, Texas ranks 39th in the percent of increase in expenditure for education per pupil—38 States are improving their educational systems faster than we are.

Now, let me remind you that Texas ranks No. 6 in the Nation in gross income, yet the establishment is content to remain 30th in education, and then call it progress. Progress is going to come in this State at the polls, because the people of Texas want progress, and if Texas revolted 130 years ago over inadequate education, they have the same bone of contention now.

Great progress has been achieved on the Federal level to make programs available to the State that they themselves are not providing. Texas, which ranks 32d in the Nation in per capita income, can be one of the chief beneficiaries of these programs, because the greater a State's need, the more it is eligible for. Yet, we have been told that Texas is not getting 39 Federal aid programs—mainly because the State is not putting up the matching funds. But there has been some expounding on that problem too. The fault, we are told, is that the Federal Government does not take special steps to channel these funds through thoroughly established State agencies.

Now, what does this mean? It means that the power structure who control these agencies are telling the Federal Government that they would not make any special efforts to get money for the Texas people who need it unless it is placed directly within their power structure. In other words, if any attempt is made to give the money to the people that they are trying to keep from voting, then they would not cooperate.

They are saying "put the money right in my hand, and I will take care of the rest."

I say that if the representatives of the people are interested in the people then they will try to take advantage of every program that will benefit the people—that is, if they are interested in the interests of the people of Texas.

For Texas to come into the 20th century, the voters are going to have to go to the polls and vote for men who have ideas of the 20th century. Those men who support the programs of President Lyndon B. Johnson and the Great Society and those who will let the people vote. This is the way into the 20th century—with the ballot.

The quickest way to get rid of those who are against the people being able to vote is to use our votes for those men who are for the people and the Great Society. Men who are against President Johnson's war on poverty and try to thwart its effectiveness; who attack the social security and medicare programs and condemn the voting rights bill and its protection of the right to vote are not representing the best interests of Texas.

(In the U.S. District Court for the Western District of Texas, Austin Division—Civil Action No. 1570)

UNITED STATES OF AMERICA, PLAINTIFF, *v.* THE STATE OF TEXAS, ET AL., DEFENDANTS

Circuit Judge THORNBERRY. In this action the Attorney General of the United States challenges the validity of the Texas poll tax,[1] pursuant to the provisions of Section 10(b) of the Voting Rights Act of 1965, 79 Stat. 437, and 42 U.S.C. 1971(c). The United States seeks to show that the requirement of the payment of a poll tax as a precondition for voting in Texas is a device conceived primarily to deprive Negroes of the franchise and that it has continued to have that effect because the inadequate and disparate educational opportunity given Negroes until recent years by the State has placed them at an economic disadvantage and made the payment of the $1.75 poll tax a heavier burden on the Negro than on whites, in violation of the Equal Protection Clause. The United States also alleges that the Texas poll tax deprives Negroes of the right to vote under the Fifteenth Amendment and that, irrespective of any discrimination, it is invalid under the Due Process Clause since it does not have any adequate State justification and is in fact a restraint and a charge on the exercise of the fundamental right to vote. Although we find that the Texas poll tax is not violative of the Equal Protection Clause or the Fifteenth Amendment, for reasons which we shall discuss at length, we hold that the payment of a poll tax as a precondition to voting must fall as an unjustified restriction on one of the most basic rights guaranteed by the Due Process Clause.

I

The United States Attorney General filed a complaint invoking the jurisdiction of this three-judge District Court under the provisions of the Voting Rights Act of 1965, § 10, 79 Stat. 442–43.[2] Jurisdiction is also asserted under 42 U.S.C. 1971,[3] 28 U.S.C. 1345,[4] and 28 U.S.C. 2281.[5]

Standing to bring this suit is established by Section 10(b) of the Voting Rights Act of

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[1] Similar suits are being prosecuted in Alabama, Mississippi and Virginia. *United States* v. *Alabama*, M.D. Ala. 1965, No. 225–N; *United States* v. *Mississippi*, S.D. Miss. 1965, No. 3791; *Harper* v. *Virginia State Board of Elections*, *Butts* v. *Harrison*, E.D. Va. 1964; 240 F. Supp. 270, appeal pending, 34 L.W. 3234 (brought prior to Voting Rights Act of 1965, United States as amicus curiae).

[2] SEC. 10. (a) The Congress finds that the requirement of the payment of a poll tax as a precondition to voting (i) precludes persons of limited means from voting or imposes unreasonable financial hardship upon such persons as a precondition to their exercise of the franchise, (ii) does not bear a reasonable relationship to any legitimate State interest in the conduct of elections, and (iii) in some areas has the purpose or effect of denying persons the right to vote because of race or color. Upon the basis of these findings, Congress declares that the constitutional right of citizens to vote is denied or abridged in some areas by the requirement of the payment of a poll tax as a precondition to voting.

(b) In the exercise of the powers of Congress under section 5 of the 14th amendment and section 2 of the 15th amendment, the Attorney General is authorized and directed to institute forthwith in the name of the United States such actions, including actions against States or political subdivisions, for declaratory judgment or injunctive relief against the enforcement of any requirement of the payment of a poll tax as a precondition to voting, or substitute therefor enacted after November 1, 1964, as will be necessary to implement the declaration of subsection (a) and the purposes of this section.

(c) The district courts of the United States shall have jurisdiction of such actions which shall be heard and determined by a court of three judges in accordance with the provisions of section 2284 of title 28 of the United States Code and any appeal shall lie to the Supreme Court. It shall be the duty of the judges designated to hear the case to assign the case for hearing at the earliest practicable date, to participate in the hearing and determination thereof, and to cause the case to be in every way expedited.

[3] SEC. 1971.(a)(1) All citizens of the United States who are otherwise qualified by law to vote at any election by the people in any State, Territory, district, county, city, parish, township, school district, municipality, or other territorial subdivision, shall be entitled and allowed to vote at all such elections, without distinction of race, color, or previous condition of servitude; any constitution, law, custom, usage, or regulation of any State or Territory, or by or under its authority, to the contrary notwithstanding.

* * * * *

(c) Whenever any person has engaged or there are reasonable grounds to believe that any person is about to engage in any act or practice which would deprive any other person of any right or privilege secured by subsection (a) or (b) of this section, the Attorney General may institute for the United States, or in the name of the United States, a civil action or other proper proceeding for preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order. If in any such proceeding literacy is a relevant fact there shall be a rebuttable presumption that any person who has not been adjudged an incompetent and who has completed the sixth grade in a public school in, or a private school accredited by, any State or territory, the District of Columbia, or the Commonwealth of Puerto Rico where instruction is carried on predominantly in the English language, possesses sufficient literacy, comprehension, and intelligence to vote in any Federal election. In any proceeding hereunder the United States shall be liable for costs the same as a private person. Whenever, in a proceeding instituted under this subsection any official of a State or subdivision thereof is alleged to have committed any act or practice constituting a deprivation of any right or privilege secured by subsection (a) of this section, the act or practice shall also be deemed that of the State and the State may be joined as a party defendant and, if, prior to the institution of such proceeding, such official has resigned or has been relieved of his office and no successor has assumed such office, the proceeding may be instituted against the State.

(d) The district courts of the United States shall have jurisdiction of proceedings instituted pursuant to this section and shall exercise the same without regard to whether the party aggrieved shall have exhausted any administrative or other remedies that may be provided by law.

[4] SEC. 1345. Except as otherwise provided by Act of Congress, the district courts shall have original jurisdiction of all civil actions, suits or proceedings commenced by the United States, or by any agency or officer thereof expressly authorized to sue by Act of Congress.

[5] SEC. 2281. An interlocutory or permanent injunction restraining the enforcement, operation or execution of any State statute by

1965 under which the Attorney General is "authorized and directed to institute forthwith * * * actions * * * against the enforcement of any requirement of the payment of a poll tax as a precondition to voting * * *" in areas where the requirement of such taxes denies or abridges the constitutional right of citizens to vote. The defendants are the State of Texas, the Judges of Election for Precinct Number 239 of Travis County, Texas, the Mayor of Austin, Texas, the Travis County Democratic and Republican Executive Committees and their Chairmen, and the Tax Assessor-Collector of Travis County, Texas.[6]

II

Although frequently thought of as a tax on the privilege of voting, the poll tax is actually a head tax. In this context, "poll" means "head" rather than the term customarily used to describe a place of voting.[7] The first poll tax in Texas, one dollar on white males from 21 to 55, was levied on June 12, 1837,[8] soon after Texas declared its independence from Mexico and became a Republic. From that time up until the Constitutional Amendment in 1902, there was no relation between the poll tax and the right to vote.[9] Negroes were enfranchised in Texas in 1869 [10] and became liable for the poll tax in 1870.[11] By 1870, there were 50,000 Negro and 60,000 white voters on the rolls. Proposals to make payment of the poll tax a qualification for voting were first raised in the 1875 Constitutional Convention [12] and frequently thereafter.[13] Finally, in 1901 the Texas Legislature, by Joint Resolution, proposed a constitutional amendment to make payment of the poll tax a prerequisite to voting,[14] and in 1902 the voters of Texas approved.[15]

We cannot improve on the following excellent summary of the Texas poll tax requirements found in the United States' brief: In order to vote in general, special and primary elections of the cities, counties and State, a person must be (1) twenty-one years old, (2) a citizen, (3) a resident of the State for one year and of the district or county in which the election is held for six months, and (4) a holder of a poll tax receipt, if liable for the tax.[16] The same preconditions apply to voting for federal officials except that the payment of poll taxes [17] has been prohibited by the adoption of the Twenty-Fourth Amendment. Insane persons, paupers supported by the county, and persons convicted of a felony whose civil rights have not been restored are disqualified from voting.[18]

The poll tax is imposed on all residents of the State between the ages of twenty-one and sixty as of January 1 of the tax year.[19] The amount of the tax is $1.50,[20] but counties are authorized to require payment of an additional $.25 to defray the cost of collection. In addition, cities are authorized to impose a poll tax [21] of $1.00 as a precondition to voting in city elections. The tax must be paid between October 1 of the tax year and January 31 of the following year.[22] The deadline for payment precedes general elections in November by nine months. The Texas Constitution allocates one dollar of the tax to public education.[23]

Persons over the age of sixty on January 1 of the tax year are exempt from the tax.[24] but, if they live in a city of over 10,000 population, they must obtain "overage" certificates of exemption during the same four-month period that poll taxes are paid.[25] Persons over sixty who live in small towns or rural areas are allowed to vote without paying poll taxes or procuring a certificate of exemption. Persons who became 21 after the beginning of the tax year but before the election, regardless of the population of their area of residence, must obtain a certificate of exemption at least thirty days before the election.[26] The same rule applies to persons who became residents of the State after January 1 of the tax year.[27]

Poll taxes are paid to and certificates of exemption are issued by the County Tax Assessor-Collectors who are agents of the State for this purpose.[28] Payment of poll taxes may be tendered in person or mailed, and, in either case, payment may be made by the taxpayer himself or by certain close relatives.[29] The taxpayer must use his own money to pay the tax, since willfully loaning or advancing money to another person for poll tax payment is punishable by a $500 fine.[30]

A County Tax Assessor-Collector "may at such places as shall in his discretion be necessary or advisable" appoint deputies for the purpose of accepting poll tax payments and issuing certificates of exemption.[31] In counties containing a city of 10,000 or more inhabitants, other than the county seat, provision is made by statute for a poll tax deputy to accept payments and issue exemption certificates in the city, but only during the month of January.[32] These statutes appear to be the only provisions of Texas law related directly to procedures for the assessment and collection of poll taxes. The State Comptroller has broad statutory authority to prescribe forms and issue instructions to County Tax Assessor-Collectors,[33] and has issued a manual containing forms and instructions relating to assessment, collection and record-keeping procedures for various State taxes.

Texas does not have a separate system for registration of voters. At the time he pays his poll taxes, a prospective voter is required to show that he satisfies the voting preconditions of age, citizenship and residence. This information is recorded on his poll tax receipt, a copy of which is retained for use by the Tax Assessor-Collector in compiling lists of qualified voters.[34] Before April 1 of each year, the Tax Assessor-Collector of each county is required to compile and certify lists of the names of qualified voters, by election precinct, who have paid their poll taxes or received certificates of exemption during the statutory four-month period.[35] These lists are ultimately transmitted to the precinct judges of election.[36] With certain minor exceptions,[37] only persons whose names appear on such lists or on supplemental lists are allowed to vote.[38]

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restraining the action of any officer of such State in the enforcement of execution of such statute or of an order made by an administrative board or commission acting under State statutes, shall not be granted by any district court or judge thereof upon the ground of the unconstitutionality of such statute unless the application therefor is heard and determined by a district court of three judges under section 2284 of this title.

[6] The defendants other than the State of Texas were named because they typify officials throughout the State who have statutory duties in the enforcement of the poll tax.

[7] Texas Legislative Council, Staff Research Report: A Survey of Taxation in Texas, Part IIB, 68 (1952) [hereinafter cited as Texas Legislative Council].

[8] Laws of the Republic of Texas 1837, at 259, 262.

[9] Texas Legislative Council, 71–73.

[10] Tex. Const. art. III, § 1 (1869); Tex. Laws 1870, at 24.

[11] Tex. Laws 1870, at 199.

[12] Journal of the Constitutional Convention of 1875, at 238; Texas Legislative Council 72.

[13] Texas Legislative Council 73. Proposals were introduced in the Texas Legislature in 1879 (Tex. Laws 1879, at 46; Tex. H. Jour. 1879, at 716); in 1883 (Tex. H. Jour. 1883, at 716); in 1889 (Tex. H. Jour. 1889, at 588); in 1891 (Tex. H. Jour. 1891, at 59); in 1895 (Tex. H. Jour. 1895, at 40); in 1899 (Tex. H. Jour. 1899, at 445); and finally in 1901 as a proposed amendment to the Texas Constitution (Tex. H. Jour. 1901, at 56, 59, 175; Tex. S. Jour. 1901, at 29).

[14] Tex. S. Jour. 1901, at 29; Tex. H. Jour. 1901, at 175.

[15] Tex. S. Jour. 1903, at 877.

[16] Tex. Const. art. VI, § 2; Tex. Election Code art. 5.02 (Supp. 1965).

[17] U.S. Const. amend. XXIV:

"SEC. 1. The right of citizens of the United States to vote in any primary or other election for President or Vice President, for electors for President or Vice President, or for Senator or Representative in Congress, shall not be denied or abridged by the United States or any State by reason of failure to pay any poll tax or other tax.

"SEC. 2. The Congress shall have power to enforce this article by appropriate legislation."

A poll tax receipt for Federal elections must be obtained during the same period that regular poll taxes are collected. The receipt, generally marked "Poll Tax Not Paid," is honored for Federal elections only. Tex. Election Code art. 5.02a (Supp. 1965).

[18] Tex. Const. art. VI, § 1; Tex. Election Code, art. 5.01 (Supp. 1965).

[19] Tex. Gen. Tax Code art. 2.01 (Supp. 1965); Texas Election Code art. 5.02 (Supp. 1965). Imposition of a poll tax by the legislature is expressly authorized by the Texas Constitution. Tex. Const. art. VIII § 1.

[20] The tax is limited to $1.00 for insane and blind persons, persons suffering from certain permanent physical disabilities, and members of the active State militia. Tex. Gen. Tax Code art. 2.01 (Supp. 1965); Tex. Election Code art. 5.02 (Supp. 1965).

[21] Tex. Rev. Cic. Stat. art. 1030 (1963).

[22] Tex. Election Code art. 5.09 (Supp. 1965).

[23] Tex. Const. art. VII, § 3. The remaining $.50 is allocated for general revenue purposes. Tex. Election Code art. 5.09 (Supp. 1965).

[24] Tex. Election Code art. 5.09 (Supp. 1965).

[25] Tex. Election Code art. 5.16 (Supp. 1965).

[26] Tex. Election Code art. 5.17 (Supp. 1965).

[27] *Ibid.*

[28] Tex. Election Code arts. 5.11–5.12 (Supp. 1965).

[29] *Ibid.*

[30] Tex. Penal Code art. 204 (1952).

[31] Tex. Election Code art. 5.11 (Supp. 1965).

[32] Tex. Election Code art. 5.19 (1952).

[33] Tex. Rev. Civ. Stat. art. 7201 (1960).

[34] Tex. Election Code arts. 5.14, 5.16 (Supp. 1965).

[35] In addition, the County Tax Assessor-Collectors are required to file a monthly report with the State Comptroller during the four-month poll tax season (October through January). The form for this report is prescribed by the State Comptroller and reflects the number of poll taxes paid and certificates of exemption issued during the monthly reporting period.

[36] Tex. Election Code art. 5.22 (Supp. 1965).

[37] Persons who pay poll taxes in one county and thereafter move to another county or to another election precinct in the same county may, upon complying at the polls with certain conditions, vote in the precinct of their new residence, even though their names do not appear in the precinct list of qualified voters. This procedure does not apply to persons who move into or change election districts within a city of over 10,000 population. Such persons must present their poll tax receipts, certificates of exemption, or affidavits of loss thereof to the Tax Assessor-Collector and have their names added to the list of qualified voters. Tex. Election Code art. 5.15 (Supp. 1965).

As noted supra, p. 10, persons over 60 who live in small towns and rural areas are not required to pay poll taxes or procure certificates of exemption.

[38] If a judge of election allows a person to vote whose name is required to be listed but is not so listed, the judge is subject to a $500 fine. Tex. Penal Code art. 216 (1952).

III

The United States urges a number of theories as the basis of its attack on the constitutionality of the poll tax. It contends that the State of Texas by failing to provide Negroes with educational opportunities equivalent to those given to white students has limited their income-producing potential and that, as a result, the payment of the poll tax is a more difficult burden on the Negro than on the non-Negro. This disparity of educational and economic opportunity when coupled with a historical structure of social and political segregation is asserted to have deprived Negroes of the equal protection of the law guaranteed by the 14th amendment.

To establish this theory, the United States offered evidence of the relationship between educational level and income potential and statistics showing the inferior educational and vocational training formerly provided Negroes. Charts and figures were presented to show the disparity in annual instructional expenditures per pupil, in teacher salaries, in number of pupils per teacher, and in the value of school property and equipment.[39]

As evidence of the effect of the poll tax on Negroes, the United States submitted statistics on the number of whites and Negroes between the ages of 21 and 60 who actually paid the poll tax as compared to the total number of potentially eligible voters of each race. Their figures for 187 out of 254 counties showed that 57.3 percent of the eligible whites paid the poll tax in 1964, while 45.3 percent of the eligible Negroes paid.[40] The United States contends that this variation of 12 percent demonstrates the discriminatory effect of the poll tax on Negroes whose income potential has been stymied by lack of educational opportunity.

The United States also argues that, aside from consideration of race, the poll tax necessarily discriminates against the poor, denying them equal protection of the law. To support this contention, the United States offered evidence that one purpose of the adoption of poll tax payments as a precondition for voting was to disenfranchise the poor who formed the backbone of the Populist Party.[41] The deposition of Mollie Orshansky, an expert on poverty, was introduced to show that, for persons living "below the poverty line," [42] the poll tax fee must compete with the basic necessities of life, placing a substantial handicap upon the poor's exercise of the right to vote.[43]

As evidence that the purpose and effect of the Texas poll tax is to discriminate against Negroes in violation of the Fifteenth Amendment, the United States traced the historical development of the poll tax as a prerequisite to voting in the State of Texas. Although various theories have been advanced to explain the passage of the 1902 constitutional amendment making payment of the poll tax a prerequisite for voting, the United States submitted excerpts from speeches of proponents and opponents of the amendment, from newspaper articles and editorials, and from the comments of historians to show its discriminatory objective.[44]

Insight into the motives of Texas voters can be gained, the United States contends, by viewing the Texas amendment as part of the Southern movement to use the poll tax rather than intimidation to disfranchise the Negro.[45] Between 1889 and 1902, ten Southern states made the poll tax a prerequisite for voting.[46] Florida led off in 1889,[47] followed by Mississippi [48] and Tennessee [49] in 1890, Arkansas [50] in 1892, South Carolina in 1895,[51] Louisiana in 1898,[52] North Carolina in

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[39] See the following table:

Texas State totals

YEARLY INSTRUCTIONAL EXPENDITURES PER PUPIL

	White	Negro
1930-31	$43	$20
1934-35	36	18
1940-41	47	26
1946-47	80	62
1952-53	175	133
1956-57	205	190

TEACHER SALARIES

1930-31	$1,033	$623
1934-35	900	557
1940-41	1,140	704
1946-47	1,905	1,521
1951-52	1,707	1,640

NUMBER OF PUPILS PER TEACHER—AVERAGE DAILY ATTENDANCE

1930-31	24	31
1934-35	25	31
1940-41	24	27
1946-47	24	25
1954-55	22	22
1960-61	21	22

NUMBER OF PUPILS PER TEACHER—ENROLLMENT

1930-31	32	44
1934-35	31	41
1940-41		
1946-47		
1954-55	25	26
1960-61	23	25

VALUE OF SCHOOL PROPERTY AND EQUIPMENT PER YEAR PER CHILD

	White	Negro
1930-31:		
Property	$149.00	$38.00
Equipment	7.10	1.28
1935-36:		
Property	159.00	55.00
Equipment	9.00	2.00
1940-41:		
Property	201.00	64.00
Equipment	14.00	3.00
1945-46:		
Property	225.00	75.00
Equipment	22.00	6.00

[40] The State asserted that 55.9 percent of the white population over 21 had qualified to vote and that 50.2 percent of the Negroes over 21 years had so qualified. The discrepancy between these figures may be explained by the State's inclusion in its calculations of those who received free poll taxes and exemptions—i.e., those who had just reached 21 years of age, those over 60 years of age, and those who received the free Federal poll tax receipts.

[41] See infra, p. 20.

[42] The "poverty line" is defined in relation to calculations of a minimum adequate level of living.

[43] Miss Orshansky estimated that at least 600,000 Texans between the ages of 21 and 59 are living below the poverty line.

[44] Delegates to the Constitutional Convention:

Delegate Mills "said he understood this as a thrust against the colored men, and was a violation of their rights." State Gazette (Austin, Tex.), Oct. 7, 1875, quoted in McKay, The Texas Constitutional Convention of 1875, at 168.

Delegate Weaver contended:

"Neither do I consider it an argument of any value, that it might deprive the colored man of the right of suffrage. This is not an argument to me. I believe in the supremacy of the Anglo-Saxon race above negroe * * * but * * * I believe that the negroes, as Mr. Mills has said, will sell their hats, boots, and shoes to pay their tax and qualify themselves for the polls and will struggle to the last. Nay, I do not know but that some of them would even steal to get enough to pay their poll tax and vote."

State Gazette (Austin, Tex.), Oct. 14, 1875, quoted in McKay, The Texas Constitutional Convention of 1875, at 171.

According to Judge Ballinger, also a delegate to the Convention:

"They had proposed a poll tax, intending merely, whatever they might say to the contrary, to reach the colored people and make it a fundamental condition of suffrage * * *. Whatever argument might be used in its defense, the clause was simply a restriction on the right of suffrage of the poor people of the State."

State Gazette (Austin, Tex.), Oct. 8, 1875, quoted in McKay, The Texas Constitutional Convention of 1875, at 181.

Newspaper articles and editorials:

"It remains to be seen what effect the adoption of this amendment will have on the suffragists of Texas. It is asserted by some that its ostensible object of increasing the revenues of the State will not be realized; that, in fact, the prime movers in this piece of legislation never had the object of adding to the revenues of the State in view and that their real purpose was to disfranchise the shiftless element of voters."

San Antonio Daily Express, Nov. 8, 1902, p. 1, col. 5:

"Are those who pay nothing toward the support of the government the peers of those who do? Has the drone the right to share equally the privileges of the industrious? Must the low groveling equal-before-the-law, lazy, purchaseable negro, who pays no taxes, have the privilege of neutralizing the vote of a good citizen and taxpayer?"

Houston Telegraph, Oct. 10, 1875, quoted in McKay, Debates of the Texas Constitutional Convention of 1875, at 98.

Scholars and Historians:

Professor Frederic D. Ogden, the leading student of the poll tax, concluded that the "use of the poll tax in the South for suffrage restriction dates back primarily to the period from 1890 to 1908. * * * It is obvious that one reason why southern states adopted the poll tax and other suffrage restrictions in the period from 1890 to 1908 was to disfranchise the Negro. * * * In Mississippi, payment of the tax was made a voting prerequisite largely because of the belief that whites would be more apt to pay it than Negroes. The situation was similar in Texas."

Ogden, The Poll Tax in the South, 2, 4–5, 7 (Univ. Ala. Press 1958), (footnotes omitted), cited in *Harman* v. *Forssenius*, 1965, 380 U.S. 528, 529, 539, 540.

[45] Ogden, *op cit. supra*, note 44, at 5, 7–10, 30–31.

[46] Texas Legislative Council 70.

[47] Fla. Laws 1889, ch. 3859, at 13.

[48] Miss. Const. §§ 241, 243 (1890); Miss. Code §§ 3160–63 (1942). The Supreme Court of Mississippi has explicitly acknowledged that the State's poll tax was intended to "obstruct the exercise of the franchise by the negro race." *Ratiffe* v. *Beale*, 1896, 74 Miss. 247, 266–67, 268.

[49] Tenn. Acts 1890, ch. 26, at 67.

[50] Ogden, *op cit. supra*, note 44, at 2–3.

[51] Ibid. Ogden relates that at the South Carolina Constitutional Convention of 1895 which adopted the tax, Benjamin R. Tillman decried Negro voting and stated the Convention's purpose to be "to put such safeguards around the ballot in the future, to so restrict the suffrage and circumscribe it, that this infamy can never come about again." Id. at 5–6.

[52] According to Ogden, the President of the Louisiana Constitutional Convention that adopted the tax commented of the new Constitution: "Doesn't it let the white man vote, and doesn't it stop the Negro from voting, and isn't that what we came here for? (applause)" (footnote omitted). Id at 6.

1900,[53] Alabama in 1901 [54] Virginia [55] and Texas in 1902, and Georgia [56] in 1908.

A 1952 Staff Report to the Texas Legislative Council [57] concluded that:

"No single factor accounts for acceptance of the poll tax as a prerequisite for voting. Obviously, the movement had been underway a long time, and such an issue, constantly pressed, has a way of eventually gaining public favor. However, it would appear that at least three important elements were involved. In the first place, there was the desire to purify the ballot. This was one of the reasons most often advanced by supporters of the proposed constitutional amendment. Apparently, they felt that 'vote-buying' and other fraudulent election practices would be substantially reduced by adding to the cost of vote-purchasing and by having more carefully regulated election administration. Second, there was a desire to disfranchise the Negro. And third, there was the essentially defunct Populist Party. The Populist or People's Party was an important element in the politics of many sections of the United States during the 1890's. The party was radical in its views and received its main backing from struggling farmers and from labor. This organization was anathema to many of the politicians of that day. Thus some proponents of a poll tax requirement for voting saw in it a method of disfranchising the people who had formed the backbone of the Populist Party." [58]

The State of Texas contends that there is no evidence that the poll tax in Texas discriminates against anyone because of race or economic status. The State notes that the poll tax is imposed on everyone between the ages of 21 and 60 and that, according to the Attorney General of the United States and the Voting Rights Commission of 1961, no voting discrimination exists in Texas. In his testimony before the Senate Judiciary Committee, the Attorney General made the following statements:

"Could I say two things. One, that the Department of Justice and the Civil Rights Commission has never had one single complaint on voters' discrimination arising in the State of Texas. The point 2 that I want to make, a higher percentage of Negroes are registered in proportion to the Negro population of Texas than whites. 58 percent of the Negroes are registered; 56 percent of the whites are registered.

* * * * *

"Mexicans registered are even a higher percentage than the Negroes." [59]

The United States asserts that these figures should not be given weight since they were based on "estimates" made by the Southern Regional Council which have proved inaccurate in the light of the evidence assembled for this lawsuit.

The Civil Rights Commission of 1961 concluded that:

"The right to vote without distinctions of race or color—the promise of the 15th amendment—continues to suffer abridgment. Investigations, hearings, and studies conducted by the Commission since its 1959 Report indicate, however, that discriminatory disfranchisement is confined to certain parts of the country—indeed that it does not exist in 42 States. But in about 100 counties in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee, there has been evidence, in varying degree, of discriminatory disfranchisement." [60]

The United States claims that the definition of "discriminatory disenfranchisement" did not include poll taxes and their effect, but was limited to overt and deliberate discrimination and that the Commission recommended that the Congress abolish the poll tax as a precondition to voting.

IV

In the light of the evidence assembled by the United States and the defendants, this Court hereby makes the following findings and conclusions:

(1) A primary purpose of the 1902 Amendment to the Texas Constitution making payment of a poll tax a precondition to the right to vote was the desire to disenfranchise the Negro and the poor white supporters of the Populist Party. The fact that the Amendment was conceived for this invidious purpose over half a century ago is not alone a sufficient reason today for declaring it unconstitutional.

(2) This Court acknowledges that a dual structure of society developed in post-Civil War Texas and has resulted in a denial of equal opportunities to the Negro. The disparity in state support of white and Negro education until recent years stands as the most vivid example of this dual structure and leaves a substantial proportion of the present adult Negro population as products of its discrimination.

(3) Even though the poll tax was established as a prerequisite for voting in part to disenfranchise the Negro and even though the Negro has been relegated to a position of second-class opportunity by policies of segregation and inadequate education, the evidence does not establish that the poll tax in Texas discriminates against Negroes in violation of the Fifteenth Amendment or the Equal Protection Clause.

The evidence clearly shows, and the United States does not dispute, that at least during the last twenty years there has not been any attempt to use the poll tax overtly to deprive the Negro of his right to vote. Despite unlimited pretrial discovery, no instances of outright discrimination have been shown or alleged. In fact, the United States has relied primarily on evidence of discrimination in public education and the resulting economic disadvantages to establish that the poll tax is more of a burden upon the Negro than upon the white voter. Although we consider the United States' method of proof a legitimate means for reaching such a conclusion, the facts will not support a finding of racial discrimination. The figures most favorable to the United States' position indicate that of the eligible persons between the ages of 21 and 60, 57.3 percent of the whites and 45.3 percent of the Negroes pay their poll tax. It is to be noted that both of these figures, although not commendable in terms of the total electorate, are substantial and that the difference between them is only 12 percent. If the disparity had been larger, we might have been more inclined to accept the evidence of a historical background of discrimination and the result of the poll tax sales as sufficient to justify a finding that the poll tax discriminates against Negroes. The disparity, however, is not glaring. Indeed, it is relatively small. The evidence points to other possible reasons for this difference. In some counties, the percentage of both white and Negro voters paying the poll tax is substantially higher than the average,[61] while in

Sample counties where both white and Negro poll tax payments are higher than the average

County	Persons 21 to 59 (in 1960)		Poll-tax payers (1964)		Percent of persons 21 to 59 paying poll tax	
	White	Negro	White	Negro	White	Negro
Angelina	15,492	2,976	11,316	1,837	73.0	61.7
Chambers	3,911	936	3,035	690	77.6	73.7
Hardin	9,351	1,605	6,579	948	70.4	59.1
Lee	3,026	705	1,984	422	65.6	59.9
Montgomery	9,407	2,347	7,243	1,449	77.0	61.7
Newton	2,935	1,204	2,040	766	69.5	63.6
Sabine	2,339	711	1,766	493	75.5	69.3
San Jacinto	1,245	1,055	1,056	781	84.8	74.0

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[53] Id. at 3.

[54] The author described the debate on the tax at the Alabama Constitutional Convention of 1901:

"One of the delegates in the Alabama Convention stated that he believed that the poll tax would disfranchise ten Negroes to one white man. Another delegate, who approved using the revenue for educational purposes, thought that the tax would both disfranchise Negroes and educate white children. Other members of this convention regarded the poll tax as the primary solution for their suffrage problem, frequently stated to be that of disfranchising the Negro without at the same time disfranchising any whites. (Footnotes omitted.) Id. at 6.

[55] Va. Const. §§ 18, 20–22, 35, 38, 173. Ogden also quotes a delegate-supporter of the poll tax at that convention: "It will not do away with the Negro as a voter altogether, but it will have the effect of keeping numbers of the most unworthy and trifling of that race from the polls. I do not know of anything better in view of the fifteenth amendment. Ogden, op. cit. supra, note 44, at 7.

[56] Ga. Acts 1908, at 27.

[57] The Texas Legislative Council is an organ of the State Legislature composed of fifteen legislators, the Speaker of the House and the President of the Senate and operates pursuant to State law with a professional staff. Tex. Rev. Civ. Stat. art. 5429(b) (1958).

[58] Legislative Council Staff Report, p. 73 (footnotes omitted).

"The United States asserts that the tax was not linked to voting for the purpose or with the effect of increasing the number of payers. The percentage of those liable who were paying was rising before the tie to voting and, with rare exceptions, has declined since. Thus, 53.8 percent of those liable paid in 1896, but only 33.5 percent in 1950 and 42.3 percent in 1960."

[59] Hearing on S. 1564 before the Senate Committee on the Judiciary (Executive Session), vol. 2, at 117 (April 7, 1965).

[60] Civil Rights Commission, Report on Voting, book 1, at 133 (1961).

[61] See the following table:

others it is lower.[62] In a few counties, the percentage of Negro poll tax holders exceeds that of white poll tax holders.[63]

Perhaps this is merely a reflection of the general apathy level in different parts of the state. A mere 84,297 persons out of a possible 1,495,988 eligible took advantage of the free federal exemptions. The figures available from a number of counties with heavy Negro population show a meager response to this opportunity to vote without paying the poll tax.[64]

In spite of all the evidence submitted by the United States, there are still too many unknown variables which may reasonably explain the relatively small discrepancy between white and Negro payment of the poll tax.

(4) The United States asserts that the poll tax discriminates against the poor as a class. Certainly, we may assume any non-progressive tax results in a greater hardship on the poor than on the non-poor. The question, however, is whether the poll tax is an unconstitutional discrimination against the poor because of the harder burden it lays on them. Since we have held that the Texas poll tax is invalid under the Due Process Clause, we find it unnecessary to consider this contention.

V

Section 10(a) of the Voting Rights Act of 1965 states the Congressional finding that:

"The requirement of the payment of a poll tax as a precondition to voting (i) precludes persons of limited means from voting or imposes unreasonable financial hardship upon such persons as a precondition to their exercise of the franchise, (ii) does not bear a reasonable relationship to any legitimate State interest in the conduct of elections, and (iii) in some areas has the purpose or effect of denying persons the right to vote because of race or color. Upon the basis of these findings, Congress declares that the constitutional right of citizens to vote is denied or abridged in some areas by the requirement of the payment of a poll tax as a precondition to voting." [65]

The Attorney General of the State of Texas contends that the members of Congress had no evidence to substantiate their findings in relation to the Texas poll tax. In support of this allegation, he offered letters from fifty-nine legislators who answered his inquiry. Fifty-eight of the fifty-nine stated that no evidence had been offered to support the findings as to Texas. The United States, however, submitted excerpts from the legislative history of the Voting Rights Act of 1965, the Twenty-Fourth Amendment, and earlier poll tax bills to refute the State's contention. In part, these records show that Congress had evidence that of the six states with the lowest voter turnout in the 1964 elections, four have poll tax requirements: [66] Several Congressmen testified that poll taxes in Texas and in general were a burden on the poor and were discriminatory.[67] There was evidence before both the House and the Senate that the poll tax could not properly be justified as a qualification for voting [68] or as a revenue measure [69] and that historically it has been a device to disenfranchise the Negro.[70]

The Congress' experience with the poll tax was summarized recently by the Supreme

[62] See the following table:

Sample counties where both white and Negro poll tax payments are lower than the average

County	Persons 21 to 59 (in 1960)		Poll-tax payers (1964)		Percent of persons 21 59 paying poll tax	
	White	Negro	White	Negro	White	Negro
Coryell	10,361	665	3,720	22	35.9	3.3
El Paso	139,752	5,430	50,376	817	36.0	15.0
Potter	51,362	3,589	20,499	1,417	39.9	39.5
Walker	7,407	3,208	2,924	1,239	39.5	38.6

[63] See the following table:

Sample counties where Negro poll tax payers exceed whites

County	Persons 21 to 59 (in 1960)		Poll-tax payers (1964)		Percent of persons 21 to 59 paying poll tax	
	White	Negro	White	Negro	White	Negro
Midland	31,155	2,975	18,526	2,059	59.5	69.2
Nacogdoches	9,232	2,903	5,113	1,821	55.4	62.7
Polk	4,125	1,565	2,571	1,324	62.3	84.1
Smith	30,668	9,755	17,232	5,744	56.2	58.9
Upshur	6,489	1,921	4,453	1,515	64.9	78.9

[64] See the following table:

County	Persons 21 to 59 (in 1960)		Percent of persons 21 to 59 paying poll tax (in 1964)		Persons not paying poll tax (in 1964)		Federal exemption certificates	
	White	Negro	White	Negro	White	Negro	White	Negro
Brazoria	33,111	4,562	70.5	35.1	9,783	2,960	135	----------
Galveston	54,830	14,007	63.7	49.5	19,911	7,071	573	7
Harris	502,080	118,355	60.0	51.0	200,823	58,052	10,428	1,604
Harrison	12,225	7,482	64.6	36.9	4,328	4,721	59	23
Jefferson	94,278	25,894	63.6	48.1	34,292	13,435	495	116
McLennan	60,425	10,079	49.7	41.4	30,413	5,904	660	16
Tarrant	238,274	27,413	52.2	34.4	113,859	17,973	6,069	411
Travis	88,492	12,099	77.0	57.9	20,333	5,099	951	67

[65] Voting Rights Act of 1965, § 10(a), 79 Stat. 442.

[66] See the following table:

State	Voting age population	Total vote cast, 1964 presidential election	Percentage of voting age population
Alabama [1]	1,915,000	689,818	36
Georgia	2,636,000	1,139,352	43
Mississippi [1]	1,243,000	409,146	33
South Carolina	1,380,000	524,748	38
Texas [1]	5,922,000	2,626,811	44
Virginia [1]	2,541,000	1,042,267	41

[1] Poll-tax States.

Source: Hearings before the Subcommittee of the House Committee on the Judiciary, 89th Cong., 1st sess., ser. 2, at 29 (1965).

[67] See, e.g., Senator RALPH YARBOROUGH of Texas, CONGRESSIONAL RECORD, vol. 111, pt. 7, p. 9916; Senator BIRCH E. BAYH, CONGRESSIONAL RECORD, vol. 111, pt. 7, p. 10048; and Senator JOSEPH D. TYDINGS, CONGRESSIONAL RECORD, vol. 111, pt.. 7, pp. 10040–10041.

[68] Nothing in the payment of a poll tax evidences one's "qualification" to vote. A man with a million dollars in the bank cannot vote if he fails to pay the tax; a man who steals a couple of dollars to pay the tax has met this condition. A poll tax has nothing in common with true "qualifications": Age (reflecting maturity of judgment); residency (reflecting knowledge of local conditions), etc. Once it is demonstrated that the poll tax cannot be justified as a qualification for voting fixed by the States under article I of the Constitution, good cause for this restriction on the right to vote is hard to find. H.R. Rep. No. 439, 89th Cong., 1st Sess. 22 (1965); See S. Rep. No. 162, 89th Cong., 1st Sess., pt. 3, at 34 (1965).

[69] "No one seriously contends that it is a revenue measure. Forty-six states deem it unwise." H.R. Rep. No. 439, 89th Cong., 1st Sess. 22 (1965).

Senator EDWARD M. KENNEDY of Massachusetts provided the following statistics on public education revenues, CONGRESSIONAL RECORD, vol. 111, pt. 7, p. 9919:

"Further evidence to show that States could not be possibly reliant upon these taxes can be seen from the fact that in 1954, for example, Alabama spent almost $95 million for its schools and collected half a million dollars in poll taxes; in 1955 Mississippi spent $26 million on its schools and collected half a million dollars in poll taxes; while Texas, spending over $205 million for free schools and vocational education, received only $1,400,000 of poll tax revenue available for these schools; and Virginia in 1954 spent $67.7 million for schools, collecting only $972,000 from poll taxes."

[70] The 1965 Senate Committee Report quoted the following statements from a 1943 Report of the Senate Judiciary Committee:

"We think a careful examination of the so-called poll tax constitutional and statutory provisions, and an examination particularly of the constitutional conventions by which these amendments became a part of

Court in *Harmin* v. *Forssenius*, 1965, 380 U.S. 528, 538–40:

"Prior to the proposal of the Twenty-fourth Amendment in 1962, federal legislation to eliminate poll taxes, either by constitutional amendment or statute, had been introduced in every Congress since 1939. The House of Representatives passed antipoll tax bills on five occasions and the Senate twice proposed constitutional amendments. Even though in 1962 only five States retained the poll tax as a voting requirement, Congress reflected widespread national concern with the characteristics of the tax. Disenchantment with the poll tax was many-faceted. One of the basic objections to the poll tax was that it exacted a price for the privilege of exercising the franchise. Congressional hearings and debates indicate a general repugnance to the disenfranchisement of the poor occasioned by failure to pay the tax * * *. Another objection to the poll tax raised in the congressional hearings was that the tax usually had to be paid long before the election—at a time when political campaigns were still quiescent—which tended to eliminate from the franchise a substantial number of voters who did not plan so far ahead. The poll tax was also attacked as a vehicle for fraud which could be manipulated by political machines by financing block payments of the tax. In addition, and of primary concern to many, the poll tax was viewed as a requirement adopted with an eye to the disenfranchisement of Negroes and applied in a discriminatory manner." (Footnotes omitted.)

VI

As the Supreme Court noted in *Block* v. *Hirsh*, 1921, 256 U.S. 135, 154:

"No doubt it is true that a legislative declaration of facts that are material only as the ground for enacting a rule of law * * * may not be held conclusive by the Courts * * * But a declaration by a legislature concerning public conditions that by necessity and duty it must know, is entitled at least to great respect."

In the light of the numerous bills affecting the poll tax during the last twenty-five years, the public attention focused on this controversial topic, the special acquaintance of legislators with all aspects of voting, and the fact that Congress is not confined to the type of evidence which would be admissible in a court, there can be little doubt that there was sufficient evidence before Congress from which it could make the findings found in Section 10(a) of the Voting Rights Act. "[T]he legislature, acting within its sphere, is presumed to know the needs of the people of the State * * * and this presumption cannot be overthrown, as it has been sought to be overthrown, by testimony of individual legislators * * *" or by the letters submitted in this case. *Townsend* v. *Yeomans*, 1937, 301 U.S. 441, 451. See *Clark* v. *Paul Gray, Inc.*, 1939, 306 U.S. 583, 594. There being a rational basis for the Congressional findings, we deem them worthy of "great respect" in determining the validity of the poll tax requirement for voting.

We have also taken note of the mandate of Section 10(c) of the Voting Rights Act of 1965 that "it shall be the duty of the judges designated to hear the case to assign the case for hearing at the earliest practicable date, to participate in the hearing and determination thereof, and to cause the case to be in every way expedited" and, with the excellent cooperation of counsel on both sides, have endeavored to comply with it.

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the State laws, will convince any disinterested person that the object of these State constitutional conventions, from which emanated mainly the poll tax laws, were motivated entirely and exclusively by a desire to exclude the Negro from voting". S. Rep. No. 162, 89th Cong., 1st Sess., pt. 3, at 33 (1965).

VII

"[T]he maintenance of the opportunity for free political discussion to the end that government may be responsible to the will of the people and that changes may be obtained by lawful means, an opportunity essential to the security of the Republic, is a fundamental principle of our constitutional system." *Stromberg* v. *California*, 1931, 283 U.S. 359, 369. Yet how ineffective is this "political discussion" protected by the First Amendment if its ultimate objective can be denied at the ballot box.

Even though not specifically mentioned in the Constitution, the right to vote clearly constitutes one of the most basic elements of our freedom—the "core of our constitutional system." *Carrington* v. *Rash*, 1965, 380 U.S. 89, 96. "No right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live." *Wesberry* v. *Sanders*, 1964, 376 U.S. 1, 17. See *Harman* v. *Forssenius*, 1965, 380 U.S. 528; *Carrington* v. *Rash*, supra; *Reynolds* v. *Sims*, 1964, 377 U.S. 533; *Yick Wo* v. *Hopkins*, 1886. 118 U.S. 220. It would be ironic, indeed, if the Constitution did not protect the right to vote, since that right has long been acknowledged to be "preservative of all rights." *Yick Wo* v. *Hopkins*, supra, at 226.

The Supreme Court "has never held that the Bill of Rights or the Fourteenth Amendment protects only those rights that the Constitution specifically mentions by name." *Griswold* v. *Connecticut*, 1965, 381 U.S. 479, 486 n.1 (concurring opinion, Goldberg, J.). Among the many rights which have been found to be constitutionally protected though not expressly mentioned in the Constitution are: the right to marital privacy, *Griswold* v. *Connecticut*, supra; the right to travel, *Kent* v. *Dulles*, 1958, 375 U.S. 116; *Aptheker* v. *Secretary of State*, 1964, 378 U.S. 500; the right to educate one's children as one chooses, *Pierce* v. *Society of Sisters*, 1925, 268 U.S. 510, and the "freedom to associate and privacy in one's association." *NAACP* v. *Alabama*, 1958, 357 U.S. 449, 462. While some rights have been found to be implicit in one or more of the first nine amendments to the Constitution (see, e.g., *Griswold* v. *Connecticut*, supra; *NAACP* v. *Alabama*, supra), others have found protection within the concept of "liberty" in the due processes clauses of the Fifth and Fourteenth Amendments (see, e.g., *Kent* v. *Dulles*, supra; *Pierce* v. *Society of Sisters*, supra).

To determine whether a right is protected by the due process clause, a court "must look to the 'traditions and [collective] conscience of our people' to determine whether a principle is 'so rooted [there] * * * as to be ranked as fundamental.' *Snyder* v. *Massachusetts*, 291 U.S. 97, 105. The inquiry is whether a right involved 'is of such a character that it cannot be denied without violating those 'fundamental principles of liberty and justice which lie at the base of all our civil and political institutions' * * *" *Powell* v. *Alabama*, 287 U.S. 45, 67.

Griswold v. *Connecticut*, supra, at 493 (concurring opinion, Goldberg, J.).

When measured against these standards and examined in the light of Supreme Court pronouncements describing it as our most "precious" right, *Wesberry* v. *Sanders*, 1964, 376 U.S. 1, 17, and as the "essence of a democratic society," *Reynolds* v. *Sims*, 1964, 377 U.S. 533, 555, it cannot be doubted that the right to vote is one of the fundamental personal rights included within the concept of liberty as protected by the due process clause.

VIII

In Texas, the right to vote is denied to those who have not paid the poll tax or obtained an exemption. As stated by the Supreme Court "fundamental personal liberties * * * may not be abridged by the States simply on a showing that a regulatory statute has some rational relationship to the effectuation of a proper State purpose. 'Where there is a significant encroachment upon personal liberty, the State may prevail only upon showing a subordinating interest which is compelling.' *Bates* v. *Little Rock*, 361 U.S. 516, 524. The law must be shown 'necessary, and not merely rationally related, to the accomplishment of a permissible State policy.' *McLaughlin* v. *Florida*, 319 U.S. 184, 196. See *Schneider* v. *Irvington*, 308 U.S. 147, 161." *Griswold* v. *Connecticut*, 1965, 381 U.S. 479, 497 (concurring opinion, Goldberg, J.). Thus, we must determine whether the Texas poll tax as a restraint on the right to vote may be upheld as "necessary * * * to the accomplishment of a permissible State policy."

The tying of the payment of a head tax to the exercise of the franchise has been rationalized in a number of ways since the days of its first proponents. As this Court has found, one of the prime purposes of the 1902 Amendment to the Texas Constitution was to disenfranchise the Negro and the poor white supporters of the Populist Party. Needless to say, that objective cannot now be used to justify the poll tax as a prerequisite to voting. Other advocates have suggested that the poll tax requirement (1) purifies and protects the ballot, (2) serves as a registration device, (3) limits the electorate to those interested enough to buy a poll tax and competent enough to accumulate the $1.75, and (4) is a legitimate method of enforcing an otherwise valid tax. In weighing these possible justifications, this Court must be sure that, when the State attempts to achieve a legitimate end, it does not use means "which sweep unnecessarily broadly and hereby invade the area of protected freedoms." *NAACP* v. *Alabama*, supra, at 307; *Griswold* v. *Connecticut*, supra, at 485, 498. "In an area so closely touching our most precious freedoms," "precision of regulation must be the touchstone * * *." *NAACP* v. *Button*, 1963, 371 U.S. 415, 438; *Griswold* v. *Connecticut*, supra, at 498, and "the breadth of legislative abridgment must be viewed in the light of less drastic means for achieving the same basic purpose." *Shelton* v. *Tucker*, 1960, 364 U.S. 479, 488.

Under the stringent requirements of these constitutional standards, none of the suggested justifications may be sustained. Purification and protection of the ballot may be accomplished by other means as the State of Texas has recognized by the passage of numerous penal provisions.[71]

Indeed, the continuing occurrence of vote-buying prosecutions would indicate that the poll tax requirement has not even been an

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[71] Under the Texas Penal Code it is a crime for an election official to intimidate a voter (art. 220); to refuse to permit voters to vote (art. 217); to influence voters (art. 218); to permit alteration or premature removal of ballots (art. 219); to compare the executed ballot with the voter list (art. 221); to change a ballot (art. 223); to fail to secure the ballots (art. 226); to make a false canvass (art. 227); or to make a false certificate (arts. 228, 229). A person voting illegally is subject to a five-year penitentiary sentence (art. 232). It is a crime to instigate illegal voting (art. 233); to swear falsely as to qualifications to vote (art. 234); to procure a voter to swear falsely (art. 235); to procure an illegal vote (art. 237); to falsely impersonate another (art. 239); or to vote more than once (art. 241). A person altering or destroying ballots faces a five-year penitentiary sentence (art. 244). Riots, unlawful assembly and misconduct at elections are crimes (arts. 253–61).

effective device for protecting the purity of the ballot.[72]

Although the poll tax system in Texas does serve as a substitute for a registration system, it is difficult to comprehend the necessity of collecting $1.75 merely to register potential voters, especially since only a portion of those qualified are required to pay the tax. As the Supreme Court noted in *Harmon* v. *Forssenius*, 1965, 380 U.S. 528, 543, "the 46 States which do not require the payment of poll taxes have apparently found no great administrative burden in insuring that the electorate is limited to bona fide residents." The availability of other registration devices which do not impede the right to vote undermines this basis for justifying the poll tax.

The State in its brief asserts that "it appears ridiculous to state that anyone who is interested in the welfare and the conduct of the government . . . would or could not save the sum of $1.75 during the course of a year" and that "any person, white or colored, who was incapable of managing his affairs and acquiring during the course of 1 year the insignificant sum of $1.75 certainly is not intelligent enough or competent enough to manage the affairs of the government." Regardless of whether the ability to accumulate a sum of money is a valid criterion for determining qualification to vote,[73] the actual administration of the poll tax laws clearly indicates that no such standard has ever been applied in Texas. The ignorant and incompetent spouse, parent or child may vote if some member of his family remembers to purchase a poll tax for him.[74] Anyone who becomes 21 years old after the beginning of the tax year but before the election [75] or who is over 60 years old [76] may vote without paying a poll tax fee [77] or without showing the intelligence or competence necessary to accumulate $1.75 in one year. Thus, it is obvious that the poll tax in Texas is not a "test" of the intelligence or the competence of potential voters.

The final basis of justification, and the only one seriously relied on by the State, is that the tying of the poll tax to the right to vote is a legitimate method of collecting the head tax which is imposed upon all Texans between the ages of 21 and 60. Over the years there have existed several means for enforcing the poll tax. An 1891 law, which was repealed in 1965, provided that delinquent poll tax payers would be liable to work three days per year on the roads.[78]

The State Comptroller, among whose tasks is the supervision of poll tax collections, does not recall the use of this provision during his twenty-one years in the Comptroller's office.

Prior to 1947, poll taxes were assessed along with ad valorem taxes. Failure to pay the poll tax would result in the classification of the taxpayer as delinquent and make him liable to possible levy on his real or personal property. Assessment slips for ad valorem and poll taxes were mailed together to the taxpayer and could be paid at the same time. This convenient method of assessment was discontinued at the request of the State Comptroller and with the approval of the Attorney General. No reasons have been offered by the State to explain this action.[79]

Since that time, assessment slips generally have not been mailed to taxpayers and poll taxes have been assessed only at the time of voluntary payment.[80] With the exception of setting up substations in some metropolitan areas for the collection of poll taxes, neither the State nor most of its tax assessors [81] make any other effort to increase the number of poll tax payers or to enforce its payment by nonvoters.

Since the State has voluntarily abandoned the use of the most logical means for collecting the poll tax, that is, by assessing it along with the ad valorem taxes, and has made no attempt to enforce the tax except by use of the penalty of disenfranchisement, it is difficult to accept the State's contention that the tying of the poll tax to the right to vote is necessary for the collection of the tax.[82]

Even if we assume the validity of this position, we still would not find the poll tax as a prerequisite to voting to be justified as an encroachment on a fundamental right "necessary * * * to the accomplishment of a permissible State policy." The permissible State policy here is not the perpetuation of a head tax, as such, but the raising of revenue. When viewed in this perspective, it is clear that the poll tax as a restriction on the right to vote is not "necessary" to insure the collection of revenue. The mere fact that 46 other States have been able to raise funds without such a requirement demonstrates this obvious conclusion. That poll tax receipts constitute only a minute percentage of the revenue of the State of Texas [83] does not prove that the poll tax is not a revenue measure, as the United States asserts, but it does indicate that the State of Texas has also been able to find adequate means of collecting revenue which do not restrict the right to vote.[84]

The poll tax in Texas is indeed a very strange revenue tax, when compared with other admittedly legitimate taxes. It was tied to the franchise for a discriminatory reason. For unknown reasons, the State has abandoned the most reasonable means for its collection. Although the Texas Constitution requires all persons between 21 and 60 to pay the tax, only those who wish to vote ordinarily "volunteer" to pay it, and the State makes no other attempt to enforce it. Inasmuch as no acceptable basis for justifying the poll tax as a prerequisite for voting has been offered, the due process clause requires that this unnecessary restriction on the fundamental right to vote be eliminated.

IX

Since, in general, only those who wish to vote pay the poll tax, the tax as administered by the State is equivalent to a charge or penalty imposed on the exercise of a fundamental right. If the tax were increased to a high degree, as it could be if valid, it would result in the destruction of the right to vote. See *Grosjean* v. *American Press Co.*, 1936, 297 U.S. 233, 244.

It has long been established that a State may not impose a penalty upon those who exercise a right guaranteed by the Constitution. *Frost & Frost Trucking Co.* v. *Railroad Comm. of California*, 271 U.S. 583. "Constitutional rights would be of little value if they could be . . . indirectly denied," *Smith* v. *Allwright*, 321 U.S. 649, 664, or "manipulated out of existence." *Gomillion* v. *Lightfoot*, 364 U.S. 339, 345.

Harmon v. *Forssenius*, 1965, 380 U.S. 528, 540.

The State asserts that "the Legislature, and people of Texas, have had the choice, insofar as the poll tax was concerned, of selecting the method of collection. The Legislature and the people chose to deny the right to vote to those who do not pay rather than some more onerous method of collection." It is clear, however, that the Legislature and the people may not choose to deny a fundamental constitutional right as a means of collecting revenue. " 'One's right to life, liberty, and property * * * and other fundamental rights may not be admitted to vote; they depend on the outcome of no election.' A citizen's constitutional rights can hardly be infringed simply because a majority of the people choose that it be." *Lucas* v. *Forty-Fourth General Assembly*, 1964, 377 U.S. 713, 736–37. If the State of Texas placed a tax on the right to speak at the rate of one dollar and seventy-five cents per year, no court would hesitate to strike it down as a blatant infringement of the freedom of speech. Yet the poll tax as enforced in Texas is a tax on the equally important right to vote.

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[72] Vernon's Annotated Texas Statutes report numerous appellate actions of fraudulent vote buying involving the poll tax: e.g., *Duncan* v. *Willis*, Tex. 1957, 302 S.W. 2d 627; *Longoria* v. *State*, Tex. Cr. App. 1934, 71 S.W. 2d 268; *Johnson* v. *State*, Tex. Cr. App. 1915, 177 S.W. 490; *Beach* v. *State*, Tex. Cr. App. 1914, 171 S.W. 715; *Solon* v. *State*, Tex. Cr. App. 1908, 114 S.W. 349; *Fugate* v. *Johnston*, Tex. Civ. App. 1952, 251 S.W. 2d 792.

[73] The proposition suggests the period in history when only the landed gentry were considered fit to participate in the affairs of government.

In the same vein the Senate Committee Report stated that:

"The poll tax, in essence, puts a price on the ballot, and if you can pay this price you are "qualified" to vote—if you can not pay this sum you are somehow not a qualified citizen. This remnant from the days of property "qualifications" for voting purposes cannot stand. For the payment of a poll tax tells us nothing about a citizen's qualifications as an elector. This requirement, then, so heavily involved with various procedural devices for payment does only one thing—it is an effective barrier to voting. S. Rep. No. 162, 89th Cong., 1st Sess., pt. 3, at 34 (1965).

[74] Tex. Election Code, arts. 5.11–.12 (Supp. 1965).

[75] Tex. Election Code art. 5.17 (Supp. 1965).

[76] Tex. Election Code art. 5.09 (Supp. 1965).

[77] In 1960, 125,000 Texans turned 21 and 1,076,666 were 60 or over. U.S. Bureau of Census, U.S. Census of Population, 1960, Final Report, PC (1)—45B (Texas) Table 16.

[78] Tex. Laws 1891, ch. 97, § 23, 10 Gammel, Laws of Texas 153 (1898), Tex. Rev. Civ. Stat. art. 6758 (Supp. 1965).

[79] Three years prior to this change in method of assessment, the United States Supreme Court held that Negroes could not be excluded from primary elections. *Smith* v. *Allwright*, 1944, 321 U.S. 649.

[80] The Texas Legislative Council Report suggests the reinstatement of the pre-1947 assessment methods to increase payment of the poll tax. Texas Legislative Council 113.

[81] It is true, however, that in many counties the tax assessors give numerous interviews to the news media to publicize and to encourage the sale of poll taxes. In addition, various private and civic organizations have been active in the promotion of poll tax sales.

[82] Evidence has been offered to show that the rate of payment of the poll tax percentagewise has decreased since its collection was tied to the exercise of the franchise. See note 57, *supra*.

[83] The poll tax revenue constitutes .19 percent of the estimated 1965 general revenue fund and .76 percent of the available school fund. See Calvert, 1965–67 Biennial Revenue Estimate 2, 10.

[84] It is interesting to note that the poll tax is administratively the most expensive of all the taxes levied by the State of Texas. It costs 19.4 cents per dollar to collect the poll tax, while it costs 7.1 cents for the next most costly tax (the motor vehicle sales tax), 2.4 cents for the average tax, and only 0.1 cent for the largest revenue tax (the oil and natural gas tax). Deposition of Robert Calvert, State comptroller, Table III–5. [Not included in RECORD.]

The Supreme Court has dealt with attempts to license or tax fundamental constitutional rights. In *Grosjean* v. *American Press Co.*, 1936, 297 U.S. 233, a tax on gross receipts of newspapers with circulation in excess of 20,000 copies per week was found to be an abridgment of the freedom of the press as "a deliberate and calculated device in the guise of a tax to limit the circulation of information to which the public is entitled in virtue of the constitutional guaranties." *Id.*, at 250.

An ordinance requiring a permit to distribute handbills was held invalid on its face in *Lovell* v. *Griffin*, 1937, 303 U.S. 444, as a restraint on the freedom of the press. In *Murdock* v. *Pennsylvania*, 1945, 319 U.S. 105, an ordinance requiring religious colporteurs to pay a license tax as a precondition to the pursuit of their activities was stricken down as a denial of first amendment rights. In answer to the contention that "the fact that the license tax can suppress or control this activity is unimportant if it does not do so," the Court in Murdock stated:

"But that is to disregard the nature of this tax. It is a license tax—a flat tax imposed on the exercise of a right granted by the Bill of Rights. A state may not impose a charge for the enjoyment of a right granted by the Federal Constitution." Id., at 112–113.

Since the poll tax in Texas is enforced only against those who wish to vote, it is, in effect, a penalty imposed on those who wish to exercise their right to vote. Even if the poll tax were seriously enforced as a revenue measure, the tying of its collection to the franchise would be invalid as a charge on a very precious constitutional right.

The State of Texas contends that the 1937 Supreme Court case, *Breedlove* v. *Suttles*, 1937, 302 U.S. 277, controls the questions raised in this suit. The only issues, however, discussed by the Court in that case were whether the Georgia poll tax violated the equal protection clause, since it applied only to persons between the ages of 21 and 60 and to women who registered to vote; whether payment of the poll tax as a prerequisite of voting denied any privilege or immunity protected by the Fourteenth Amendment; and whether the poll tax requirements abridged the provisions of the Nineteenth Amendment. Although dicta may be found in the opinion supporting the validity of the poll tax as a prerequisite to voting, we do not believe that the holding in Breedlove applies to the issues raised here or that the dicta, in the light of more recent Supreme Court pronouncements concerning the right to vote (see e.g., *Wesberry* v. *Sanders*, supra; *Reynolds* v. *Sims*, supra), should guide our decision.

For the reasons stated herein, we hold that the poll tax as a prerequisite to voting in the State of Texas infringes on the concept of liberty as protected by the Due Process Clause and constitutes an invalid charge on the exercise of one of our most precious rights—the right to vote. In view of the impending elections, appropriate declaratory and injunctive relief is being ordered by appropriate decree.

(In the U.S. District Court for the Western District of Texas, Austin Division—Civil Action No. 1570)

UNITED STATES OF AMERICA, PLAINTIFF, *v.* THE STATE OF TEXAS, ET AL., DEFENDANTS

DECREE

This cause having come on for trial at which all parties were present by counsel; and the court having heard the evidence and having considered the pleadings, evidence, and argument of counsel and being the view that a decree should be entered in accordance with the opinion of the court prepared for the court by Judge Thornberry, which also constitutes the court's findings of fact and conclusions of law under F.R. Civ. P. 52(a), filed this date, it is therefore ordered, adjudged, and decreed:

First. That article VIII, section 1, and article VI, sections 2 and 3 of the Texas constitution, article 2.01 of the Texas General Taxation Code, article 13.21 of the Texas Election Code and all other Texas statutes implementing the poll tax are hereby declared unconstitutional and invalid insofar as they require the payment of a poll tax as a prerequisite to voting in general, special, and primary elections, Federal, State, or local, in the State of Texas.

Second. The defendants herein, their respective agents, servants, employees and successors, and all other persons having knowledge thereof who have any responsibility under election procedure laws of the State of Texas or its political subdivisions, are hereby enjoined and prohibited from requiring the payment of poll tax as a prerequisite to voting in general, special, and primary elections, Federal, State, or local, in the State of Texas, and from applying or enforcing the provisions of the Texas constitution and statutes referred to in paragraph first hereof insofar as they require the payment of a poll tax as a prerequisite to voting in general, special and primary elections, Federal, State or local, in the State of Texas.

Third. This decree shall be effective immediately, but paragraph second hereof is stayed for the period of 14 days to enable the parties to submit an application for stay to the Circuit Justice, the Supreme Court, or a Justice thereof.

Fourth. The Court retains jurisdiction of this cause for such other and further orders as may be required.

Done at Austin, Texas this 9th day of February 1966.

ADRIAN A. SPEARS,
U.S. Circuit Judge.
HOMER THORNBERRY
U.S. Circuit Judge.
JOHN BROWN,
U.S. District Judge.

RADIO REPORT TO THE PEOPLE OF TEXAS

(The following is a radio report by Senator YARBOROUGH broadcast by more than 135 radio stations in Texas on the weekend of March 4, 1966.)

Friends and fellow Texans; this is your U.S. Senator RALPH YARBOROUGH with my weekly radio report to the people of Texas from your Nation's Capital in Washington, D.C.

During the last few weeks important events have happened that affect each and every Texan and his right to vote.

For many years, I have condemned the poll tax as a barrier to the right to vote and I have campaigned upon the principle that the poll tax should be abolished.

Last year I supported and voted for an amendment to the Federal voting rights bill to abolish the poll tax as a condition to the right to vote in all the States. Although we lost by a narrow margin of 49 to 45, ample proof was presented on the floor of the Senate that the poll tax had long been a barrier to the right to vote and was often used to discriminate against people with low incomes.

I said at that time that "more people had probably been barred from the ballot box in Texas by the poll tax than had been barred in any other State by a literacy test."

On February 9 of this year, a three-judge Federal court at Austin (all three Federal judges being Texans—Judges Thornberry, Spears and Brown) held that the Texas poll tax was unconstitutional and that the doors for full voting privileges were to be opened wide for all Texans for the first time since the poll tax was adopted three quarters of a century ago. The barrier against equal governmental rights for the poor man was ordered struck down and now every Texan was to have the right to vote without having to pay this onerous tax. I have praised the Federal court for this decision—a decision of wisdom and concern for our basic right to vote.

In the special session of the Texas Legislature, called because of the Federal court ruling that the poll tax was unconstitutional, a system of annual registration was adopted. Unfortunately, this system is restricted and still makes it hard to qualify to vote in Texas.

Although this annual registration law is still very limited and we still kept the cutoff date of January 31 which makes registration difficult, it is still a great improvement over the old poll tax which the Federal court declared unconstitutional. Only about five States have an annual registration law like Texas and it is more restrictive than a permanent registration law where a person can register and remain registered until they change their residence.

Now, bringing this up to date for those Texans who have already paid their poll tax this year, you are already registered to vote. But if you did not pay the poll tax this year and are not registered, you still have a chance to register so that you will be able to vote in the elections this year.

From March 3 to March 17, any Texan can now register his name and be able to vote in this year's primary elections and the general elections. This 2-week period is now running and I urge every Texan to register his name so that he can exercise his right to vote—the most precious right we have in our democracy. The time is short, too short, only 2 weeks in which to act, but you should act now.

The abolishment of the poll tax is a great benefit to Texas, as it is a step forward in the direction of good government, good citizenship and liberties for all in Texas. It is now up to every citizen to exercise his right to vote, to exercise this right of citizenship, limited as it has been by the Texas legislature. It is a right and you now have 2 more weeks in which to become a full-fledged participating citizen in your government. If you haven't registered to vote or paid a poll tax this year, then register now before March 17.

This is your U.S. Senator RALPH YARBOROUGH with my weekly radio report to the people of Texas. I will be back next week with another report.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

TAX ADJUSTMENT ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes.

Mr. GORE. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 49, beginning with line 1, strike out all through line 12 on page 53—title II of the bill, relating to postponement of certain excise tax rate reductions—and in lieu thereof insert the following:

TITLE II—TWO-YEAR SUSPENSION OF INVESTMENT CREDIT

SEC. 201. DENIAL OF INVESTMENT CREDIT FOR PROPERTY PLACED IN SERVICE BETWEEN MARCH 1, 1966, AND FEBRUARY 28, 1968

(a) IN GENERAL.—Section 46(c) (relating to definition of qualified investment) is amended by adding at the end thereof the following new paragraph:

"(5) 2-year suspension.—Notwithstanding any other provision of this subpart, the term 'qualified investment' shall not include any amount with respect to section 38 property placed in service during the period beginning March 1, 1966, and ending February 28, 1968, other than section 38 property placed in service during such period—

"(A) to the extent such property is attributable to construction, reconstruction, or erection by the taxpayer (i) before March 1, 1966, or (ii) on or after March 1, 1966, and on or before February 28, 1967, pursuant to the terms of a binding contract as in effect on February 28, 1966; or

"(B) which was acquired by the taxpayer (i) before March 1, 1966, or (ii) on or after March 1, 1966, and on or before February 28, 1967, pursuant to the terms of a binding contract as in effect on February 28, 1966."

(b) APPLICATION OF UNUSED CREDIT CARRYBACKS AND CARRYOVERS.—Section 46(b)(2) (relating to limitation on allowance of credit for carryback and carryover of unused credit) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, the amount of the credit allowable under subsection (a)(1) shall be determined as if subsection (c)(5) (relating to 2-year suspension) had not been enacted."

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to taxable years ending on or after March 1, 1966.

Mr. GORE. Mr. President, on June 15, 1965, less than 9 months ago, the Senate approved the bill H.R. 8371, the Excise Tax Reduction Act of 1965. The Senate report on this bill set out the various reasons for the measure. The report emphasized that our excise taxes, "for the most part, were initially levied as emergency revenue-raising measures at the time of the Korean war, World War II, or the depression of the 1930's. As a result, they were not developed on any systematic basis and are often discriminatory in their application to the taxed industries or to the purchasers of the taxed products."

The report went on to state:

Many of these excises are objectionable in that they are regressive in their impact, absorbing a larger share of the income of low-income persons than of those with higher incomes. This stems from the fact that low-income families find it necessary to spend a higher proportion of their incomes for consumption than those with larger incomes.

For these and other reasons, I strongly supported the excise tax reduction bill last year. I wanted, and still want, to get rid of these burdensome, regressive, and unfair taxes.

With the enactment of the excise tax bill last year, the Congress set a policy to eliminate insofar as practicable most excise taxes, and to do so in an orderly and scheduled manner. The enactment of the excise tax provisions of the bill now before us, it seems to me, would constitute a reversal of that policy.

I am opposed to this reversal of policy, which we set just last year, with respect to excise taxes.

But I recognize, Mr. President, that we must have more revenue to meet the increasing cost of operating various Government programs, including the operations in Vietnam, during the next 2 years. I would not, therefore, wish to move to strike from this bill the provisions to increase excise taxes without offering some substitute provision which would raise at least as much revenue.

If it is impossible to substitute a revenue-raising provision for the excise tax provisions in the bill, then of course, elimination of the excise tax provision alone will be a subject for consideration.

As a matter of fact, we will likely need more revenue than this bill provides for the next few years in order to decrease or eliminate budget deficits. It is surely unwise in times of prosperity to continue to run large budget deficits—or to attempt to hold down bookkeeping deficits by a wild scramble to unload Government assets, or to undertake other feats of sharp pencil legerdemain. We cannot afford to run the risk, under current conditions, of monetizing more of the national debt. In addition, there are sufficient signs that we face a nascent inflation to warrant soaking up funds otherwise available for expenditure in certain areas of the private sector of the economy.

It seems to me that the Congress should already be giving serious thought to the best way of using tax policy to dampen down a threatened inflation.

I have never been one who believes that the budget should be balanced at all times. In a period of deflation, in a period of economic recession, fiscal policies and budgetary policies can be and should be wisely used to stimulate the economy so as to accomplish worthy social and economic objectives. The investment credit was advocated and adopted by Congress for the purpose of stimulating the economy. It seems to me that an artificial stimulant of the economy is about the last thing we now need. Not only is additional revenue needed to prosecute an expensive and perhaps long conflict in Vietnam, but unless Great Society programs are to be seriously curtailed, as has already been suggested in the budget, additional revenue for those purposes is needed.

The amendment I am offering now would move tentatively in this direction. It would raise slightly more revenue than the bill in its present form would provide, and it would apply the restraining hand of fiscal policy selectivity to one relatively small but significant part of the economy.

I do not suggest that the amendment I offer will solve our fiscal problem. I do not suggest that the revenue which it would raise over and beyond that promised by the excise tax provisions of the pending bill, for which I have offered my amendment as a substitute, would be significant. But so far as there is a difference, all responsible estimates that I have been able to get from the staff of the Committee on Finance, the Joint Committee on Internal Revenue Taxation, or the Treasury indicate that the amendment I propose would produce more revenue than the provisions in the bill for which I offer my amendment as a substitute.

Specifically, my amendment would suspend for 2 years from March 1, 1966, the operation of the investment credit, instead of raising excise tax rates as the bill now provides. Certain adjustments would also be made in the use of carryovers during this 2-year period.

Suspension of the investment credit, together with a modification of the use of existing carryovers, will produce more revenue than would the reimposition of the excise taxes on automobiles and on telephone service.

Suspension of the credit would add $80 million to revenues in the current fiscal year, while raising excises to their pre-January level would, as approved by the Finance Committee, produce only an additional $35 million. In fiscal 1967, it is estimated that $1.2 billion would be raised by either procedure, while in fiscal 1968 the investment credit suspension would add $1.9 billion and the excises only $1.5 billion.

So it will be seen that, so far as there is a difference, the revenue would be greater by the amendment I propose than would be the case under the excise tax provisions of the pending bill.

In addition to greater revenues, my amendment is clearly preferable from the standpoint of the overall economic effects, as well as on equity considerations.

The present outlook for expenditures on fixed investment clearly raises the threat of inflationary pressures in that sector of the economy. Fixed investment in 1965 was 10.3 percent of gross national product, about the same as it was during the investment boom of 1956 and 1957. The rate of investment at that time could not be sustained, and neither, in my opinion, can the current rate.

In 1965, investment in plant and equipment increased 15.4 percent over 1964. Recent surveys show an expected increase in 1966 of 15 percent or more over 1965, and surveys taken at this time of year generally underestimate final expenditures. Extending these projections into 1966, we will have by the end of this calendar year a fixed investment expenditure amounting to some 11 percent of gross national product. This is well above the noninflationary level of 10 percent for a full employment economy.

Obviously, in the interest of orderly growth, and to avoid inflationary pressures in an important sector of the economy, expenditures for fixed investment should be slowed. At least, they should not be artificially stimulated. Expenditures should not be halted, but marginal projects should be postponed. Suspension of the credit will not halt projects, such as those associated with defense orders, clearly warranted by demand.

The Finance Committee report on the 1962 Revenue Act, when the investment credit was instituted, gave three specific reasons for the credit:

1. The investment credit would stimulate investment * * * by reducing the net cost of acquiring depreciable assets, which in turn increases the rate of return after taxes arising from their acquisition.

2. The investment credit, by increasing the flow of cash available for investment, will stimulate investment.

3. The investment credit can be expected to stimulate investments through a reduction in the payoff period for investment in a particular asset.

Mr. President, contemplate these reasons upon which, and because of which, Congress enacted the investment credit. Contemplate them in the circumstances in which we found ourselves at that time. Then, study the same reasons in the light of the circumstances now facing the United States and its national economy.

The same arguments, I submit, can now be used in reverse to justify suspending the investment credit. We do not need artificial stimulation of the economy now.

The inflationary pressures raise too many danger signals for that. Congress should be moving here, not in the timid way which I suggest, but in a far more aggressive and meaningful way. However, this step which I suggest is a meaningful first step toward the use of fiscal and revenue policy to eliminate the artificial stimulus from our economy.

Given current conditions, the artificial stimulation to expenditures for fixed investment should be eliminated or, at least, suspended. And it is suspension that I propose. The investment credit should be suspended until such time as conditions warrant a return to stimulation.

Another fact which is particularly pertinent today is that production of equipment for fixed investment competes with production of hard goods for defense purposes.

Continuation of the investment credit will hamper defense production and increase the cost of defense contracts. It will increase the cost of the war and, if continued, will further increase the cost of living because of the inflationary pressures which artificial stimulation generates.

This is particularly true with respect to highly skilled manpower, in which there is already a shortage. Continued artificial stimulation of plant and equipment expenditures can only result in bidding up the price of scarce materials, facilities, and manpower needed for defense production, thus setting off a ripple of inflation which might well become a powerful wave carrying our economy and the cost of living before it.

Looking at restraints already at work through Government action, one is struck by the tight-money policy enforced by the Federal Reserve Board. However one may view this monetary policy, fiscal policy must work with and not against monetary policy if we are to have an effective economic policy. In this instance, the suspension of the investment credit will reinforce the tight money policy of the Federal Reserve Board. On the other hand, a tax policy which works counter to it will but give an excuse to the money managers to tighten the screws even harder, thus giving rise to further undesirable distortions which we have witnessed in the past when monetary policy was misguided.

Little more need be said here to support the substitution of this credit suspension for the increase in excises on automobiles and telephone service from the standpoint of equity. The excises bear directly on the consumer and are recognized as regressive taxes. Furthermore, the excise tax increases in this bill affect only one commodity and one service—the automobile and the telephone. It is difficult to justify singling them out, particularly when they are virtual necessities. Suspension of the investment credit will work no hardship on any particular group, and its effects will be spread broadly, particularly across the corporate sector.

Responsible economists are now expressing concern about the possibility of inflation. It is felt by many that substantial tax increases are needed, and now. In the absence of a general tax increase now, selective tax changes in areas where both economic and equity objectives can be furthered would certainly be in order. Suspension of the investment credit is surely one of the most obvious places to begin.

Mr. President, a great many thoughtful citizens and economists have suggested a suspension of investment credit. It is not strange that this is true, because its suspension is so clearly in order.

I read from an article in the Wall Street Journal of February 24, 1966, datelined from Washington:

Walter Heller, former top economic aid to the administration, suggested "temporary suspension" of the 7-percent investment credit to dampen the capital-spending boom.

Mr. Heller, currently a University of Minnesota economist, said the credit might be temporarily limited to increase in investment rather than to investment totals. Treasury Secretary Fowler has strongly opposed tinkering with the tax credit, which lets companies subtract from their tax bills up to 7 percent of the amount they spend on equipment.

Mr. Heller was one of a parade of ranking economists who cautioned yesterday that the Government may have to move speedily to fight inflation, although they differed in their choice of weapons. The occasion was a symposium by the House-Senate Joint Economic Committee on the 20th anniversary of the Employment Act of 1946, which created both the committee and the President's Council of Economic Advisers and committed the Government to fostering growth.

I digress from the reading of the article, Mr. President, to suggest that I have been informed by a member of the Joint Economic Committee that the committee itself has now concluded to recommend a suspension of the investment credit. I am not prepared officially to make that announcement, but I put it only as I have said, that this report has been given to me since coming to the floor of the Senate today. I hope that the committee has reached such a conclusion.

I do not see how it could quite reach any other conclusion. Much more than this needs to be done, as I have said, but surely this is the place to start. Because here is a measure enacted for the avowed purpose of stimulating the economy. At a time when we seek to apply restraints, surely the place to begin is the elimination of artificial stimulation.

Where is there a need for artificial stimulation in our economy now? It is about to burst at the seams; and the Nation's most thoughtful economists suggest that Congress and the administration should be giving careful thought to a move to counter the inflationary pressures existent in the present wartime economy.

I continue to read from the article:

Acknowledgement of the possible perils of inflation came from the administration as well as from academic analysts. In a message read at the dinner by Mr. Fowler, President Johnson said, "The rapid growth of output which has enabled us to reduce unemployment has placed special and temporary strains on some of our raw material resources." The problems of matching men and jobs during the transition to high employment are more difficult now than they will be after more experience with it, the President said.

"We will need to watch unfolding events closely, and to remain flexible in our tax and other policies so that we can change quickly if the need should arise," he said, adding that the transition will "test our energy and ingenuity" and require seeking "new ways in which business, labor and Government can cooperate to avoid inflationary wage and price movements."

Gardner Ackley, chairman of the Council of Economic Advisers, asserted that today's problems for economic policy "are more difficult that any we have faced in recent years," because solutions to unemployment and slack are more obvious than answers to problems "of sustaining high-level prosperity."

SPECIFIC PRESCRIPTIONS

But more specific prescriptions came from the past council officials. Mr. Heller, Mr. Ackley's predecessor under the Kennedy and Johnson administrations, urged that no time be lost in generally outlining "a temporary Vietnam add-on or surtax on our income taxes, for use as needed." If business investment is excessive and profits are rising rapidly at the time it might be decided to raise taxes, he said, corporate rates should be raised more steeply than individual rates.

I digress from the reading of the article, Mr. President, to say that corporate profits have had a drastic increase—such an increase, after taxes, as to indicate that instead of this beginning step which I now suggest, the Senate Finance Committee should be seriously considering an increase in corporate taxes, not only to finance the cost of war and worthwhile domestic programs which must be continued, but also to dampen the inflationary pressures which threaten further to increase the cost of living, which threaten further to dislocate the economy, posing the hazards, the hardships, and the dangers of inflation.

I continue to read:

Selective measures such as installment-credit curbs and suspension of the 7-percent investment credit could be useful supplements, Mr. Heller said. With capital investment climbing rapidly enough in the past few years to be causing some worries about

its generating "an unsustainable source of excess capacity," Mr. Heller said, "the selective impact of generally tighter money on investment isn't unwelcome." If the credit is partly suspended by temporarily denying it only to increases in investment, Mr. Heller said, there should be "an ironclad guarantee to restore it" later. The idea of making any income-tax increase refundable, he said, "deserves reconsideration" as a way to provide "a ready source of demand expansion when Vietnam ends."

Mr. President, I digress again from the article to suggest to the Senate once again that what I propose here is a suspension of the investment credit.

If the Vietnam war should end later this year, next year, or the year after—let us hope it will be soon—the investment credit would automatically come back into play because the suspension which I propose is only for 2 years. Therefore, in many respects, the proposal I submit meets the standards set out by Dr. Heller, although I prepared the amendment before I saw his statement. Nevertheless, I welcome the expertise of this economist. I have not always agreed with him, but when he agrees with me I am happy to cite him for that purpose.

Continuing reading:

The amount of "anticipatory" borrowing in recent weeks "strongly suggests that higher interest rates are still expected," Mr. Heller said, contending that "what we need to do to stop this is quickly to get our rates, especially our long-term rates, up as high as policy wants them to go, and then say so."

Mr. President, I digress to say that unless we make such moves as I suggest, and others, more and more pressure will be added, more and more excuses will be provided for those who seem habitually to favor high interest rates.

A rising interest rate hurts nearly everyone except those who receive a substantial amount of their income from interest. It hurts the homeowner who wishes to add a bedroom to his house. It is burdensome to the person who wishes to buy a washing machine or an automobile on the installment plan.

It is hurtful to State, city and county governments. Earlier today, the senior Senator from Wisconsin spoke of numerous local governments postponing the building of hospitals, schools, and worthwhile community facilities, because interest rates on securities were too high and the local communities could not stand it. These are some of the consequences of high interest rates.

I am not suggesting that monetary policy does not have a part and should not be exercised as an economic lever. I am suggesting that we cannot depend upon it alone. For one thing, to do so would not be effective; and, for another, it would be highly inequitable. Surely, it needs to be supplemented by tax policy and fiscal policy.

Continuing to read:

Mr. Heller conceded he was still uncertain as to whether any dampening actions should be taken, however. Among factors that could mean the United States will be able to ride out the transition to a full-employment economy, he said, are that the December 6 increase by the Federal Reserve Board in the discount rate, the System's fee on loans to member banks, hasn't yet had its full effect in the capital markets and that the administration's tax-collection speedup proposals haven't yet been enacted.

Raymond J. Saulnier, council chairman under President Eisenhower and currently a Columbia University professor, urged that the Government should first exercise fiscal restraint by controlling its spending, saying that the tax system "provides the second line of defense." He expressed concern that too much reliance is being placed on monetary policy. To raise interest rates much higher would take the economy into a "genuinely new" territory in which "we will be well advised not to press the journey too rapidly," he said.

Mr. President, I find this persuasive. He suggested that we should reduce spending.

How, and where?

We are told that Vietnam will cost $15 billion this year. Many orders are being placed for vastly greater expenditure next year in Vietnam. There is already a scarcity of skilled manpower. The plant and facilities boom artificially stimulated in part by investment credit is, in some measure, responsible for current economic strain.

It seems to me to be far more equitable to remove the artificial stimulation of investment credit than it is to place a higher tax on an automobile which the workingman must buy in order to make a living, and upon the telephone service which a small businessman must use to carry on his business—which all of us must use.

Mr. President, excise taxes are regressive. They are acknowledged to be regressive. Only 15 months ago as I have stated, the Senate adopted the policy of moving toward the elimination of most excise taxes.

This is a wise policy. Why reverse it now—particularly when, instead of doing so, we can substitute an action that would not be regressive but which would add to the equity of the tax system and remove an artificial stimulus to a booming sector of the economy.

Investment tax credit is not needed now. Indeed, it is downright harmful and dangerous to the economy.

Continuing reading:

Several economists urged an immediate start on a tax increase. Henry Wallich, a Yale professor, said it's clear that six months from now the economy "will be facing substantial pressures," that because of the time lag in putting a tax boost into effect "we should now move toward a tax increase." Gerhard Colm, chief economist of the National Planning Association, recommended that Congress begin considering a tax increase bill that it could keep "on the shelf" and put into effect by a joint resolution sometime after enactment if that appears necessary.

That ends the reading of the news article from the Wall Street Journal of February 24, 1966.

I suggest Mr. President, it is significant that many noted economists see danger signals in our economy which either suggest a tax increase now, a standby tax increase which could be quickly invoked, or a suspension of the investment credit.

It is this latter step, mild as it is, that I now suggest.

Just today, in the Washington Post, there appeared a column by Mr. Joseph Kraft, which I should like to read:

It is no longer a question whether the administration is going to seek new weapons against inflation. The only interesting question now is what weapons it will choose.

In thinking about the choice, it is important to remember that the inflationary condition is not universal, either in the economy or the country. Some sectors of the economy, notably residential construction, are doing quite poorly. In the country at large, unemployment, at just under 4 percent, is too high. The more so since the jobless rate among Negroes and persons over 45 is much higher.

Because inflationary pressure is not generalized, but confined to pockets or bottlenecks, it follows that measures to restrict demand should be highly selective. The general rule is that every step to restrict demand should find expression in a commensurate cut in inflationary pressure.

Every dollar's worth of medicine, in other words, should buy a dollar's worth of cure. Otherwise, the restrictions will be ineffective: they will be applied, sometimes in a punitive, manner, to regions of the country and sectors of the economy that are generating inflationary pressures only indirectly, if at all.

As it happens, the geographical locus of inflationary pressure is not hard to identify. In general, the tightest area of labor shortage in the country lies in the heavy industrial belt running along the Great Lakes through Buffalo, Cleveland, Detroit, Chicago and Milwaukee. In these cities, unemployment is just above the 2-percent mark; credit is tight; and in some industries orders are exceeding current demand.

The cities along the Great Lakes, of course, are the country's main producers of steel, machinery, electrical equipment and other heavy durable goods. The access of inflationary pressure in the Great Lakes region, accordingly suggests that the country is once again going through the kind of capital goods boom that it experienced in 1956–57.

That impression is reinforced by statistics on business spending for plant and equipment. Last year investments in that field increased by 15 percent over the previous year. Preliminary estimates for this year forecast another 15-percent increase and these estimates are now being revised upwards. In the light of the revision, it appears that the problem of restricting inflation turns on the problem of restricting business spending.

Yet, instead of approaching this problem and its danger selectively, the pending bill proposes to increase the taxes on an automobile bought by a workingman in North Dakota; proposes to increase the taxes on the use of the telephone by the poor as well as the rich all over the United States.

Mr. President, is there a scarcity of telephones? Is there a shortage of telephone service? Is it inflationary for a person to have a telephone?

I ask the same questions about an automobile. Excise taxes are regressive and are surely not selective.

Continuing to read from Mr. Kraft:

To that end, many different actions are theoretically feasible. Drying up consumer spending by a general tax increase, for instance, would put a heavy dent in overall demand that would cause businesses to cut back their expansion plans. The trouble is that a general tax increase would cut back, not merely on business spending but on all spending right across the board.

Curtailing Government spending would reduce demand and eventually cause firms to

cancel or postpone investment plans. But the first victims of a cut in Government spending would almost certainly be the minority groups who, because they are not participating fully in the present boom, are especially dependent on Great Society and other welfare programs.

Tighter money, achieved by action of the Federal Reserve Board would have a more direct impact on business spending. But the impact would be especially severe in the area of residential housing which is too low now. Moreover, tight money seems to favor large companies, which finance expansion from their own funds, over smaller ones that are dependent on bank loans.

In these circumstances, attention is more and more coming to focus on corporate taxes, and in particular, on the 7-percent tax credit on new investment enacted by the Kennedy administration to promote economic expansion in 1962. Suspending or rescinding that credit would put an immediate direct drag on the investment plans of business firms. It would have no adverse effect on residential housing as the credit does not apply there. Though the Treasury asserts that administration would be difficult, that is what the Treasury is always saying.

My own feeling is that suspension if not outright withdrawal of the 7-percent credit offers the most promising weapon for selective action against inflation. And the sooner the better.

Mr. President, the thoughtful column which I have just read from Mr. Joseph Kraft is a persuasive one. Many other thoughtful citizens are suggesting the desirability of suspending the investment credit.

I do not now have before me the resolution of the American Federation of Labor and Congress of Industrial Organizations passed at their recent convention, but I believe it is correct to say that the AFL–CIO has endorsed a suspension or repeal of investment credit.

I do have before me a telegram from the American Farm Bureau Federation addressed to me:

We support your amendment to tax adjustment bill to strike excise tax increases and substitute suspension of investment credit for 2 years.

I cite an article which appeared in the Washington Post on February 27, 1966, by Prof. Paul A. Samuelson, entitled, "Boiling Economy Needs Tax Damper."

Mr. Samuelson writes:

The other day at a meeting with some financial experts, it was forcibly brought home to me that we are indeed in an economic boom.

One man said with a straight face: "Well, at least there are two bits of good news. Housing starts fell in January and automobile sales have been a little weaker these last 10 days." Only after a pause did he realize what he had said, and everybody laughed.

Mr. President, is it not strange that we are in a situation in which one can applaud reduction in housing starts and a reduction in automobile sales?

I have just read that another eminent economist, a writer, points to the booming increase in plant and equipment. And yet what is the remedy proposed to the Senate? It is not to suspend the artificial stimulus for expansion of plant and equipment, but to increase the taxes on the automobile that a workingman must buy and the telephone that all must use.

Regressive, unselective, wide of the mark of the economic needs of our economy.

I continue to read:

How can you have too much of a good thing? The Economic Report of the President forecast for 1966 a 5-percent increase in the real national product. It suggested that prices and wages would not rise more in 1966 than they did in 1965. Since 1965 was the greatest year ever, and also one of the years of healthiest advance, what can be wrong with that?

If the future develops exactly as the President's economic advisers have forecast, we shall be fortunate. Unemployment will drop below the proximate target of 4 percent set a few years ago by President Kennedy and only just recently achieved. Since profits will also continue to grow, according to this forecast, although not quite so rapidly as last year, the prosperity will be a widely shared one.

The increase in interest rates paid on savings accounts and bonds would in some measure compensate retired people for the rise in certain prices. And in any case, the introduction of medicare will mean much even to those on rigidly fixed pensions.

Mr. President, I digress to say that the rising cost of living, that is now at the highest point in history and which threatens to go much higher unless the administration and the Congress act with prudence and dispatch, will go a long way toward negating many of the benefits which the Congress has recently provided for people of small income.

It is upon the hard-pressed person that a higher cost of living places the greatest burden.

Continuing to read:

HEALTHY ADVANCE?

I have long been impressed by the wisdom and knowledge of Government economists. They have the best data in the world. They have the most powerful computers to process the data. In this decade, they have been selected from the ranks of America's outstanding academic scholars. In season and out of season, I sing the praises of the New Frontier experts who have kept, along with their cool heads, warm hearts and a genuine interest in the problems of America's underprivileged.

If the American economy lives up to the expectations stated in his Economic Report, the President should find widespread approval among the citizenry in this election year of 1966, even if he may lose some of his consensus support where Vietnam is concerned.

But have events thus far in 1966 given the impression of a healthy advance along an optimal growth path? Even in the month since the Economic Report came out, has there not been accumulation of a body of experience suggesting that its forecasts were a little too modest in terms of money magnitudes, and hence a little too optimistic with respect to the problems of limiting excessive dollar spending?

I realize that every dog has his day. I know economists who have been criticizing the administration for years—almost since the recession was seen to be definitely over—for being too expansionary.

They opposed expansion of civilian programs. They urged extra taxes at the time of the Berlin crisis. They opposed the Kennedy-Johnson tax cut, proposing in its place politically unrealistic cutbacks in public programs along with tax reduction. They long urged the Federal Reserve to tighten up on credit.

My name was not to be found in their camp. For years, I weighed their arguments and found them wanting. I did expect that in some way reality would stagger into the fixed sights of their telescopes, and that when this happened they would remind us, "I told you so."

BILL OF INDICTMENT

Well, economists are even more predictable than economics. All that has come to pass. Last year, wholesale prices did rise on the average, particularly in the area of farm products and nonferrous metals. The final reduction of unemployment to the 4-percent level apparently could not be achieved with continuance of the 1958–64 stability in the wholesale price index.

Those who have long been critical of the administration for being too expansionary have revealed that they personally would be glad to pay a price for stability; that is, high unemployment rates among the populace. In my opinion, it is fortunate that they have not been able to persuade the majority of the electorate that this is a good bargain.

Still, I am now forced to criticize the Johnson administration for being too inactive in its use of fiscal policy. Let me state the indictment:

1. If the President does not bring in a program to raise tax rates on personal and corporate incomes, the $723 billion—plus or minus $5 billion—Government GNP forecast now seems unrealistic. It appears that $728 billion—plus or minus $5 billion—will be nearer the mark, and most of the difference is of the unhealthy sort associated with a mere building up of price and wage tags. (Does anyone still seriously believe that the GNP deflator will grow only 1.8 percent in 1966?)

2. The long-run best interest of the unemployed is not served by a spring of production that cannot be maintained, particularly if the dash to the pole of full employment sets off an avalanche of price and wage pressures, culminating in inventory distortions and temporary excesses of plant and equipment.

I digress to say that it may well be, as Dr. Samuelson suggests, that neither the President nor the Treasury foresaw, in December, what we can now clearly see. But the Senate was not called upon to act in December. The Senate has the measure before it now, when we can so clearly see the cost of living going upward, corporate profits sky-high, inflationary pressures rising, and danger signals flashing red in every direction.

Yet what is the remedy? To increase taxes on automobiles and telephone service. Of what benefit to the economy, of what regulatory effect, is a tax rate on telephone service that my neighbors in Tennessee must pay? This is not where the dangerous pressures are. Regressive measures such as these are not a proper answer to our problem.

I do not suggest that the suspension of investment credit is an answer to all these problems, but it is the obvious place to start toward a solution. More is needed. But I know of nothing less justified in our tax system now than investment credit. I repeat: The last thing we need now is artificial stimulation of our economy. We need to remove from the tax structure this artificial stimulant.

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

Mr. GORE. I yield.

Mr. HART. I am one who wishes to thank the Senator from Tennessee for raising in such a clear way the issue he draws. I agree thoroughly with the analysis he is presenting. I thank him

for giving us the opportunity to attempt to make, what I believe to be a constructive change.

Mr. GORE. I appreciate the generosity of my friend, the able Senator from Michigan.

Mr. HART. Admittedly, one permitted to represent Michigan is suspected of speaking and reacting as a nationalist when the question bears on automobile excise taxes. While we are our own most lenient judges in these matters, I hope that my approach to the suggestion of the Senator from Tennessee is not colored, entirely at least, by the interest that Michigan necessarily has in the prosperity and continued growth of the automotive business. Automobile buyers are found in 50 States, and there is where the burden of the auto excise really falls.

I share the feeling, so effectively described by the Senator from Tennessee in his supplemental views, that all of us have a responsibility to attempt to respond prudently to danger signals that suggest that ceilings are being reached and that inflationary pressures are, if not at hand, around the corner.

As one who has urged, and will continue to urge, increasing, vigorous war on poverty at home as well as against our enemies overseas, I should be among the last to be indifferent to this problem.

I, therefore, do recognize the necessity of increasing revenue; but, with the Senator from Tennessee, I hope that that may be done with some greater measure of equity than is proposed by the bill before us.

Having said that, and being in a far less effective position to measure the future than is the Senator from Tennessee, who sits on the Committee on Finance, but having apprehension that the need for additional revenues will heighten and become more clear, I ask the Senator from Tennessee if he has considered the possibility of responding to the need for additional revenues, not merely or not even by way of approaching the investment tax credit, as he now suggests, but by moving across the board toward corporate profits, which have been so dramatic in the past 12 to 18 months?

Specifically, has the Senator from Tennessee considered the desirability, as of now, of proposing that a 1- or 2-percent increase at all levels of corporate profits be applied?

Mr. GORE. I have given that considerable thought. Corporate profits after taxes plus capital consumption allowances have increased since 1960 by 56 percent. Interest income—that is, personal income from interest—has increased by 59 percent. It would appear obvious to me that an increase in interest rates will further increase the income from interest.

It is equally obvious that a continuation of the investment credit, which is largely used by corporations, will not only continue an artificial stimulation of investment in plant and equipment, which, as I have said, is not now needed, but will further increase corporate profits. We seem to be doing the inequitable things. The more equitable approach would be to increase the taxes on those elements in our society that have experienced the most profitable and beneficial increases in their incomes.

But we need to do more than seek equity here because of the inflationary condition of our economy. We need to use fiscal measures as a regulator of our economy and as a safeguard against inflation. So, when measured by both of these standards, the standard of equity and the standard of dampening inflationary pressures, the obvious place to start is investment credit, which is an artificial stimulant, designed for that purpose.

As I said before the distinguished Senator entered the Chamber and did me the honor of his audience, Congress should be doing much more than this. If I receive very much more encouragement, such as that given to me by the able junior Senator from Michigan, I shall surely be prepared to offer an amendment to increase governmental revenue by means of a corporate tax rate increase. It is needed to defray the cost of the Vietnam war. It is needed to provide funds for very necessary programs in health, education, welfare, and other fields here at home. It is needed to dampen the fires of inflation that threaten a further increase in the cost of living.

Mr. HART. Mr. President, I thank the Senator from Tennessee very much for his last comment. I was somewhat reluctant to interrupt the Senator. However, I am satisfied that I should have known in advance that no interruption serves to distract the Senator from Tennesse from the basics in any discussion in which he is engaged.

I shared with the Senator, though it may be politically disagreeable medicine, the belief that one does not need to be an economist of imposing stature to realize that we must face up to the obligation to respond at the cashier's window and that it is necessary to increase revenues to dampen inflationary pressures. This is particularly true if one is, as I am, a person who feels, as does the Senator from Tennessee, that we must continue to press for many things domestically.

I am delighted to hear from the Senator from Tennessee, who is certainly a student in this field in his role as a member of the Committee on Finance, that he feels, with me, that the most logical target area, the one most eligible, and the one where equity most clearly suggests that we should aim, is at this corporate profit level. It would have the advantages that the Senator from Tennessee indicates are possessed by suspending the investment tax credit, as well.

It would have equity and it would dampen inflationary pressures. It would respond, I suggest, to those who argue, and I think with merit, that there are instances in which an investment tax credit, if available, would permit the introduction of some new product which would meet the genuine cost-of-living need and serve well social ends.

Some economists, I am aware, have pointed out that as the economy expands and as the labor force increases in size, additional capital investment is essential if we are to maintain a rate of growth sufficient to make use of all our resources. That may well be true.

However, as between a choice of hiking excise taxes on cars and phones and suspending the tax credit, I prefer the latter since an increase in Government revenue seems imperative. But I would hope that further revenue needs would be met in the form of an increase in the corporate surtax rate.

I shall, as I have often done in the past, in the areas of finance look to the Senator of Tennessee for counsel and for guidance.

Mr. GORE. Mr. President, I am very grateful to my able colleague for his generosity and thoughtful interjection.

I find it particularly galling that, while we gave the greatest tax reduction to people in high income brackets—to be specific, men like Henry Ford—when we find it necessary to increase revenue, we lay the burden upon the people who must buy automobiles and who must use telephones. These excise tax provisions lay the burden on rich and poor alike. It is undemocratic and inequitable. However, more important in the context of the present situation, it is not aiming at the real problem and need of our national economy.

I continue to read from Dr. Samuelson:

> President Johnson should bring in a tax program before midyear. Congress should pass that program speedily.

Mr. President, under the Constitution, the raising of revenue is peculiarly a prerogative of Congress. It is for Congress to consider such measures. It would be well if we had a presidential recommendation for a further increase in revenue, for a vigorous anti-inflationary program. However, the lack of such recommendation in no way absolves Congress from its responsibility. It is for the exercise of that responsibility that I have offered this beginning step.

I continue to read:

> And all the people—not excluding those in Wall Street—should hail such useful programs, which will serve to keep the American economy moving vigorously throughout the decade.
>
> The issue is no longer growth versus stagnation. It is maintainable long-term growth versus frenzied and self-defeating scrambling for limited resources.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD my supplemental views found in the committee report beginning at page 43.

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

VII. SUPPLEMENTAL VIEWS OF SENATOR ALBERT GORE

This bill, H.R. 12752, is designed to help finance the increasing costs of Government during the next 2 years. By raising additional revenue it will decrease the budget deficit and lessen the amount by which the public debt would otherwise be increased. Some assistance in controlling a nascent inflation should be provided.

Although several provisions of the bill are meritorious, it is poorly designed in certain respects and in all likelihood will prove quite

inadequate. Some reenforcement of fiscal policy ought to be provided now, by raising more revenue than this bill will provide, and by placing the increased revenue burden where it will do the most to dampen demand in areas where such demand most clearly threatens price stability.

Oddly, the two most important provisions of the bill, from a revenue standpoint, represent in one instance a speedup of a schedule already adopted by the Congress—for getting corporation tax payments more nearly current—and in the other a complete reversal of a previously adopted congressional schedule for ridding the consumer of two onerous excises. I support the previously established congressional policy in both instances, to place corporation taxes on a current basis, and to eliminate excise taxes. I oppose the proposed reversal of congressional policy with respect to excises.

Since more revenue is needed, and since an increase in excise taxes is regressive in nature, Congress should raise more revenue and do so in a more equitable manner. Suspension of the investment tax credit as a substitute for the proposed excise tax increases would serve both purposes. This would have the additional advantage of selectively dampening demand in an area which seriously threatens to create inflationary pressures.

Suspension of the investment credit, together with a modification of the use of existing carryovers, will produce as much revenue as would the reimposition of the excise taxes on automobiles and on telephone service. Suspension of the credit would add $80 million to revenues in the current fiscal year, while raising excises to their pre-January level would produce only an additional $65 million. In fiscal 1967, it is estimated that $1.2 billion would be raised by either procedure, while in fiscal 1968 the investment credit suspension would add $1.9 billion and the excises only $1.5 billion.

So long as the revenues are this close, then, the choice would hinge on the overall economic effects, as well as on equity considerations.

The present outlook for expenditures on fixed investment clearly raises the threat of inflationary pressures in that sector of the economy. Fixed investment in 1965 was 10.3 percent of gross national product, about the same as it was during the investment boom of 1956 and 1957. The rate of investment at that time could not be sustained and neither can the current rate.

In 1965, investment in plant and equipment increased 15.4 percent over 1964. Recent surveys show an expected increase in 1966 of 15 percent or more over 1965, and surveys taken at this time of year generally underestimate final expenditures. Extending these projections into 1966, we will have by the end of this calendar year a fixed investment expenditure amounting to some 11 percent of gross national product. This is well above the noninflationary level of 10 percent for a full employment economy.

Obviously, in the interest of orderly growth and to avoid inflationary pressures in an important sector of the economy, expenditures for fixed investment should be slowed. Expenditures should not be halted, but marginal projects should be postponed. Suspension of the credit will not halt projects clearly warranted by demand. It would remove this element of artificial stimulation in our economy.

The Finance Committee report on the 1962 Revenue Act, when the investment credit was instituted, gave three specific reasons for the credit:

1. The investment credit would "stimulate investment * * * by reducing the net cost of acquiring depreciable assets, which in turn increases the rate of return after taxes arising from their acquisition."

2. The investment credit "by increasing the flow of cash available for investment, will stimulate investment."

3. The investment credit "can be expected to stimulate investments through a reduction in the 'payoff' period for investment in a particular asset."

The same arguments—in reverse—could now be used to justify suspending the investment credit.

Given current conditions, the artificial stimulation to expenditures for fixed investment should be cut off. The investment credit should be suspended until such time as conditions warrant a return to stimulation.

Another fact which is particularly pertinent today is that production of equipment for fixed investment competes with production of hard goods for defense purposes. This is particularly true with respect to highly skilled manpower, in which there is already a shortage. Continued artificial stimulation of plant and equipment expenditures can only result in bidding up the price of scarce materials, facilities, and manpower needed for defense production, thus setting off a ripple of inflation which might well become a powerful wave carrying all before it.

Looking at restraints already at work through Government action, one is struck by the tight money policy enforced by the Federal Reserve Board. However, one may view this monetary policy, fiscal policy must work with and not against it. In this instance, the suspension of the investment credit will reenforce the tight money policy of the Federal Reserve Board. On the other hand, a tax policy which works counter to it, will but give an excuse to the money managers to tighten the screws even harder, thus giving rise to further undesirable distortions which we have witnessed in the past when monetary policy was misguided.

Little need be said to support the substitution of this credit suspension for the increase in excises on automobiles and telephone service from the standpoint of equity. The excises bear directly on the consumer and is recognized as a regressive tax. Furthermore, the excise tax increases in this bill affect only one commodity and one service. It is difficult to justify singling them out, particularly when they are virtual necessities. Suspension of the investment credit will work no hardship on any particular group and its effects will be spread broadly, particularly across the corporate sector.

Responsible economists are now expressing concern about the possibility of inflation. It is felt by many that substantial tax increases are needed, and now. In the absence of a general tax increase now, selective tax changes in areas where both economic and equity objectives can be furthered would certainly be in order. Suspension of the investment credit is surely one of the most obvious places to begin.

Mr. GORE. Mr. President, on February 27, the Washington Post carried an article by Mr. Hobart Rowen, entitled "Economic Impact—Johnson Should Propose Tax Hike Now."

I ask unanimous consent that this 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, Feb. 27, 1966]

JOHNSON SHOULD PROPOSE TAX HIKE NOW

(By Hobart Rowen)

President Johnson's January bet that the Nation could enjoy "business as usual" despite a shooting war in southeast Asia isn't likely to be a winner. He hasn't made this concession yet, but the impact at home of the war in Vietnam has been a surging economy well beyond his or anyone else's calculations.

There is new evidence of the proportions of the boom, and it was discussed in hush-hush tones in Washington this week: a reliable private survey done by Lionel Edie shows a fantastic new boost in business plans for plant expansion.

Where the survey a few months ago showed a 12-percent increase likely between 1965 and 1966, the figure is now 17 percent. And in critically important manufacturing, the new estimate is a sensational 24 percent gain, compared with earlier survey figures of 17 percent.

When the Council of Economic Advisers made its forecast of a $723 billion gross national product—that's now outdated—it assumed a private investment gain this year of only 11.5 percent.

TAX BOOST NEEDED

Yet, L.B.J. and his advisers have refused to interfere with normal business operations, except for a timid tax speed-up program and a withdrawal of a small amount of excise tax cut. They have resisted—so far—the real need, a solid boost across the board in corporation and personal tax rates.

American industry can't be faulted for going on a building-stockpiling-borrowing binge. Businessmen figure, quite logically, to "git while the gitting is good."

Good old cash money, as a result, has become the scarcest commodity in the country. If you don't believe it, drop in at the corner bank and try to borrow some. With tears in their eyes, bankers are turning away new customers and rationing the old ones.

Interest rates, with an assist from the Federal Reserve Board, have followed a predictable course: they've skyrocketed, and since record yields on bonds look attractive, stocks in the Wall Street markets have been taking a beating.

And unless taxes are raised, the situation will get progressively worse. It may be a hard political jolt for Mr. Johnson, but he really has no other option. By tapping businessmen and individuals for $5 billion in taxes as a starter, the administration could cool off an overheating economy.

ENOUGH "BUTTER" LEFT

In a true sense, the Nation would be paying for that much of the Vietnam war out of current income instead of having to borrow it for repayment later.

At the present level of the military build-up, such a tax boost would leave plenty of "butter" in a guns and butter economy. But the President ought to say frankly that if the build-up approaches a force level of 600,000 men (as rumored on Capitol Hill) there will be not only more of a tax bite, but some economic controls as well.

We might as well quit kidding ourselves about the real ramifications of Vietnam. Ever since last August, the administration has failed to be candid about the impact of each escalated stage of the war.

And now, strangely, the President's "new economists" in and out of Government have shirked the responsibility for arguing for higher taxes, which are so clearly needed. The "new economists" used to say they wouldn't hesitate to recommend restraining fiscal policy when necessary to combat a truly inflationary situation. But they've been hesitating.

After a struggle with his conscience for the past few months, Paul Samuelson, brilliant MIT professor, has finally made the break. He says forthrightly that the time has come to raise taxes. (See his special article in today's outlook section.)

HELLER MISSED OPPORTUNITY

Prof. Walter W. Heller, who advised both Kennedy and Johnson, could have made perhaps a greater impact with a similarly un-

equivocal proposal during the symposium in Washington last Wednesday commemorating the 20th anniversary of the Employment Act.

But he passed up the chance. Instead, he provided a "on the one hand, on the other hand" analysis. Most independently minded professionals who attended the symposium privately agreed that a tax increase is now essential. Conservatives like Arthur Burns and Raymond J. Saulnier would try cutting expenditures first.

I think this would be a mistake, because it would put the burden of paying for the higher costs of war on those who would benefit from social programs—instead of on the affluent who can afford it better.

I don't like the thought of higher taxes any more than I like the war. But I prefer them to giving up needed programs—or to a costly inflation.

Mr. GORE. Mr. President, on March 6, 1966, the Sunday Star of Washington, D.C., published an article by Mr. Lee M. Cohn entitled "Business Spending Data May Spark Fiscal Curb."

Mr. President, the article reads:

A Government report due in about 1 week may trigger a decision by the administration to cool off the economic boom by raising taxes and supporting tighter credit restraints, informed sources said yesterday.

Mr. President, I have been hearing reports about this anticipated Government report. I cited earlier information given me to the effect that the Joint Economic Committee has reached the conclusion that the investment credit should be suspended. A very responsible and learned reporter forecasts in this article that there will be a Government report which he states may trigger, not the mild step that I suggest here as a beginning, but something much more. He states that it "may trigger a decision by the administration to cool off the economic boom by raising taxes and supporting tight credit restraints."

I continue to read:

The crucial report is the Commerce Department's survey of planned business spending for new plant and equipment.

I digress. That is what I have been talking about, the boom that we have had, that we now have, frankly, as a result partially of artificial stimulation of plant and equipment expenditures. It is here that the tightness in our economy appears. It is here where materials and skilled labor are short.

Telephone service is not in short supply. That is not where the danger to the economy lies. Automobiles are not hard to buy. That is not what is damaging to our economy. It is the inflationary pressures that arise from that element of our economy that is called upon to supply the war needs, that element of our trained manhood that is so much needed to produce supplies to win the war in which we are so unfortunately and unwisely engaged.

But that is a different subject. We are engaged in it, and we must all do our part toward seeking a satisfactory solution, I hope a peaceful solution and an early one. But again, I do not wish to get into that matter. That has been debated to a considerable extent in recent weeks. I am talking about the economic necessities of the war economy in which we now find ourselves.

And what is the proposal we have? To increase Federal sales taxes on automobiles and telephone service.

I think we should do something else, a suspension of the investment credit which, along with the war demands, has partially triggered the boom.

I continue to read:

If the survey comes close to confirming private forecasts of surging expenditures, a key official said, "that could be the trigger point" for a shift to harsher anti-inflation policies.

Why should we wait to take some action until the harsh measures are necessary? Why not start now to take some equitable, obvious first steps? It might lessen the severity of the cure later.

I shall not ask that action on this bill await the report of the Joint Economic Committee on the Economic Report. I shall not ask that action on this bill await this Government report by the Department of Commerce. I am not attempting to be dilatory. I am prepared to agree to a vote on the amendment tomorrow. I think its need and its justification are so obvious, the arguments for it so irrefutable, so unanswerable, that I am prepared to submit it to the Senate at any time the leadership is ready. I would prefer that the vote come tomorrow, because a few of my colleagues might do me the honor of reading the debate in the RECORD tomorrow.

Continuing to read the article of Mr. Cohn:

Such a shift almost certainly would lead President Johnson to propose tax increases beyond the stop-gap revenues bill now progressing through Congress.

Johnson probably would encourage the Federal Reserve Board to reinforce the tax measures by tightening credit another notch which would push interest rates still higher.

Business spending for plan and equipment packs an economic wallop beyond what the raw numbers suggest.

When the President's Council of Economic Advisers predicted in January that 1966 would be a year of strong but noninflationary economic expansion, a major unpublished assumption was that spending for plant and equipment would increase 12 or 13 percent above the 1965 total of $51.8 billion.

The 1965 total exceeded 1964 by 15.4 percent.

Any substantial increase above 12 or 13 percent would cause serious trouble, the Council feared.

Advance indications are that plant and equipment outlays are heading for a bigger rise than the Council expected. One private survey respected for past accuracy estimates a rise of nearly 20 percent.

Any increase above 15 percent, a Commerce Department official said, would lead to "an agonizing reappraisal" of policies for fighting inflation.

If the figure is close to 20 percent, the official said, the danger of inflationary overheating of the economy will look serious and early action may be needed to dampen the boom.

The economy, with the added stimulus of spending for the Vietnam war, now is operating close to its capacity.

A sharp surge in plant and equipment spending plans would aggravate shortages of labor and materials, lengthen delivery delays and create bottlenecks. Wages and prices inevitably would rise faster.

I digress, Mr. President, to ask a few questions.

If this forecast be true, how much more will the war in Vietnam cost? If the forecast be true, how much further will the cost of living spiral? If the cost of living continues to spiral, what will be the extent of the hardships on minority groups with low wages, and who still suffer widespread unemployment?

What will the cost be to the retired and the sick people with low incomes? If interest rates are forced still higher, how many more counties and cities will postpone the building of hospitals and schools?

Why, Mr. President, should Congress be timid in approaching a problem that is peculiarly burdensome to the people for whom the Congress speaks?

We are called upon to act now, when the dangers are clear and plain for all to see.

Mr. President, if, in fact, this boom in plant and equipment serves as Mr. Cohn says, "to lengthen delivery delays," will this aid the war effort, or hinder it? Shall we supinely permit an artificial stimulation of the economy to lengthen delays in delivery of war materials, to increase the cost of those products, to increase the cost of living unnecessarily, and to force a still further rise in interest rates?

I do not claim that adoption of my amendment would solve all these problems, but it would be a step in the right direction toward their solution, whereas the excise tax provisions in the pending measure would provide no such step in the right direction.

Continuing reading:

While new plant and equipment increases industry's capacity to produce, thus easing shortages, excessive business spending more than offsets this benefit by straining the capacity of supplies, equipment makers, and builders.

Aside from the inflationary impact, excessive plant capacity can lead to recessions later when demand for the products of industry ebbs.

Tax increases would dampen a plant and equipment boom directly by reducing corporation cash available for spending. It also would indirectly curtail consumer demand and thus weaken incentives for expanding productive capacity.

Tighter monetary policies by the Federal Reserve would reinforce the effects of tax increases by curtailing the supply of credit and raising interest rates—thus making it harder for business to borrow to pay for new plant and equipment.

Credit already is tight and interest rates generally are at or near the highest levels in more than 40 years.

Mr. President, I do not wish to discuss monetary policy here. I am not proud of the fact that it is in an administration of my party that interest rates are at their highest point in almost 40 years. Surely, a Democratic administration can propose a more equitable and a more effective policy than this one. But, if we continue to wait, if we continue to procrastinate, if we continue to take the wrong steps instead of the right steps, not only will interest rates be higher but the cost of living will also be higher, war costs will be higher, inflationary pressures more severe and dangerous to the economy will mount—all of which is becoming abundantly apparent.

Continuing reading:

There is concern at the Federal Reserve that much further tightening would cause serious economic distortions.

Mr. President, what kind of distortions? Many, including greater burdens upon those who must buy the necessities of life, including greater burdens upon those who must buy automobiles in which to reach their jobs in order to make a living, greater burdens upon housewives who must have washing machines, refrigerators, and stoves, including higher costs for schools and hospitals; and, indeeed, as we have already heard today, the postponement of the selling of bonds for construction of necessary community facilities.

Continuing to read:

The money managers, therefore, want the administration to carry the major burden of any additional anti-inflation moves by tightening fiscal policy through a combination of tax increases and spending curbs.

Nevertheless, the Federal Reserve has been tightening credit gradually since it raised the discount rate last December, and probably will continue the trend even if taxes are raised.

If the administration takes strong fiscal action, tightening by the Federal Reserve will be relatively mild. If the administration holds back, the Federal Reserve probably will feel compelled to squeeze credit hard.

January's economic forecasts by the council have been outdated by revisions of 1965 figures and by the economy's stronger than expected performance so far this year.

The council will revise forecasts for internal use some time after the plant and equipment survey is published.

In January's Economic Report, the council predicted that the gross national product would *rise* by about $46 billion to $722 billion—plus or minus $5 billion—in 1966.

It appears that the midpoint of the new gross national product forecast will be near the top end of the range predicted in January.

That would heighten the dangers of inflation and increase chances for tax boosts.

Mr. President, I should like to propose, and shall later propose, more vigorous steps toward inflation control.

The step I propose now is clearly needed and obviously justified as a substitute for a regressive form of taxation which is not aimed at the principal economic danger we face, but I shall be content to ask for a vote upon this amendment first.

"WHO SPEAKS FOR EFFECTIVE LAW ENFORCEMENT?"

Mr. McCLELLAN. Mr. President, the U.S. attorney for the District of Columbia, the Honorable David G. Bress, recently delivered an address on one of the gravest domestic problems this Nation presently faces. Speaking before the Federal Bar Association, Mr. Bress outlined his views on the issues involved in society's dilemma in its constant quest for effective law enforcement. The volume of crime in the District of Columbia is scandalous, and the effects of such decisions as Mallory in this jurisdiction can only hamper local law enforcement efforts. In light of this, the views of Mr. Bress, as U.S. attorney for the District, on the problems of effective law enforcement take on particular interest and significance.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a copy of Mr. Bress' address, entitled "Who Speaks for Effective Law Enforcement?"

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

WHO SPEAKS FOR EFFECTIVE LAW ENFORCEMENT?

Three months have now passed since I have been sworn into office as U.S. attorney for the District of Columbia. I must say to all of you here today that thus far I have found the experience interesting, exciting and intellectually stimulating—particularly for one who has spent almost all of his professional career on the civil side of the court. I recommend this kind of transition to others. Each day has produced minor crises of one kind or another and has afforded me a superb vantage point from which to observe very closely the practical operation of the criminal law in this jurisdiction. By no means have I become an expert. But 3 months of intense study of the criminal law and its application has opened my eyes to a new horizon which in the past was hazy.

While engaged in private practice, I generally kept currently informed on new developments in the law, including the trend in recent years to broaden interpretations in the area of individual constitutional rights, whenever the individual found himself locked in battle with a Federal law enforcement agency or with the Metropolitan Police Department. A great deal of my time recently has been spent concentrating on such topics as the law of arrest, search and seizure, confessions, insanity, the privilege against self-incrimination, and speedy trial. New decisions in the civil field have taken on lesser significance. In the past few years, only a few jurists, professors, or writers have spoken out in favor of effective law enforcement. The scales of justice, insofar as the criminal law is concerned—at least in this jurisdiction—indeed appear now to be tipped sharply in favor of the individual, with new rules and new interpretation tending to favor the defense—albeit by renewed support for certain constitutional rights of the accused. I do not oppose—on the contrary, I support—affording every constitutional right to an accused. It may well be that to go too far in our concern for the accused could impair the general public interest. To protect the interests of the community, no one would dare challenge the need for effective law enforcement. Though it may be unique, my topic today is that someone must speak out for effective law enforcement—and I hope to do so.

About a month ago, the Evening Star printed a story about a Puerto Rican grocer named Enrique Negron, residing in New York, who about 8 months ago had gone to the rescue of a patrolman under attack by a mob of angry people. In helping the patrolman, Mr. Negron was stabbed in the back with an icepick. The next day the little grocer was hailed as a hero. The city's police commissioner came to Mr. Negron's room at the hospital and thanked him. His friends bought him a gold watch. The Patrolmen's Benevolent Association showed its gratitude by giving him $1,000. In the past 8 months, however, all that changed. Mr. Negron was castigated by his friends and neighbors as a "cop lover"; he lost the grocery business he had saved 10 years to purchase; he had no job and only $300 left to his name. Mr. Negron was quoted as saying he could not find any work, his wife was too ill to get a job, and he was too proud to take charity. This then was the reward which befell one man who wanted to see effective law enforcement in his community. It was only after this pathetic vignette was printed in the daily press that several organizations offered to help him find employment.

This illustration drives home my first premise, which is that better law enforcement will only be achieved when an entire community rises, as one voice, and indicates that it truly wants to minimize crime in its city. Here in the District of Columbia, crime has become a national scandal. The statistics make me shudder—and I hope we can do something about it.

During the fiscal year 1965, there were a total of 32,053 serious offenses reported, an alltime high for the District. The volume of crime in the District for the fiscal years 1957–65 has virtually doubled, going from 16,000 part I (serious) offenses in 1957 to over 32,000 such offenses in 1965. Last July a police report showed 92 crimes were being committed here every 24 hours. The upward trend in crime in this jurisdiction is all the more shocking when we realize that housebreakings have tripled since 1957; auto thefts have more than tripled; and robberies have very nearly quadrupled since that time. Pocket alarms and tear gas guns are sold in many of our finer shops in the city. Women are being encouraged to take jujitsu lessons as a means of self-protection. Two-thirds of the 155 homicides perpetrated here in fiscal 1965 were accomplished by the use of guns or knives. During the first 22 days of January 1966, there were 22 homicides committed in this city. Such is the dismal picture of our current crime situation. This is so notwithstanding that we had in this morning's Post the report of Police Chief Layton that for the third consecutive month overall crime was down 8.1 percent from a year ago. I hope this trend will continue.

I am wholehearted in my support of the efforts of President Johnson's administration to carry on a "war against crime" by striving to eliminate slums, broken homes, discrimination, ignorance, and poverty. These conditions are the breeding grounds for crime, and I have no doubt that their elimination will go a long way in winning the major battle against crime. That program will not be achieved overnight—it will be a slow and gradual process—but one that I am satisfied must ultimately prevail. I incline to refer to that battle as the first front based on education and economic progress. But what about the crime we have now? Not what we will not have in the future. It seems to me that society can move in this "war" on a second front—by strengthening law enforcement and the administration of justice so that (1) more of those who tend to commit crime will be deterred, (2) more of those who commit crime will be swiftly apprehended, and (3) more of those who are caught are dealt with in a humane manner so that they do not thereafter commit crime. How can this needed objective be achieved without waiting for crime's gradual disappearance?

It is discouraging to read that the Federal Bureau of Investigation estimates that the total annual cost of crime in the United States is well over $20 billion. It is similarly discouraging to find that the Uniform Crime Reports of the Bureau reflect that crime in the United States has continued to outpace population with an increase since 1958 of almost six times the growth of the national population. When we pick up our local newspapers each day and read about a bus driver who was robbed, a liquor dealer who was just shot to death, or a police officer who was viciously attacked, the first reaction is likely to be, "Well, why don't they do something about it?" The "they", of course, refers to the police. I submit that the police can do no more than society, the legislature, and the courts will permit them to do.

According to the FBI, taking into consideration the city, county and State police

populations, there were 18,000 police officers assaulted in 1964. That was 1 out of every 10 policemen in the country. Of these 7,738 officers were injured, or 1 out of every 24 policemen nationwide. Continuing statistically, permit me to say that 57 policemen were killed throughout the country by criminals during 1964. The number of policemen murdered annually in the line of duty has doubled since 1960. I find these figures appalling and hope that I can count on the support of the entire community—as well as the courts—in connection with the prosecutions undertaken by my office of cases of assaults on police officers who sustain substantial injury.

All of the citizens in our city must be convinced through such agencies as the churches, civic organizations and the schools that police officers must be obeyed and permitted to carry out their assigned duties without interference. People must be made to understand that when a police officer is assaulted, society is assaulted, and that society will not condone such assaults. The creation of the Police-Community Relations Unit within the Metropolitan Police Department in September 1964, for the purpose of achieving a better mutual understanding of the problems of both the citizens and the department, is certainly a step in the right direction. I have already initiated efforts along this line to utilize the facilities of the local UPO office and the Neighborhood Legal Services offices to promote a program of teaching respect for law and order—and the police—in the so-called poverty areas of this city. By utilizing talks and demonstrations to block groups—participated in by the trusted members of the block, social workers, the police and even the prosecutor—hopefully some greater respect for law and order will emerge.

Much has been said in recent years on the effect of judicial decisions in this country on the ability of law enforcement to cope with the rising tide of crime. Some writers have complained that the courts are "handcuffing" the police. The police chief of Los Angeles has complained that American police work has been "tragically weakened" through a progressive "judicial takeover." Because the District of Columbia is a bifurcated jurisdiction, where the U.S. attorney prosecutes both local and Federal offenses, I have a special concern with such criticisms.

The trend of our appellate courts has been toward the impairment of the use of confessions as a practical tool in criminal prosecutions. These decisions have had a profound effect on effective law enforcement in this jurisdiction. There are the "unnecessary delay" cases beginning with the 1957 landmark case of *Mallory* v. *United States*, 354 U.S. 449 (1957). Mallory was really an extreme situation where, after some 7½ hours of interrogation, the defendant confessed to the police his participation in a rape. The court, as many of you are aware, excluded the confession as being obtained during a period of "unnecessary delay" and therefore violative of rule 5(a) of the Federal Rules of Criminal Procedure. In *Spriggs* v. *United States*, 335 F. 2d 283 (D.C. Cir., 1964), a conviction was reversed by our court of appeals because of the admission into evidence of a confession made to police, during a form filling process some 30 minutes after arrest. The most severe restriction came in the case of *Alston* v. *United States*, 348 F. 2d 72 (D.C. Cir., 1965), where our court of appeals reversed a conviction because of the receipt into evidence of a confession at the precinct made by a defendant under arrest who was questioned by the police for 5 minutes during which period he denied any involvement and where it also appeared that the defendant was not warned about his right to remain silent; then he was permitted to speak briefly to his wife; and he thereafter promptly confessed.

As rule 5(a) has been interpreted in this jurisdiction, when an arrest is made, the suspect must be charged and promptly thereafter presented as a criminal defendant before a committing magistrate. This interpretation effectively bars any questioning after arrest. Such a standard impedes law enforcement where, in a large metropolitan city such as this, the police deal primarily in crimes of violence such as rape, robbery, murder, etc., offenses which require prompt arrest, often involving few or no witnesses and little, if any, tangible evidence. In my view, the law should provide some opportunity for police interrogation of suspects, if dangerous criminals are to be brought to book and technical application of the exclusionary rule is to be overcome.

And it may well be that such applications of the rule cannot be legally overcome. If, under our system, it is finally ruled that the Constitution protects an accused against the use of his voluntary noncoerced incriminating statement, then our system must find a new way, after full debate, to provide a solution so that society will be protected. Rule 5(a) is not itself insurmountable. Our system abhors coercion of any kind, and the accused must be protected by the law against it whatever form it may take. But where coercion does not exist and where voluntariness is clear or conceded—it is necessary to find the proper way so that admissions or confessions are admitted to establish the truth. The present application of the rule excluding such voluntary confessions frequently results in the guilty going free. It is hoped that a proper accommodation between the need for the use of the confession and the protection of the accused's constitutional rights will be found. Pending determination of that accommodation, my office will continue with the so-called 3-hour rule for interrogation established administratively by my predecessor, Hon. David C. Acheson, last July.

Another impact on law enforcement has resulted from the extension by some courts of the rule in *Escobedo* v. *Illinois*, 378 U.S. 478. There, in a rather extreme factual situation an arrested person was denied access to his lawyer who had come to the precinct to see him and was then in an adjoining room. While depriving him of such access, the police continued to interrogate him and elicited a confession. Quite properly, the Supreme Court held that the defendant's sixth amendment rights had been violated and his confession should therefore be excluded from evidence. It is quite amazing now to see the extent to which claims are being made of denial of sixth amendment rights. One extreme contends that the sixth amendment entitles the defendant to counsel from the moment of arrest. This might entail the installation of the lawyer's seat in every police scout car—or a motorcycle sidecar. Apropos of this, our court of appeals recently observed, "Even assuming the presence of a peripatetic public defender in or following the police car, such counsel cannot impede the 'dynamic' form of investigation inherent in hot pursuit, apprehension and confrontation with victims." Others—less extreme—contend that the lawyer should be provided from the moment of arrival at the precinct, and the failure to have a lawyer at the precinct renders inadmissible on sixth amendment grounds any incriminatory statement the suspect may make. The NLSP has offered to make counsel available at the precinct—but no action has yet been taken by my office on that offer. The matter is still being given serious consideration and no doubt some action will soon be taken with respect to that request. Thus far, the courts have not held that the sixth amendment requires that counsel be furnished to an accused from the moment of arrest. If the Supreme Court so holds, then it will be the obligation of the Government to see to it that such counsel for the defense is furnished. It is conceded that the Government ought never to put itself in a position to make it difficult for an accused to obtain counsel at any time. While I, as a former member of the board of NLSP, recognize the valuable work which it is doing in the community, it does raise serious problems for the prosecutor to say that this agency alone is the way in which to provide counsel for the accused at the time of arrest or at the precinct. Some endorsement of the bench and bar would appear to be necessary before any private group should take unto itself the obligation of furnishing counsel from the moment of arrest.

This is one of the most difficult questions in the criminal law field today. We have hardly begun to provide adequate and competent counsel for the defense at the trial stage, and it is unknown what effect such early provision of counsel at the arrest stage would have upon law enforcement. In any event my office will continue to cooperate with any program that has the support of the bench and bar which would begin to give us the knowledge and insight on the effects of the early provision of counsel on the effective administration of justice. It is hoped that the research studies now being done by the National Crime Commission and the local crime commission will contribute to the solution of this knotty problem.

Without extending my remarks further into the area of sixth amendment rights, I do look forward to further expression by the Supreme Court in the post-Escobedo cases now pending there. As the second circuit has recently said in connection with its refusal to apply the Escobedo rule to a case where it was argued that a confession should be excluded because the defendant was not advised by Federal narcotic officers that he had the right to silence and counsel, "It may well be that Congress or the Supreme Court through its rulemaking power at the sufferance of Congress will, after appropriate study, make rules requiring such warning and advice under certain circumstances in future cases." And speaking of warning, I should point out that the administrative rule to which I have referred does provide for appropriate warning to the suspect that he may remain silent, that what he may say may be used against him, and that he may call his attorney, friend, or family to be present with him, and if he has no attorney one will be appointed for him when he goes to court if he cannot afford to retain his own counsel.

As a matter of interest, based on the 1960 Census, the District of Columbia was first in the Nation in the ratio of policemen to population. According to the annual report of the Metropolitan Police Department, fiscal 1965, there were 3.81 police officers per 1,000 inhabitants in the city as of June 30, 1965. This is the highest ratio ever reported for this city. The volume of serious crime in the District from June 1957—the time of the Mallory opinion—up to the present, has increased—practically doubled. The population in the District over this same period has increased only a little more than 5 percent. It would appear anomalous therefore for me to tell you that, in spite of the high police officer-citizen ratio, the solution of serious crime in the District of Columbia continued in 1965 a downward trend of prior years and reached a record low of 34.1 percent clearance of the total part I (serious) offenses reported. This means that for every 10 serious offenses committed only 3.4 suspects are arrested. Thus a defendant who commits a serious crime in the District of Columbia stands a 60–40 chance of never being arrested.

Without in any way being critical of the soundness and justice of the decisions in the Escobedo and Mallory lines as applied in the District of Columbia—it is inescapable that the impact of those decisions has been

to impair effective police investigation. These decisions are directly related to the reduced clearance rate of serious offenses about which I spoke a moment ago, because it is well known that when a suspect is apprehended by the police and if he could be questioned about other offenses committed by him, multiple crimes are solved which would not otherwise be cleared.

Contrary to popular notion, there are no Dick Tracy's or "007's" on our various law enforcement staffs. Most crimes are solved not by fingerprints, infra-red photographs, wristwatch radios, or the clever and astute *gathering of evidence*, but by "information." For the clearance rate of crimes committed in this jurisdiction to be maintained, opportunity by law enforcement for even limited interrogation of suspects is a must.

Part of the general responsibility for the crime problem in the United States also must be laid at the doorstep of the penal authorities. At least one-third of the felonies are committed by recidivists, people previously convicted of criminal offenses. Thus, according to the FBI, "during 1963 and 1964, the criminal records of almost 93,000 offenders disclosed that 76 percent of these then-active offenders had been arrested at least twice." Bringing the matter closer to home, it appears that of those convicted for criminal offenses in the U.S. District Court for the District of Columbia over a 12-month period in 1963–64, about 72 percent had prior police records, and nearly half of these had served at least one term in prison. Part of the reason for this high rate of recidivism is the fact that as late as 1964, there were only 50 professional psychiatrists in attendance among the 232 major Federal and State prisons and reformatories. Certainly, this data demonstrates an urgent need for additional professional assistance and more effective rehabilitation programs at our prisons. Perhaps, if our existing facilities are not too overcrowded now, what our various penal authorities ought to consider is the possibility of converting some of our minimum security institutions into "halfway houses," so that an individual eligible for release from custody, is eased back into the outside world with no undue rippling of his social equilibrium. The gradual readjustment of the prisoner back into society will best serve the interests of law enforcement and the entire public—and I know that considerable effort in this direction is now being made by our Federal Bureau of Prisons, including a new halfway house in the District of Columbia.

The sophisticated criminal, the hoodlum, the thug, and the juvenile delinquent must all be stopped, before crime, corruption, and chaos become a greater menace to our cities. The police, the prosecutors, the courts, and our penal systems make up the unified bulwark that stands between a safe society and a crime-ridden community. I suggest to you that the efficient cooperation by each of these agencies, together with an aroused community that truly desires improvement, are the only real answers to effective law enforcement. In my opinion—our resourcefulness and institutions are such that the goal of a clean and safe society—and more particularly a clean and safe Washington—a model for the Nation—can be achieved while still giving full protection to the constitutional rights of the individual. I assure you that the U.S. attorney will strive to reach that goal.

VISIT BY PARLIAMENTARIANS FROM PARAGUAY

During the delivery of Mr. GORE'S speech,

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

Mr. GORE. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, it is my privilege to make an announcement welcoming to the Senate and to the country a group of distinguished parliamentarians from Paraguay and also to welcome the Ambassador and the Minister of Justice of Paraguay.

Today the Latin American Subcommittee, of which I have the honor to serve as chairman, of the Foreign Relations Committee, gave a luncheon in honor of this group of distinguished visitors.

Because within the group we had those who do not, within our rules, have access to the floor and those who do have access to the floor, we decided we would ask the delegation to sit in the gallery, where they could observe the Senate in session.

I explained to them that, I am also bound under the rules not to introduce them from the gallery. However, I wish to say, as I said at the luncheon, that the entire Senate welcomes this group of distinguished parliamentarians from Paraguay.

I said at the luncheon, and would like to have the RECORD show, we all honor very highly the Ambassador from Paraguay to our country. He has been a very able representative of his country and a proven friend of ours.

As the chairman of the subcommittee—and the Senator from Tennessee [Mr. GORE] is a member of the Foreign Relations Committee and knows whereof I speak—I wish to say that we have always had complete cooperation from the Ambassador of Paraguay. At the same time his cooperation has enabled him to well represent the interests of his country.

Mr. President, I would like permission to file with the Senate for printing in the CONGRESSIONAL RECORD a statement by way of a biographical sketch of each one of these distinguished visitors. I wish to have the RECORD now show that we welcome them enthusiastically and that we are very proud and pleased that they decided to visit our country, for it is such visits as this, such exchanges as represented by this exchange that will strengthen the understanding and friendship between our country and our neighbors in the Western Hemisphere.

Mr. President, I ask unanimous consent to have the material to which I have referred printed in the RECORD.

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

Name: Dr. Sabino A. Montanaro.

Home address: Cerro Cora 1452, Asuncion, Paraguay.

Present position: Minister of Justice and Labor.

Previous position: Member of Congress, 1954–63.

Political affiliation: Colorado Party.

Academic background: Law School, National University, Asuncion.

Date and place of birth: July 30, 1922; Asuncion, Paraguay.

Travel: 1959, 1960, 1962, United States—member of Paraguayan delegation to U.N.; 1963, Colombia; 1965, Spain; 1965, Italy—audience with the Pope.

Interests while in the United States: Dr. Montanaro's two main interests are: (1) to study labor in the United States, and (2) to observe the functioning of Congress, and visit its Library. He also would like to: meet high-level officials of the executive branch of the Federal Government including the Departments of State and Labor and the National Labor Relations Board; visit a labor training institute of a large university; study labor-management relations in the Chicago industrial complex; visit a medium-sized cooperative; and make courtesy calls on Federal and State judicial and penal officials.

Name: Ruben Stanley Rodriguez.

Present position: Member of the House of Representatives.

Personal data: Born, 1924; address, care of House of Representatives, Asuncion, Paraguay; marital status, married, Dr. Stanley will be accompanied by his wife; languages, native, Spanish; Dr. Stanley speaks some English, however, he will be accompanied by a Department of State escort-interpreter.

Other present positions: Member of the highest body of the Colorado Party.

Past positions: Ministry of Foreign Affairs in the Paraguayan Embassy in Buenos Aires, Argentina; judge of criminal court.

Objectives of U.S. visit: The Honorable Ruben Stanley Rodriguez will visit the United States for 30 days with other members of the Paraguayan congressional delegation to observe representative examples of civic activities, industry, and agriculture. He is particularly interested in observing techniques of reclaiming land for agriculture, land settlement and development, cattle raising, and fruit production. He is also interested in visiting major universities to gain more insight about organization and curriculum. He would like to visit the U.S. Congress in session and a session of a State legislature. Another major interest is a visit to a criminal court in session.

Name: Francisco Domingo Volpe.

Present position: General secretary of Levi-Liberal Party.

Personal data: Born, April 30, 1933, Asunción, Paraguay; address, Cerro Corá casi Brasil, Asunción, Paraguay; academic training, medical school, 1959; languages: native Spanish. Dr. Volpe has an inadequate knowledge of English and will be accompanied by a Department of State escort-interpreter.

Other present position: Surgeon, Sanatorio San Benigno and Hospital de Clínicas.

Past positions: Chief of medical residents in Hospital de Clínicas.

Membership in organizations: Medical Association of Paraguay.

Travels abroad: Dr. Volpe has traveled in Argentina and Uruguay.

Objectives of U.S. visit: The Honorable Francisco Domingo Volpe will visit the United States for 30 days with other members of the Paraguayan congressional delegation to observe representative examples of civic activities, industry, and agriculture. He is particularly interested in visiting major universities to further his interest in medical schools. He would also like to visit a rural area to learn more about the growing of fruit and vegetable products and about the landholding laws and cattle raising in the United States. He is also interested in visiting the U.S. Congress in session and a State legislature.

Name: Luis María Argaña.

Present position: Member of the House of Representatives; professor at law faculty, National University of Asuncion.

Personal data: Born, October 9, 1932, Asuncion, Paraguay; address, Chile 327, Asuncion, Paraguay; marital status, married, Mr. Argaña will be accompanied by his wife; academic training, Law School, National University of Asuncion, 1954, doctorate in law and social sciences, 1958, special course in ALALC at the University of Montevideo, 1963; languages, native Spanish, Mr. Argaña has an inadequate knowledge of English and will be accompanied by a Department of State escort-interpreter.

Past positions: Prosecuting attorney, civil and criminal courts; director of legal department of the municipality of Asuncion.

Membership in organizations: Paraguayan Bar Association; Inter-American Bar Association; Catholic Bar Association.

Publications: Book entitled "Paraguay," published by the National University of Asuncion.

Travels abroad: Mr. Argaña has traveled both in Europe and in Latin America.

Objectives of U.S. visit: The Honorable Luis María Argaña will visit the United States for 30 days with other members of the Paraguayan congressional delegation to observe representative examples of civic activities, industry, and agriculture. Mr. Argaña is especially interested in visiting major universities in the schools of business and economics. He would like to visit the U.S. Congress in session and to gain more knowledge about State and municipal government throughout the United States. His other interests include visiting an automobile plant and observing a criminal court trial.

Name: Miguel T. Romero.

Present position: Member of the House of Representatives.

Personal data: Born, September 29, 1924, Luque, Paraguay; address, José Berges 1124, Asuncion, Paraguay; marital status, married, Mr. Romero will be accompanied by his wife; academic training, bachiller, Catholic Seminar of Asuncion; languages, native Spanish, Mr. Romero speaks some English, however, he will be accompanied by a Department of State escort-interpreter.

Other present positions: Public relations consultant, Ministry of Industry and Commerce.

Past positions: General Director of Tourism; Director of Public Relations, Ministry of Public Health; Director of Administration and Accountancy, Ministry of Public Works; secretary of Paraguayan Embassy in Bolivia.

Membership in organizations: Press Association of Paraguay; Interparliamentarian International Union.

Publications: Mr. Romero has published 40 brochures on politics and several articles on a variety of subjects. He was chief for the political page of the daily newspaper, Patria.

Travels abroad: Mr. Romero has traveled both in the United States in 1964, and in Latin America (Argentina, Brazil, Chile, Uruguay, Bolivia, Peru and Venezuela).

Objectives of U.S. visit: The Honorable Miguel T. Romero will visit the United States for 30 days with other members of the Paraguayan congressional delegation to observe representative examples of civic activities, industry and agriculture. Mr. Romero is particularly interested in learning about truck farming, the growing of fruits and vegetables, the dehydration of farm products and the canning of orange and tomato juices. He would also like to visit the U.S. Congress in session and to gain knowledge about various legislative systems on the State level. He would also like to visit an automobile plant.

TAX ADJUSTMENT ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes.

SUSPENSION OF THE INVESTMENT CREDIT AS A SUBSTITUTE FOT TITLE II OF THE BILL

Mr. LONG of Louisiana. Mr. President, I wish to speak to the amendment submitted by the distinguished Senator from Tennessee [Mr. GORE].

The Senator from Tennessee presented his proposal to the Secretary of Treasury in hearings before the Finance Committee. The Secretary indicated that the Treasury prefers the approach adopted in this bill to the one proposed by the Senator. A majority of the Finance Committee, which gave careful consideration to the Senator's proposal, also indicated a preference for the bill as it stands. There are good reasons for the position taken by the Secretary and the majority of the committee.

There is virtually no difference in the revenue effects of the two proposals. The excise tax provisions of the bill will add $35 million to revenues in fiscal 1966 while suspension of the investment credit on March 1 would add $80 million to revenues. The excise proposals will add $1.2 billion to revenues in fiscal 1967, the same amount as suspension of the credit will produce under the terms of the Senator's amendment because there is no difference in revenue impact, such as relation effectiveness as an inflation preventative.

PREVENTION OF INFLATION

H.R. 12752 provides a balanced program to prevent inflation. The most important provision from a revenue standpoint is the acceleration of corporate estimated tax payments. This provision will restrain investment by the Nation's 16,000 largest corporations. Graduated withholding and the excise-tax proposals will affect consumers, restraining consumption expenditures. The bill as it now stands, therefore, will moderate both private investment spending and private consumption spending.

In contrast to this balanced approach, the Senator's proposal would shift virtually the entire weight of the bill on to investment. Investment would be restrained both by the acceleration of corporate tax payments feature and by the 2-year suspension of the investment credit. Consumption, on the other hand, would be restrained only by the effect of graduated withholding, which may largely disappear in 1967, when the withholding allowance procedure goes into full effect.

Inflation is the problem of too much purchasing power chasing too few goods. We can prevent inflation by either holding down purchasing power or by making sure that the volume of goods produced increases in proportion to the increase in purchasing power. While at times it is necessary to put a little restraint on purchasing power, clearly it is better to prevent inflation by producing more rather than by spending less. That is why this is not the time to suspend the investment credit. We need to increase capacity to provide for the defense needs in Vietnam and to provide for a prosperous domestic economy. Some restraint on investment is probably called for to make sure that investment does not become too exuberant. But the Senator's proposal, coming on top of the acceleration of corporate tax payments, might apply too much restraint on investment.

While both the excise-tax proposals in this bill and suspension of the investment credit would tend to moderate private spending, the effect of the excise-tax proposals will be felt sooner. The effect of suspending the credit would be delayed, since it wouldn't apply to goods on order at the time the suspension becomes effective. The lag between order and delivery would delay the effect of suspending the credit until late in this year or early next year. The restraining impact of the excise-tax proposals will be felt as soon as the bill is passed or very shortly thereafter.

THE BALANCE OF PAYMENTS

The investment credit is very important to our balance of payments. In the first place, the credit encourages the modernization of American machinery and equipment. Such modernization makes our exports more competitive in world markets.

The credit has a second important effect on the balance of payments. It tends to make investment opportunities at home more attractive relative to investment opportunities abroad. If the credit were suspended, the pressures leading to an outflow of U.S. capital to take advantage of foreign investment opportunities would become even stronger. As Senators know, the outflow of American capital has been one of the most difficult aspects of the problem faced by the President and the Congress in the effort to eliminate balance-of-payments deficits.

EQUITY AND ADMINISTRATION

When we consider the effects of the Senator's proposal, we must look at the entire bill and not confine ourselves to a comparison to the excise tax proposals and a suspension of the credit. The bill as reported by your committee spreads the burden of the added revenues needed to fight the war in Vietnam broadly and equitably over the population. The Nation's largest corporations, as is only fair, carry a heavy share of the burden. Both wage earners and self-employed persons are affected. Finally, the excise tax proposals themselves affect as broad a cross section of consumers as any two excises that I know.

The Senator's proposal would shift more of the burden of this bill on to business firms. His proposal, in other words, would make one sector of the economy carry most of the load. In this regard,

we must remember that corporations are already in the midst of accelerating their tax payments. Under the terms of the Revenue Act of 1964, the acceleration of corporate payments would add $1.8 billion to corporate tax payments in 1966 and $2.1 billion in 1967.

This bill will step up the acceleration, producing a total increase in corporate tax payments of $2.8 billion in 1966 and $5.3 billion in 1967. The Senator's proposal would place the further burden of a *reduction* in the investment credit on business firms, primarily corporations.

While it might appear that it would be easy from an administrative standpoint to suspend the investment credit, there would be problems. Under the terms of the Senator's amendment, the credit cannot be taken with respect to property acquired after the date of enactment of the bill unless a binding commitment to purchase it existed before that date and installation is completed within 1 year after that date.

This rule will open up difficult areas of dispute between the Internal Revenue Service and business firms over what constitutes a binding commitment. I doubt if any mechanical rule can be followed here. Each case will have to be examined on its own merits.

If we try to avoid this problem by suspending the credit on all equipment installed after the date of enactment of the bill, we will treat unfairly the many businessmen who have made plans and committed themselves to the purchase of the equipment which cannot be installed until after that date. On the other hand, if we move the effective date back to take account of this, taxpayers will be encouraged to crowd their investments into the period before the credit is suspended. This effect would not stabilize the economy, it would destabilize it.

CONCLUSION

In conclusion I would also like to point out that suspension of the investment credit would be a major change in tax policy. As the Secretary of the Treasury pointed out, the credit is viewed by the Treasury and the business community as a permanent feature of the tax law.

It is also a very significant feature of the tax law as far as liabilities are concerned. Under the circumstances, we should not alter the credit until public hearings are held and representatives of the public have had a chance to present their views and the Members of Congress have had an opportunity to consider those views carefully.

Mr. President, I discussed this matter with the senior Senator from Tennessee. The Senator felt that it might be well that the presentation appear in the RECORD, so that Senators could consider overnight the argument made by the Senator from Tennessee on behalf of his amendment, as well as the reply to the argument, and that we vote on this matter tomorrow.

Accordingly, I have discussed this matter with the ranking Republican member of the Committee on Finance, and I believe I am correct in saying that I did mention this subject to the majority leader. I believe that there will be no objection from the Republican side of the aisle.

UNANIMOUS-CONSENT AGREEMENT

Mr. President, I ask unanimous consent that, after the morning hour tomorrow, the amendment of the senior Senator from Tennessee [Mr. GORE] be laid before the Senate and that debate thereon be limited to 2 hours, 1 hour under the control of the Senator from Tennessee [Mr. GORE] and 1 hour under the control of the Senator in charge of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, subsequently reduced to writing, is as follows:

Ordered, That on March 8, 1966, 2 hours after the bill (H.R. 12752) to provide for graduated withholding of income taxes from wages, to postpone certain excise tax rate reductions, and for other purposes, is laid before the Senate, following the conclusion of the morning business, the Senate proceed to vote on the Gore amendment on investment credit (No. 499).

Ordered further, That the 2 hours be equally divided and controlled by the Senator from Louisiana [Mr. LONG] and the Senator from Tennessee [Mr. GORE].

Mr. LONG of Louisiana. Mr. President, in addition, I have an amendment which I have discussed with other committee members. I believe this amendment will help to ease the administration of the bill and that it would be worthy of consideration in conference.

I ask unanimous consent that the amendment of the Senator from Tennessee may be temporarily laid aside, and that the Senate may proceed to the consideration of the amendment which I shall now offer.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. LONG of Louisiana. Mr. President, I send to the desk an amendment and ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. CARLSON. Mr. President, reserving the right to object, I do not want to object to the request of the distinguished chairman of the committee. However, I hope that we shall not start to introduce amendments and immediately debate such amendments when the time is limited to 2 hours on tomorrow.

I should like to discuss the amendment myself this afternoon.

Mr. LONG of Louisiana. Mr. President, if the Senator is disposed to object, I shall withdraw the amendment.

Mr. CARLSON. Mr. President, I do not object.

The PRESIDING OFFICER. There being no objection, it is so ordered.

The amendment offered by the Senator from Louisiana [Mr. LONG] is as follows:

On page 48, after line 20, insert the following new section:

SEC. 105. OPTION OF INDIVIDUALS TO DISREGARD BALANCES DUE AND OVERPAYMENTS OF $5 OR LESS.

(a) In General.—Part I of subchapter A of chapter 1 (relating to tax on individuals) is amended by renumbering section 5 as 6, and by inserting after section 4 the following new section:

"SEC. 5. OPTION TO DISREGARD BALANCES DUE AND OVERPAYMENTS OF $5 OR LESS.

"(a) Balances Due of $5 or Less.—Under regulations prescribed by the Secretary or his delegate, if the amount shown on the return of an individual as the tax imposed by this subtitle for the taxable year exceeds by $5 or less the sum shown on the return of—

"(1) the credits against tax allowed by part IV of this subchapter, and

"(2) the amount of estimated income tax paid with respect to the taxable year,

the taxpayer may elect to disregard the amount of such excess.

"(b) Overpayments of $5 or Less.—Under regulations prescribed by the Secretary or his delegate, if the sum shown on the return of an individual of—

"(1) the credits against tax allowed by part IV of this subchapter, and

"(2) the amount of estimated income tax paid with respect to the taxable year,

exceeds by $5 or less the amount shown on the return as the tax imposed by this subtitle for the taxable year, the taxpayer may elect to disregard the amount of such excess.

"(c) Election.—An election under subsection (a) or (b) shall be made for each taxable year—

"(1) at the time of filing the return for the taxable year, and

"(2) in such manner as the Secretary or his delegate shall prescribe."

(b) Clerical Amendment.—The table of sections for part I of subchapter A of chapter 1 is amended by striking out the last item and inserting in lieu thereof the following:

"SEC. 4. Option to disregard balances due and overpayments of $5 or less.

"SEC. 5. Cross references relating to tax on individuals."

(c) Effective Date.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1966.

Mr. LONG of Louisiana. Mr. President, my amendment is designed to simplify procedures for taxpayers. The amendment is essentially a very simple one. It merely provides that when the amount due or the overpayment of tax is $5 or less, taxpayers at their option may skip payment or not claim a refund.

This amendment should have the effect of encouraging taxpayers either by withholding or by declaration payment to make sure that the withheld amount comes within $5 of their tax liability as shown on their return. If they do this, they can ignore the balance due and will not have to write a check for the balance.

The significance of this is indicated by the fact that under Treasury Department estimates with respect to the new withholding procedures, it is believed that 20 million taxpayers will have within $10 of the correct amount of tax ac-

counted for by the new graduated withholding system. To the extent that these amounts are within $5 of the amount due, taxpayers will find it unnecessary to write a check at all when they file their income tax return. Thus, for these taxpayers the withholding system will account for the payment of their entire tax liability. In addition, there will be other taxpayers who, by declaration payment either supplementing withholding or in addition to it, will also find that they need to make no payment at the time they file their final tax return.

I hope that the amendment might be considered in conference. The amendment, if adopted, would save 10 million taxpayers a great amount of bookkeeping.

I have also discussed the amendment with the Senator from Delaware [Mr. WILLIAMS], who felt that this amendment would be worth considering and that it should be taken to conference.

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

Mr. LONG of Louisiana. I yield.

Mr. CARLSON. Mr. President, before we vote on the bill, I hope to discuss some of the complexities of withholding.

I think possibly that the Senator from Louisiana has offered an amendment here which might simplify the measure somewhat. If it does, I shall certainly heartily endorse it. It is the first time I have heard of the amendment. With that understanding, I shall not object to the amendment or oppose it.

Mr. LONG of Louisiana. Mr. President, I thank the Senator. I hope that this amendment, if agreed to, will ease some of the burdens of the taxpayers. If a taxpayer were to hire someone to advise him on how to file his return, it would cost him at least $5 to obtain that advice.

I think this might be a net gain to both the taxpayer and to the Treasury Department.

I believe in the last analysis that we would tend to break even.

The amendment, if adopted, would eliminate a lot of bookkeeping.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Without objection, the amendment is agreed to.

Mr. CARLSON. Mr. President, I do not rise necessarily to oppose the amendment offered by the distinguished Senator from Tennessee [Mr. GORE]. However, I do want to express my views on that amendment. I think that I would be less than frank if I did not state that, when the roll is called, I shall vote against the amendment.

This investment credit was enacted as a part of the Revenue Act of 1962. It was enacted with the thought that it would increase business investment—an important factor in achieving long-term growth and full employment.

We have now had 3 years' experience with this program. I think it can easily be demonstrated that it has resulted in expanded investment—directly through more efficient production and the purchase of more modern equipment, and indirectly through greater output.

The investment credit allows the purchaser of new equipment to take 7 percent of the cost of that purchase as a credit against his tax liability. However, the taxpayer was also required to subtract the amount of the credit from the cost of the asset for purposes of determining tax deductible depreciation.

At the present time there is considerable pressure to repeal the investment credit on the theory that it is resulting in inflationary pressures on our economy, through investment in modern equipment and greater output, at a time when our Nation is suffering from greatly increased war expenditures.

It is my opinion, even though Congress should repeal the 7-percent investment credit at this time, that it would not immediately be effective in an inflationary economy, for the reason that it would be too long before its effectiveness would be felt.

And second, it would be inequitable to take away the credit on projects already approved and undertaken by business. Certainly, it would be a year or a year and a half before any effect on wholly new investments would be felt.

Our transportation industry has been suffering for years because of a lack of funds for expansion and the purchase of new equipment that is badly needed. This is especially true in regard to locomotives and boxcars.

Our Nation today is approaching a crisis in railway transportation, as a result of a boxcar shortage. It can be definitely proven that the 7-percent investment credit has been used to great advantage by our rail carriers in building boxcars.

Availability of tax incentives has had a marked influence on railroad capital expenditure programs, especially in periods of pressing equipment demands and increasing taxable earnings. The beneficial effect of tax incentives is reflected in past records of railroad capital spending, particularly for equipment.

The rapid amortization program during World War II, while limited in its immediate effectiveness by shortages of materials, helped to build up cash reserves for postwar replacement of worn-out equipment. Capital expenditures for equipment averaged $322 million annually in 1941–45, and after the war rose to an average of $822 million a year in 1947–49, as railroads in a 3-year period used their accumulated reserves to replace more than one-eighth of their freight cars and one-sixth of their locomotives.

By the close of 1949, net working capital of the class I railroads had declined to $645 million, down nearly $1 billion since 1945. With freight car supply generally adequate as measured by the then traffic demands, capital spending for equipment declined. However, with the entry of the United States into the Korean war and enactment of a new program of accelerated amortization, railroad capital spending immediately increased. Railroad outlays for equipment amounted to $779 million in 1950, increased sharply to $1,051 million in 1951, and averaged $948 million in the 3-year period 1951–53.

A general economic recession and easing of demand for freight cars as a result of lessened railroad freight traffic followed termination of the Korean conflict in 1953 and resulted in railroad expenditures for equipment falling to $499 million in 1954. As a result of an economic upswing in 1955 and continued tax incentives, railroad expenditures for equipment rose modestly to $568 million in 1955. The announcement in the fall of 1955 of an intended termination of the tax incentive afforded by the rapid amortization program led to a last minute and substantial increase in orders for new freight cars. As a result equipment expenditures rose from $568 million in 1955 to $821 million in 1956 and to $1,008 million in 1957.

The period 1958–61 was marked by another general decline in the national economy, in the demand for freight cars and in railroad earnings. Lacking any special tax incentive for capital investment, railroad equipment outlays fell to an average of $527 million per year, reaching a low of $427 million in 1961. Aided largely by enactment in 1962 of the 7-percent investment tax credit and promulgation of more realistic guidelines for equipment depreciation, such spending increased year by year from 1961's $427 million to $593 million in 1962, $785 million in 1963, $1,140 million in 1964, and to an all time record $1,300 million in 1965.

With a new freight car order book now even higher than a year ago and new locomotive production also at a high level, equipment purchases in 1966 are expected to exceed last year's record $1.3 billion, barring removal of existing tax incentives.

Capital spending by railroads for facilities other than equipment was maintained in the early postwar years in a range from about $300 million to $400 million, the highest average occurring during the 1951–57 period of installation of emergency facilities certified under the amortization program set up in 1950. After 1957 such spending on roadway projects fell below $300 million, touching bottom at $219 million in 1961, but increasing each year thereafter as tax incentive was provided.

The upturn in spending for improvement and expansion of the rail car fleet under tax incentives has been substantially greater than indicated by the above figures which do not include expenditures made by railroad subsidiaries and others for cars which railroads use under various rental or leasing arrangements. Such expenditures are estimated to have approximated $300 million in 1965 alone. Through leasing arrangements, railroads having no Federal income tax liability and, therefore, unable to realize direct benefits from available tax incentives, have received such benefits indirectly through the rental rates and have thereby been encouraged to acquire equipment they would not otherwise have been able to afford.

A conclusion that the investment tax credit, as utilized by the railroad industry, is accomplishing its purpose of encouraging capital spending and expansion need not rest on statistical inference alone. Railroad officials made public announcements in late 1962 and early 1963 that the investment tax credit and guideline depreciation were vital considerations in management decisions to order increased numbers of new freight cars.

Mr. President, I call this to the attention of the Senate for the very reason that this Nation today, in every section of our country, is suffering from a lack of boxcars; a lack of boxcars to move grain, cotton, and supplies for our military forces. In my opinion, it would be a sad mistake if Congress made any changes in the provision of the 7 percent investment tax credit at this time.

I have here, Mr. President, a table compiled from Department of Commerce-SEC surveys of plant and equipment spending which shows the wide-ranging benefits of the investment credit as illustrated by the amount of credits that were received by 20 industries which were the largest beneficiaries in the corporate sector in 1963, the latest year for which such data are available. I ask unanimous consent that the table and an introductory statement be printed in the RECORD at this point.

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

BENEFICIAL EFFECTS OF THE INVESTMENT CREDIT: DISTRIBUTION OF BENEFITS AMONG INDUSTRIES AND ACCOMPANYING INCREASES IN BUSINESS CAPITAL EXPENDITURES

Table 1 shows the wide-ranging benefits of the investment credit as illustrated by the amount of the credit received by the 20 industries which were the largest beneficiaries in the corporate sector in 1963, the latest year for which such data are available. These 20 industries accounted for 83 percent of the total investment credit of $1,105 million actually taken in the corporate area in that year. They also accounted for about 71 percent of the $626 million unused credit available for carryovers as of the end of 1963.

The magnitude and wide distribution of these benefits among key industries in our economy suggest the incentive they provided for expansion and modernization of our economic capabilities for meeting both civilian and defense requirements.

Table 2 presents data comparing the amount of business capital expenditures for new plant and equipment in 1961 and in 1963 and 1965, respectively. The increases in 1963 and 1965 over 1961 are shown both in dollar amounts and as percentages.

As shown by the table, business spending for new plant and equipment increased by $4,850 million or 14 percent in 1963 over 1961 and by $15,630 million or nearly 46 percent in 1965 over 1961.

While only a portion of all plant and equipment expenditures qualify for the investment credit (buildings and assets with useful lives under 4 years are excluded as are varying percentages of the cost of assets with lives between 4 and 8 years), it is apparent that the availability of the credit on the vital part of investment representing new machinery and equipment has assisted modernization and expansion generally.

As shown by the table, plant and equipment spending by the manufacturing industries were nearly 60 percent greater in 1965 than in 1961. Investment by the manufacturing industries is especially important because of their ability to contribute to exports and compete against imports and thus strengthen our balance-of-payments position. The railroad industry also showed a major increase in equipment modernization and growth (142 percent increase in capital outlays in 1965 over 1961), a development of great importance both to our civilian economy and defense.

These data confirm what is widely known: that the investment credit has been a vital consideration in business management decisions to modernize and expand in the period since 1961.

TABLE 1.—*Investment credit—20 industries (2-digit SIC) which were largest beneficiaries, amount of credit taken, and unused credit, 1963*

[In thousands]

Industry (2-digit standard industrial classification)	1963 [1]	
	Credit taken	Unused credit [2]
1. Electric and gas companies and systems (largest component beneficiary, the electric utilities; also includes primarily the gas utilities)	$135,230	$21,592
2. Communication (largest component beneficiary, telephone companies; also includes primarily radio and television broadcast companies)	99,225	5,334
3. Transportation (largest component beneficiary, the railroads; also includes primarily truckers, airlines, and pipelines)	96,756	166,884
4. Chemicals and allied products (largest component beneficiary, the plastics, synthetic rubber, and manmade fiber industries; also includes primarily the basic chemicals and related products such as explosives, drugs, fertilizers, and soaps)	78,040	22,861
5. Primary metal industries (largest component beneficiary the iron and steel industry; also includes primarily the nonferrous metals such as aluminum, copper, lead, and zinc)	63,573	22,836
6. Food and kindred products (largest component beneficiary dairy products; also includes primarily the flour and cereal industry, the beer industry, the canned and frozen food industry, and bottled soft drinks)	58,443	19,328
7. Petroleum refining and related industries (largest component beneficiary the big integrated petroleum refining and extraction companies; also includes primarily oil refiners and the coal tar products industry)	51,571	88,891
8. Motor vehicles and equipment (largest component beneficiary the auto manufacturers; also includes primarily the auto parts industry)	47,316	3,354
9. Machinery, except electrical and transportation (largest component beneficiary the office computing and accounting machine industry; also includes primarily the metalworking machinery industry and the construction, mining, and materials handling equipment industry)	35,961	10,282
10. Paper and allied products (largest component beneficiary the paper, paperboard, and building paper and board industry; also includes primarily the paper box and container industry and pulp mills)	31,195	11,387
11. Stone, clay, and glass products (largest component beneficiary cement producers; also includes primarily makers of concrete, gypsum, and plaster products and the glass industry)	30,893	14,109
12. Electrical equipment, machinery and suppliers (largest component beneficiary the electrical transmission and distribution equipment industry; also includes primarily electronic components, radio and television sets, and household appliance manufacture)	$26,254	$10,152
13. Transportation equipment, except motor vehicles (largest component beneficiary aerospace and related industries; also includes primarily railroad equipment manufacturers)	24,480	1,722
14. Fabricated metal products (largest component beneficiary fabricated wire products and miscellaneous fabricated metal products ranging from toothpaste tubes to safes and vaults; also includes primarily structural metal products, such as bridge, building, and ship structural components and the metal can and metal stamping industries)	23,966	8,199
15. Textile mill products (largest component beneficiary cotton cloth manufacturing; also includes primarily knitting mills, yarn and thread mills, and the synthetic fiber cloth industry)	20,174	7,783
16. Banks and trust companies (commercial banking institutions and mutual savings banks but not savings and loan associations)	19,818	2,446
17. Printing, publishing, and allied industries (largest component beneficiary, printing and business form industry; also includes primarily newspapers, book publishers, and bookbinding and similar printing trade services)	19,335	8,302
18. General merchandise stores (largest component beneficiary, department stores; also includes primarily variety stores)	18,681	8,911
19. Rubber and miscellaneous plastic products (largest component beneficiary, tires and inner tubes; also includes primarily miscellaneous rubber products and plastic castings "made for the trade")	18,262	3,491
20. Retail trade, food stores	17,745	7,067
Total, 20 largest beneficiaries	916,918	444,931
Total all active corporations	1,105,353	625,590
Total, 20 largest beneficiaries as percentage of total all active corporations	83.0	71.1

[1] For 1966, the total amount of the investment credit taken by corporations generally will be about 60 percent greater than in 1963.

[2] Unused credit includes credit on 1963 investments not used in 1963 plus carryover of unused credit from 1962.

Source: Based on Statistics of Income.

TABLE 2.—*Business capital expenditures for new plant and equipment—Increase in expenditures in 1963 and 1965 over 1961, by major industry group*

[Dollar amounts in millions]

	Plant and equipment expenditures		Increase in 1963 over 1961		Plant and equipment expenditures, 1965	Increase in 1965 over 1961	
	1961	1963	Amount	Percent		Amount	Percent
Manufacturing	$13,680	$15,690	$2,100	15.4	$21,880	$8,200	59.9
Durable goods industries	6,270	7,850	1,580	25.2	10,960	4,690	74.8
Primary iron and steel	1,130	1,240	110	9.7	1,880	750	66.4
Primary nonferrous	260	410	150	57.7	630	370	142.3
Electrical machinery and equipment	690	690	0	------	800	110	15.9
Machinery, except electrical and transportation	1,100	1,240	140	12.7	1,990	890	80.9
Motor vehicles and parts	750	1,060	310	41.3	1,980	1,230	164.0
Transportation equipment, excluding motor vehicles	380	530	150	39.4	520	140	36.8
Stone, clay, and glass	510	610	100	19.6	760	250	49.6
Other	$1,450	$2,050	$600	41.4	$2,390	$940	64.8
Nondurable goods industries	7,400	7,840	440	5.9	10,920	3,520	47.6
Food and beverage	980	970	−10	------	1,170	190	19.4
Textile	500	640	140	28.0	1,010	510	102.0
Paper	680	720	40	5.8	1,130	450	66.2
Chemical	1,620	1,610	−10	------	2,470	850	52.5
Petroleum and coal	2,760	2,920	160	5.7	3,830	1,070	38.8
Rubber	220	240	20	9.1	350	130	59.1
Other	650	730	80	12.3	970	320	49.2
Railroad	670	1,100	430	64.2	1,620	950	141.8
Transportation, other than rail	1,850	1,920	70	3.8	2,790	940	50.8
Public utilities	5,520	5,650	130	2.4	6,690	1,170	21.2
Communication	3,220	3,790	570	17.7	------	------	------
Commercial	8,460	10,030	1,570	18.6	------	------	------
Total	34,370	39,220	4,850	14.1	50,920	15,630	45.5

Source: Compiled from Department of Commerce-SEC surveys of plant and equipment spending.

Mr. CARLSON. Mr. President, I call to the attention of the Senate telegrams I have received from two of the outstanding railways in our Nation in regard to the need for continuation of the 7 percent investment credit, and also as to the amount of money that they have been spending annually, based upon the 7 percent investment tax credit.

A wire from the Atchison, Topeka & Santa Fe Railroad reads as follows:

CHICAGO, ILL.,
March 4, 1966.

HON. FRANK CARLSON,
New Senate Office Building,
Washington, D.C.:

We are pleased to know of your support of retention of investment tax credit. In order that you might be aware of its IHO use, we thought the following information would be of interest to you.

Gross capital expenditures of the Santa Fe Railway and its controlled subsidiary companies averaged $70.6 million annually for the years 1955 to 1962, inclusive. The effect of the 7 percent investment tax credit was an important consideration in our planning of capital expenditures subsequent to its enactment and contributed to our decision to make the following increased expenditures: 1963, $91.9 million; 1964, $121.9 million; 1965, $157.3 million; and planned expenditures for 1966 approximate $188 million. Completion of the 1966 program will bring our investment to more than $403 million for over 21,000 new freight cars and new diesel locomotives in just 4 years. These substantial expenditures have been made by Santa Fe not only to meet its own freight car needs in the face of chronic car shortages but also to make a substantial contribution to the Nation's car supply.

The importance of this legislation to the railroad industry cannot be minimized. The carriers should be given every encouragement to continue their substantial improvement programs in order to assure an adequate car supply for future economic growth and adequate transportation for the needs of the Nation's defenses.

E. S. MARSH,
Santa Fe Railway.

I am advised that in the 10 years preceding 1961, the Union Pacific spent $605 million on road and equipment improvements, or an average of $60,500,000 per year. That in 1961, the year preceding the enactment of the 7-percent deduction provision, the Union Pacific had spent $49,900,000; that after the enactment of the deduction provision the Union Pacific in 1964 spent $107,800,000; in 1965 they spent $121,300,000.

Actual expenditures for the years 1962 through 1965 and budgeted expenditures for 1966 are as follows:

1962	$64,404,130
1963	75,803,463
1964	107,876,141
1965	121,300,000
Budget for 1966	160,000,000

Mr. President, I call this to the attention of the Senate for the very reason that in this Nation, and particularly in the grain belts of the Nation, we are facing a great demand for cars that are in great shortage. It is impossible to move much of the grain in those areas at the present time, and I know that the car shortage is felt in other areas of the Nation as well. I sincerely hope that no action will be taken at this time that will in any way reduce the opportunities for these carriers to expand their supply of locomotives and boxcars, at a time when our Nation is in war.

Mr. President, I had not intended to discuss the graduated withholding provisions of this bill until the distinguished Senator from Louisiana [Mr. LONG], the chairman of the committee, offered an amendment which has been approved.

It is my opinion that the graduated withholding plan in this bill is designed to bring withholding more in line with our graduated income tax rates. While it may be true that a significant number of employees will eventually find their withholding more nearly equal to their tax, I think many of us overlook the fact that this quest for improvement in the withholding system will not be without its complications for millions of wage earners.

The bill requires that employers put the new withholding rates into effect on May 1 of this year. This allows only a short time for employees to learn about the new system—which will involve six withholding rates instead of the one now in effect. Married employees must file new withholding certificates before May 1 to qualify for withholding under the rates for married people. Moreover, those employees who have voluntarily increased their withholding so that it will meet their tax liability will have to make adjustments within this period if they want to avoid overwithholding under the new rates. Employers will have to revise their withholding procedures to accommodate to the new system. Unless the Internal Revenue Service acts quickly to inform employers and employees of the new system, we can expect a lot of confusion. I must say that the Service has assured us it will do all it can to keep the confusion and difficulties to a minimum.

I realize, however, that this is only a short-term problem that will pass with time. Nevertheless, we must recognize that the transition will put a burden on our citizens and businesses.

Many of our citizens will find in May that the current tax payments they make through withholding will increase. I am sure some will not be expecting this, and they may be suddenly surprised. It is, of course, true that the additional payments will be reflected in turn in the lower tax bill next year, for the real tax liability is not changed and more payments now simply mean a lesser amount need be paid later on. Still, we should

be preparing for the higher payments starting in May.

There has been much discussion about the overwithholding that this graduated plan will produce for some employees. While there are some who will not object, there are others who may find this a substantial hardship. Of course, we have always had overwithholding in our tax system, and this bill has really served to focus attention on this problem. The bill does include a special relief provision for substantial cases of overwithholding caused for employees with relatively large deductions. Again, to achieve more equity, we are adding a complex formula to the law which employees who choose this relief must apply every year. I can only hope and expect that the Internal Revenue Service will make every effort to translate this formula into a simple form, perhaps through the use of tables.

My real hope is that we are obtaining enough improvement through the graduated withholding plan to compensate for the complexities which we are placing on millions of employees and their employers. We must assume that the result of keeping taxpayers more current and reducing the yearend bills that now face many taxpayers through the present underwithholding—and which brought many complaints last year—justifies the necessary complexities of this bill. The changes we are adding do take some of the rough edges off the withholding system, but the improvements do come at a price. I can only hope that the balance overall is a favorable one, and that as we go along and gain experience with graduated withholding and the new relief provisions we will be able to produce even a better system.

Mr. President, I am pleased that the distinguished chairman of the committee offered an amendment which, I am hopeful, will remove some of the complexities and simplify the measure, which I know will cause some difficulties to millions of our citizens.

Mr. LONG of Louisiana. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. LONG of Louisiana. I wish to congratulate the distinguished Senator from Kansas for the fine statement he has just made. I have never observed the Senator's voting anything other than his complete conscience on tax matters. I have not yet seen him cast a vote in a partisan way on revenue matters, or, for that matter, on very few other matters. I am grateful to the Senator from Kansas for the thoughtful and studious attention he gives to all revenue matters that come before the Senate.

ORDER FOR ADJOURNMENT

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it adjourn until 12 o'clock noon tomorrow.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). Without objection, it is so ordered.

TAX ADJUSTMENT ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes.

Mr. McNAMARA. Mr. President, I regret very much that I cannot support the proposal—to restore excise taxes on automobiles and telephone service which we removed last year.

It is highly inappropriate for us to reinstate so soon these taxes which were reduced such a very short time ago.

We took a proper and overdue step last year, when we removed many of the excise taxes that had been borne for so long by consumers, and reduced the automobile and telephone excise taxes as the first steps toward eliminating them.

That was a proper thing to do—because consumer taxes are the worst kind In many cases they are levied on items that are needed by rich and poor alike—and violate the principle that taxes should be based on ability to pay.

Why have the administration, and, thus, far, the Congress, chosen to restore the excise taxes on these two items?

Secretary of the Treasury Fowler has been frank to say that it is entirely a matter of convenience. In his testimony before the Senate Finance Committee he explained:

> With regard to the automobile and telephone taxes, however, only a change in rate is involved—not a restoration of an entire tax. No additional accounting and reporting are involved, and there is no reintroduction of the compliance and administrative difficulties involved in the various small taxes.

Thus, it is ease of collection—rather than merit—which appears to govern the Treasury's tax policy.

Raising the excise tax rates on automobiles and telephone calls will produce $60 million in fiscal year 1966 and $1.2 billion in fiscal year 1967.

This is a poor way to raise this sum—when we consider the alternatives that are available.

Federal taxation—most experts agree—should be based on ability to pay—not on ease of collection.

We should examine carefully any proposals to soak the consumer, at a time when profits are breaking all records, and when we have just reduced the burden of taxation on many luxury items.

We should examine carefully any proposals to soak the consumer—when we consider that consumer spending is such an important factor in maintaining our high levels of employment.

We should ask ourselves who are best able to bear this additional cost of the war in Vietnam—at a time when we are asking working people to limit their wage increases to 3.2 percent per year.

The economy is booming—partly because of the tax reductions we have voted in recent years, and partly because of the war in Vietnam.

This prosperity is accompanied by enormous increases in profits.

While the Council of Economic Advisers attempts to impose that 3.2 percent ceiling on wage increases, cash dividends paid by corporations issuing public reports rose 10.25 percent during 1965—according to the Department of Commerce.

Corporate profits—before taxes—were at an all-time high in 1965—of $74.6 billion, as compared with $64.8 billion in 1964. This is an increase of more than 15 percent.

Profits after taxes rose from $37.2 billion to $44.5 billion from 1964 to 1965. This is an increase of 19 percent.

These profit figures are well known. I get them from the Economic Report of the President for January 1966. They are no secret to those who are being asked to sacrifice by restricting their wage demands—or by paying higher consumer taxes.

These increased profits are a much more reasonable source of additional revenue than the restoration of consumer taxes on items that can hardly—these days—be considered luxuries.

While this legislation proposes to restore the higher level of taxes on automobiles and telephone calls, it lets stand these annual losses in excise taxes which were entirely removed on June 22, 1965:

Jewelry: $220 million.
Furs: $30 million.
Toilet preparations: $210 million.
Luggage: $90 million.
Business machines: $75 million.
Sporting goods, excluding fishing equipment: $25 million.
Phonograph records: $30 million.
Musical instruments: $27 million.
Television sets: $135 million.
Radios and phonographs: $90 million.
Cameras, films and lenses: $40 million.
Air conditioners: $34 million.
Lighters: $3 million.
Matches: $4 million.
Playing cards: $11 million.
Coin operated amusement devices: $6 million.
Bowling alleys and pool tables: $7 million.
Safe deposit boxes: $7 million.
General admissions: $55 million.
Cabaret admissions: $47 million.
Club dues: $85 million.
Manufactured tobacco: $18 million.

Here are taxes that can yield about $1.25 billion annually—just about the amount the administration expects to gain by restoring telephone and automobile excise taxes to their earlier and higher levels.

I am against restoring these taxes, too—because they are consumer taxes. We did well to remove them last year. Yet it seems to me much more reasonable—and defensible—if any taxes are to be restored, to restore luxury taxes, than to raise taxes on items as essential to most people as automobiles and telephone calls.

The Treasury says that reinstating the luxury taxes involves a lot of trouble and bookkeeping. That argument may be valid—but if these taxes are not to be

reimposed, then neither should taxes on items much more necessary to the ordinary consumer.

The argument is that it is easier to raise an existing tax than to impose new ones—or to restore taxes that have been removed altogether. This argument can be applied to other taxes—and more equitable taxes—as well as to those it proposes to raise.

If we are to be serious in our efforts to hold down inflation—if we really want to persuade working people that they are not the only group being subjected to controls, if we are to seek needed extra revenue from sources best able to pay—then we should certainly look to the enormously inflated profits of the present period.

I asked the Treasury to estimate for me the effect of an increase of 1 percentage point in the basic corporate income tax rate. It replied that this would raise $700 million a year.

Since we are asked to raise taxes about $1.26 billion in fiscal years 1966 and 1967, I propose that instead of restoring the excise tax cuts on telephone calls and automobiles, we raise the basic corporation income tax by 2 percentage points—to yield $1.4 billion.

This will be an easy tax to compute and collect. It will be a fair tax. In the swollen state of profits today, it will also be an easy tax to pay.

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

The PRESIDING OFFICER. The clerk will coll the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. WILLIAMS of Delaware. Mr. President, the Senate Finance Committee by a vote of 10 to 1 approved my amendment, as appearing in section 301 of the pending bill, the purpose of which is to prohibit any advertising in political programs or in programs of groups sponsored by political committees from being considered as deductible expense for income tax purposes.

Since the approval of this amendment, questions have arisen in both political parties as to whether or not it is broad enough to cover such advertisements or contributions when the profits are to be used by a political party or a candidate for educational research or some other similar purpose or when such advertisements appear in almanacs or other types of campaign folders.

The answer most emphatically is that the amendment as drafted does cover such situations and any similar arrangement which may be devised later. Advertisements under any such circumstances, if this amendment is approved by the Senate, will not be deductible.

In this connection, I ask unanimous consent that a copy of the amendment as it was approved by the committee be printed at this point in the Record.

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

SEC. 301. DISALLOWANCE OF DEDUCTIONS FOR CERTAIN INDIRECT CONTRIBUTIONS TO POLITICAL PARTIES.

(a) DISALLOWANCE.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding at the end thereof the following new section:

"SEC. 276. CERTAIN INDIRECT CONTRIBUTIONS TO POLITICAL PARTIES.

"(a) DISALLOWANCE OF DEDUCTIONS.—No deduction otherwise allowable under this chapter shall be allowed for any amount paid or incurred for—

"(1) advertising in a convention program of a political party, or in any other publication if any part of the proceeds of such publication directly or indirectly inures (or is intended to inure) to or for the use of a political party or a political candidate,

"(2) admission to any dinner or program, if any part of the proceeds of such dinner or program directly or indirectly inures (or is intended to inure) to or for the use of a political party or a political candidate, or

"(3) admission to an inaugural ball, inaugural gala, inaugural parade, or inaugural concert, or to any similar event which is identified with a political party or a political candidate.

"(b) DEFINITIONS.—For purposes of this section—

"(1) POLITICAL PARTY.—The term 'political party' means—

"(A) a political party;

"(B) a National, State, or local committee of a political party; or

"(C) a committee, association, or organization, whether incorporated or not, which directly or indirectly accepts contributions (as defined in section 271(b)(2)) or makes expenditures (as defined in section 271(b)(3)) for the purpose of influencing or attempting to influence the selection, nomination, or election of any individual to any Federal, State, or local elective public office, or the election of presidential and vice-presidential electors, whether or not such individual or electors are selected, nominated, or elected.

"(2) PROCEEDS INURING TO OR FOR THE USE OF POLITICAL CANDIDATES.—Proceeds shall be treated as inuring to or for the use of a political candidate only if—

"(A) such proceeds may be used directly or indirectly for the purpose of furthering his candidacy for selection, nomination, or election to any elective public office, and

"(B) such proceeds are not received by such candidate in the ordinary course of a trade or business (other than the trade or business of holding elective public office).

"(c) CROSS REFERENCE.—

"For disallowance of certain entertainment, etc., expenses, see section 274."

(b) CLERICAL AMENDMENT.—The table of sections for such part IX is amended by adding at the end thereof the following new item:

"Sec. 276. Certain indirect contributions to political parties."

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1965, but only with respect to amounts paid or incurred after the date of the enactment of this Act.

Mr. WILLIAMS of Delaware. I shall ask that there be printed in the RECORD a statement outlining the purpose and legislative intent of this amendment should it be adopted in its present form. This analysis was prepared not just by myself but in cooperation with the staff of the Joint Committee on Taxation working with the Treasury Department. This is a clear analysis as to how we intend this amendment to be interpreted should it be approved in its present form.

I ask unanimous consent that the statement outlining the legislative intent be printed at this point in the RECORD.

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

STATEMENT ON AMENDMENTS SPONSORED BY SENATOR JOHN WILLIAMS

Included in the bill as reported by the Committee on Finance are two amendments I sponsored.

AMENDMENT ON INDIRECT POLITICAL CONTRIBUTIONS

The first of my amendments is designed to clear up the tax treatment of what really are indirect political contributions. It is the committee's view that political contributions either generally should be deductible or not deductible. I see no reason for special treatment just because we call some of them advertising, admissions, or anything else.

Under existing law political contributions generally are not deductible. Nevertheless, it is common knowledge that this rule has, for some time, been circumvented by the simple expedient of framing contributions in the form of purchases of advertising space in various party-sponsored publications. In spite of the obvious transparency of this device, I am informed that it is by no means certain that deductions for such "advertising expenses" will be disallowed. I am not only concerned with the lack of clarity in present law as to the deductibility of these contributions. I am also concerned about the participation of political parties in schemes which by indirection attempt to create tax deductions for payments which, if made directly, would not be allowable.

For these reasons I proposed this amendment to the bill (H.R. 12752) to make it unmistakably clear that political contributions made in the form of advertising, payments for admissions, or payments by other indirect means, are not to be deductible for income tax purposes.

Under this amendment amounts paid for advertising in a political convention program are not to be deductible under any circumstances. In addition, amounts paid for advertising in any other publication are not to be deductible, if any part of the proceeds of the publication inures, directly or indirectly, to a political party or a political candidate. In determining whether proceeds inure to a political party or candidate the use to which they are put by the party or candidate is completely irrelevant. The fact that such proceeds are used by a political party or candidate only for educational and research purposes, or for any other similar purposes, does not make the advertising deductible.

In addition, my amendment specifies that no deduction is to be allowed for the admission charge to any dinner or program, if any part of the proceeds of the dinner or program inures, directly or indirectly, to a political party or a political candidate. A charge for admission for this purpose includes not only amounts paid for the right to attend the event, but also includes any additional amount paid to entitle the person to participate in activities carried on at the event.

My amendment also provides that charges for admission to an inaugural ball, inaugural

gala, inaugural parade, or inaugural concert, or to any similar event which is identified with a political party or political candidate are not to be allowed as deductions. This provision applies regardless of the sponsorship of the event or of the disposition of the proceeds. Under this provision, charges for admission to an inaugural ball sponsored by nonpartisan or bipartisan committee or organization are not deductible. This is true even if the proceeds are used only to defray the expenses of the ball or similar event. The provision applies whether the inaugural celebrated is for a Federal, State, or local official (elected or defeated).

A political party for purposes of my amendment includes (in addition to a political party as commonly understood) a national, State, or local committee or a political party. It also includes any committee, association, or organization, whether incorporated or not, which directly or indirectly accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the selection, nomination, or election of any individual to any elective public office, or the election of presidential or vice presidential electors. These organizations are treated as political parties whether or not the individual succeeds in being selected, nominated, or elected.

In general, this amendment is patterned after the provision of present law denying deductions for worthless debts owed by a political party. However, it differs slightly to make it clear that (as was intended under the worthless debt provision) it applies to candidates at primary elections.

Mr. WILLIAMS of Delaware. Mr. President, immediately following, I ask unanimous consent that two editorials be printed in the RECORD, one appearing in the Washington Post entitled "Back-Door Fundraising" and the other appearing in the Wilmington Morning News of March 4 entitled "Twilight of a Shakedown."

Questions raised in the first editorial are answered in the statement above.

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

[From the Washington Post, Mar. 5, 1966] 1966]

BACK-DOOR FUNDRAISING

The chief question about Senator JOHN J. WILLIAMS' amendment to the tax bill striking at corporation advertising in political fundraising publications is whether it goes far enough. The fund raisers have driven a coach and four through the flimsy provisions of the Corrupt Practices Act. It was once thought to prohibit corporations from contributing to political campaigns. But it has not stopped either party from soliciting advertising in convention books and thinly disguised campaign pamphlets designed to raise money for "educational purposes."

At Senator WILLIAMS' behest, the Finance Committee voted to forbid any tax deduction for advertising expenses in a convention program of a political party or other publication if the proceeds would inure to the benefit of a political party or candidate. The amendment is intended, of course, to prevent businessmen from passing part of the cost of these favors on to the public by charging them off as businesss expenses. But already its meaning is in dispute. If the language is not now unmistakably clear, we hope that it will be spelled out in no uncertain terms.

This newspaper has long advocated tax exemption for small individual contributions to the political parties and candidates. But no party should have any back-door siphon into corporate treasuries. The fact that corporate ads in party publications may have some commercial value is beside the point. Whatever that value may be, corporations may be reasonably required to forgo it in the interests of clean politics. Indeed, we surmise that the managements of the big corporations would be the first to welcome a flat ban on corporate ads in party publications as a means of escaping from potential shakedowns. In any event, the public interest requires an abrupt cutoff in this flow of corporate funds into partisan treasuries.

[From the Wilmington (Del.) Morning News, Mar. 4, 1966]

TWILIGHT OF A SHAKEDOWN?

U.S. Senator JOHN J. WILLIAMS is another big notch further along in his campaign to tighten up the Federal denial of tax deductibility for contributions to political parties or candidates for office. On his insistence the Senate Finance Committee has agreed that the cost of advertisements in political brochures should no longer qualify as business expense deductible on corporation income taxes.

Whether it's a printed program for a convention or for a fundraising clambake in shirt sleeves—the device of selling high-price ads has become popular with party factotums. They have found it especially useful in arm twisting big cash gifts out of firms that do business with Government—or hope to. It is also true that some firms have resolutely refused to be shaken down this way.

Last December a brochure extolling the Democrats' achievements in the 89th Congress contained $1 million worth of advertising. (There have been Republicans willing to say the example is worth emulating.) Even before that glad rag came out, Senator WILLIAMS had laid his plans shrewdly enough. He introduced a pair of contradictory bills. One permitted deductibility for all such ads; the other outlawed it. Then he challenged the U.S. Treasury to choose between the two versions.

Chapter 2: This week Secretary of the Treasury Henry H. Fowler told Senator WILLIAMS his Department favored an amendment to rule out deductibility on advertising of this type. That was all the Sussex-bred watchdog of the Treasury needed. Armed with Mr. Fowler's endorsement, he saw his amendment go through the committee 10-to-2.

Since the removal of this deductibility will have a direct effect on corporation tax revenues, Senator WILLIAMS was doubly shrewd. For best speed he attached his amendment not to the basic Corrupt Practices Act itself but to the administration's new tax bill which had already sailed through the House of Representatives in the context of the Vietnam war. If and after the Senate accepts the amendment, back in the House it stands to find some champions of clean politics. One of them has already raised a banner in the WILLIAMS style. That is Representative CHARLES L. WELTNER, Democrat, of Georgia, who refused to use the proceeds of a program for a fundraising theater party to help his own election campaign in 1964.

Before long, let's hope, corporations will be on the same footing with individual taxpayers in this manner: No tax deductions for political contributions. And the corporations themselves, we are sure, will be the last to complain.

STATEMENT OPPOSING THE RIBICOFF AMENDMENT

Mr. LONG of Louisiana. Mr. President, the Ribicoff amendment would provide a tax credit against individual income tax liability, determined according to a sliding schedule applied to payments for tuition, fees, books, supplies, and equipment incurred on behalf of a student enrolled at an institution of higher education. The tax credit would be available to any taxpayer who legitimately may claim the student as a dependent of his on his income tax return.

Two years ago, when this same proposal was under consideration as a floor amendment to the Revenue Act of 1964, Senator RIBICOFF stated that his purpose was to ease the heavy financial burden of college costs and thus help to reach the goal of enabling every deserving young man and woman in this country to obtain a college education.

I think we ought to examine the proposal on its merits to determine the extent to which it may succeed in its objectives.

The maximum tax credit would be $325 on tuition, fees, and so forth, of $1,500. The credit would be $150 on college costs of $200, and $175 at the median level of $750 of expenses. The credit declines as income rises above $25,000 and vanishes at $57,500. Undoubtedly, a reduction in his tax burden would be welcomed by any taxpayer, but it is difficult to believe that the relief available from this amendment would provide the extra margin of funds required to permit more than a handful of young people to go to college who could not afford to go in the absence of the tax credit.

Senator RIBICOFF claims that 62 percent of the estimated tax benefits would go to families with incomes between $3,000 and $10,000. His estimate is correct, but another view of the estimates presents a different picture. Sixty-two-percent share of these tax benefits also would go to taxpayers with incomes above $7,500, which is approximately the median family income in the United States today. While all beneficiaries of this tax credit could hardly be classed as rich men, it is clear that the distribution of benefits is inequitable.

In addition, the annual costs of sending a young man or woman to college are described unfairly. Expenses for room, board, transportation, and personal items should not be included in the costs of going to college. After all, these living costs would have to be met under any circumstances.

The only relevant expenses are tuition, books, and fees. The estimates of the tax credit against such fees, presented by the Senator from Connecticut on Friday, average $195 for the 92 institutions he listed. One hundred and ninety-five dollars is a sizable tax credit, but we should not deceive ourselves into believing that $195, or $22 a month for a 9-month school year, will be the critical difference in the decision whether or not to go to college.

It is of much greater importance to recognize that this shortcoming of the tax credit actually underscores its inability to provide general relief. Lower income taxpayers do not incur large enough tax liabilities to benefit from the tax credit. What is an even more melancholy consideration is that children in these families who possess the capacities to benefit from college training do not enter college because of this income inadequacy. In short, the tax relief amendment does not meet the

major problem interfering with college attendance.

Many college administrators also oppose the Ribicoff plan because it fails to meet the real problems of bringing more students into colleges. In addition, they have stated that they would take steps to vitiate whatever benefits the tax credit would provide by increasing tuition. It has been estimated that three-quarters of the tax relief that could be obtained from the tax credit would be absorbed by increased tuition.

One easily can visualize legislative proposals from proponents of the Ribicoff amendment seeking to restore the benefits of the tax credit by enlarging the tax credit. We would then take off on a continuous, ascending spiral of higher tuition and fees and larger tax credits. The greatest victims would be the handful of students who might be able to afford college because of the initial tax credit. They would lose out as the rising tuition and fees wiped out the small beneficial margin they received initially.

Acceptance of the Ribicoff amendment to this bill would indeed be ironic. H.R. 12752 is a careful blend of changes in the tax laws which are designed to offset the inflationary edge of increased defense expenditures, to bring the economy to full employment and to keep it there. The tax adjustments in this bill will carry just the correct dosage of tax medicine into fiscal year 1968 to avoid serious inflation. At that time, the normal rate of eonomic growth will generate sufficient tax revenues to offset further claims on our resources.

This amendment, however, will commit us now to reducing taxes on 1967 returns by more than $1 billion when we do not know what our international and military commitments will be at that time. It is intended to forego tax revenues before we will have had the opportunity to assess our requirements.

It is also ironic that this amendment to a tax bill that is needed because of our military requirements so eagerly would reduce through a highly questionable tax credit the financial sacrifice of getting a college education—which provides so many personal benefits—when so many other fine young men are risking their lives and health in the military service of their country. Gentlemen, that is not a pretty picture.

At a matter of fact, it is worth pointing out that most of the young men whose families would be enjoying the tax credit would be going to college and would thereby be exempt from the draft. By contrast, the measure provides no tax credit for families of young men who are serving on the field of battle as a result of being drafted into the uniform of their country or as a result of volunteering to serve their country on the field of combat against the enemy.

The nature of the income distribution in the United States, and the patterns of college enrollment, effectively convert the tax credit to tax relief available primarily to the upper half of the income distribution. It is cruelly unfair to the lower income taxpayers to deny them tax relief, too, when they cannot afford to make the expenditures which are the basis of the tax relief. It would be far more equitable, effective, and beneficial to all taxpayers to wait until economic and budgetary considerations permit a general tax deduction of benefit to all. I might add that the tax credit contemplated in this amendment, in all probability, will delay the timing of a general tax reduction.

There remains, of course, the question whether the Ribicoff tax credit is necessary any longer in the light of recent legislation in the field of education.

The student loan program which was enacted last year is a far more beneficial and powerful medium for opening up the college gates to qualified students. The loans are available to all students, regardless of their own or their parents' income level. The interest cost of the loan is a small cost when compared with the enhanced income prospects that college training makes possible. The lengthy period allowed for repayment eases the burden of payments upon the borrower's income when he is just starting his career. The size of loan available to a student makes a genuine contribution to meeting the financial costs of attending college.

In his statement supporting his amendment, the Senator from Connecticut expressed his disapproval of the use of loan funds by the parents and the students. He considered it to be unfair to ask the parents to incur an additional debt burden or the student to start his career after graduation saddled with thousands of dollars of debt.

The Senator's well-placed sympathies, however, distort the picture. The choice is at the margin. Should the student or his parents borrow an amount equal to the tax credit his amendment would provide? If the amount that would be borrowed were only equal to the tax credit his amendment would provide, the average student or his parent would borrow less than $800 for a 4-year undergraduate degree, or a maximum of $1,300 if the full tax credit could be taken. Is that too great a burden spread over 4 years? Are not the benefits which the student will gain in higher income for the remainder of his working life worth incurring a debt between $800 and $1,300?

Actually, I have heard it estimated that the difference between the earnings of a young man who drops out before finishing high school and the earnings of a young man who finishes high school, over a period of 40 years of productive endeavor, is $160,000. I should think that the $800 to $1,300 that a person would borrow on the same basis would certainly be justified by the difference of $160,000 in lifetime earnings.

The tax credit is an expensive device compared to the student loan program, as well as a less effective one. At the present time, the tax credit will cost about $1 billion in foregone tax receipts, and the revenue loss will become greater as college enrollment increases in the future. The loan program is costless in the long run. The initial contribution to the loan fund will be repaid by the borrowers, and the losses from defaults undoubtedly will be made up by the interest payments on the loans. In effect, the fund will become self-sustaining.

The new student loan program is far more consistent with the traditions of our country than the tax credit amendment. It does not only provide the loans to all matriculated students on the basis of their ability to be accepted in a college of their choice.

It provides a mechanism at the disposal of the student and his family that assists them in meeting their own responsibilities and costs through simply leveling out and extending over a longer period of time the concentration of large payments that otherwise must be met in a brief 4-year period.

It provides a financial environment in which independence and self-reliance can be fostered.

It accomplishes these objectives without the indirect subsidy through tax relief to the upper half of the income distribution and without the accompanying shift of a larger share of the tax burden to all other taxpayers—of whatever level of income—that is the inevitable result of the Ribicoff tax credit amendment.

I trust that the Ribicoff amendment will be rejected. I could not think of a worse time to adopt it. It tends to discriminate in favor of those who enjoy more income and whose sons are today exempt from the draft. It tends to favor those who in the years to come would enjoy far more income than other taxpayers who would be paying the taxes, while the favored individuals were exempt from a major portion of a tax which other citizens who have even greater needs in other respects, would be expected to shoulder.

While I have strong sympathy for those who wish to aid education, I point out that 2 years ago the entire Federal effort in the field of education was about $4,750 million. Today the Federal effort is about $10 billion annually, more than twice the amount of the effort that the Federal Government was making 2 years ago.

Furthermore, the direction in which the Federal Government has moved has been to help to provide jobs for those who would like to work their way through college, and those jobs are available. The Federal Government is helping to provide grants for those who themselves are not able to pay for a college education. The Federal program also provides loans to students who wish to go to college, so that they may borrow money to advance their college education. A college education is not denied today to anyone who has the ability to do good college work. Either he can work his way through college or obtain grants to see him through, or he can borrow money to obtain a college education that will make it possible for him to enjoy a better standard of living and to enjoy far more income than he would otherwise enjoy during the remainder of his productive life.

That is the direction in which we should be moving, rather than simply to provide what would start out as a billion-dollar tax advantage but would later become a multibillion-dollar tax

advantage to people who today are already well able or are at least able to pay for the education of their children, when so many programs are available to those who have some need of them.

In the last analysis, it seems to make better sense that those who expect to enjoy higher income for the remainder of their lives as a result of college education should have to establish either that they have need of a Federal grant or are willing to work for it, or are willing to repay its cost, in order to enjoy the higher earnings that are available to them but are not available to taxpayers who do not have the same opportunity.

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

Mr. LONG of Louisiana. I yield.

Mr. SMATHERS. I feel certain that the Senator from Louisiana will remember when the junior Senator from Florida introduced a bill, many years ago, of the type of the amendment which has been offered by the distinguished Senator from Connecticut [Mr. RIBICOFF]. I pursued this objective and idea for a number of years before I became convinced, as the Committee on Finance also became convinced, that that really was not the correct way to approach the problem of providing education for those in our society who are unable to provide education for themselves or who are most in need of education.

I believe the Senator remembers that this particular measure was turned down by the Committee on Finance at least two or three times.

Mr. LONG of Louisiana. The Senator is correct.

Mr. SMATHERS. Is it not correct that Congress just recently passed the so-called modern GI Bill of Rights—which of course covers Vietnam—under which, for every month a young man serves in the Armed Forces of his country, the Federal Government will provide him with a minimum of $100 a month for the purpose of obtaining an education?

Mr. LONG of Louisiana. The Senator is correct. That makes good sense, too. The measure passed unanimously. One reason that the measure did pass unanimously was that Congress recognized the obligation on the part of the Government to help provide an education for those who went the extra mile for their Nation and made that extra sacrifice.

The same thing does not apply to those who are being exempted from the draft so that they may pursue their college education.

Mr. SMATHERS. When it comes to trying to reward the young men who have recognized their responsibility to the Nation by wearing their country's uniform and serving in the Armed Forces, does it not seem to the distinguished Senator from Louisiana, the chairman of the committee, that we should reward those boys who have served our Nation and are in need of funds with which to start or to complete their education, rather than, as the Senator has pointed out, to encourage some young men to take advantage of a measure passed by Congress, such as the education bill offered by the Senator from Connecticut, so that they might thereby escape their responsibility to the Nation?

Mr. LONG of Louisiana. Mr. President, it almost escapes me to understand why, at a time when we have young men fighting and dying on the battlefields for their country—and the son of the distinguished Senator from Florida is fighting for our country right now—we should attempt to do something for those who prefer to finish their education before serving their country.

It seems passing strange to provide by law that at a time when some men are being asked to fight for their country, a man who has as much as $20,000 income should be afforded a $325 refund in taxes, which is what the tax credit would amount to. It is proposed by the Senator from Connecticut that this amount of refund be provided, to help such a man put his boy through college. That boy is being favored by being exempted from the draft so that he might go to college.

One who has that good fortune, if that is what he wants, should thank his merciful Lord that his boy is not making the sacrifices that others are making and have made with the 1st Marines, with which the Senator from Florida served so ably during World War II.

Mr. SMATHERS. I thank the Senator. I totally agree that if we want to help educate—and we do—our young people and all who are in need, it would be much wiser to do it in the way Congress has already done it, rather than to widen what is really a discrimination gap by passing the amendment offered by the distinguished Senator from Connecticut.

The amendment of the Senator from Connecticut, if agreed to, would provide an additional shelter so that some boys might go to school and continue their education and never meet the responsibility which so many hundreds of thousands of young men are willing to meet in the interest of serving their Nation.

Mr. LONG of Louisiana. Mr. President, I can think of a thousand things as of now that should take precedence over providing a tax credit to a man who has an income of $20,000 or $25,000. The proposed tax credit would exceed $300 per child, and would be granted to help the man put his children through college.

I suggest that that would wipe out all of the revenue that can be extended in the event that the Vietnam war continues for 8 or 10 years, as some people fear.

There is only about $1,200 million of revenue that can be extended or continued in the event it is found necessary.

This is the type of measure that at best might be considered at a time when we have a budgetary surplus and no period of inflation, at a time when the Nation is in good condition. However, at the present time, I would say that before we start thinking in those terms, it might be well to determine whether the $10,000 of so-called war risk which we provide for these boys who lose their lives is adequate, or whether the veterans' benefits provided for boys who lose their eyes or legs while fighting for their country is adequate. We should consider those things before we start to provide a completely unnecessary and unneeded benefit for those who are able to provide these things for themselves.

In the last analysis, I believe the Senator would agree that, even though $7,500 or $8,000 is not a great amount of money, it would not be asking much to ask a family to pay some interest on money in order to put a boy through school at a time when other boys are making sacrifices far beyond what that boy is expected to make today.

Mr. SMATHERS. Mr. President, I totally agree with the distinguished chairman of the committee. Under the amendment of the distinguished Senator from Connecticut, 62 percent of the benefits granted would go to those who have an average income of $7,500 a year.

It seems to me that, as the Senator has pointed out, we are helping those who need help the least at a time when, in some respects, we are actually doing damage to the economy of our country. At the same time we are encouraging boys not to accept their responsibility. I believe that most of these boys would like to accept their responsibility and put on the uniform of their country at a time when the country needs them and go out and help fight the battle in southeast Asia.

Mr. LONG of Louisiana. Mr. President, it seems to me that we are providing right now as much as we should provide for those who are able to provide for themselves. Frankly, at a time like this, I believe that it would be well for us to ask, as John F. Kennedy asked in his inaugural address, that they think, not in terms of what their country can do for them, but what they can do for their country.

Mr. SMATHERS. I think that is an excellent note on which to leave that argument.

Mr. LONG of Louisiana. Mr. President, the Senator from Hawaii wanted me to discuss briefly with him one item in the bill.

Mr. INOUYE. Mr. President, the distinguished Senator, as chairman of the Committee on Finance, is saddled with the most thankless responsibility of raising funds in a time of need.

I know that many Senators are proposing amendments to the bill. However, I take this opportunity to commend the committee for what I consider to be a fine piece of work.

Many of us have received letters from automobile dealers throughout the United States. I am certain that the recommendation of the committee in this respect will meet with the approval of all automobile dealers.

I express my delight at this committee action and extend my commendation to the committee.

Mr. LONG of Louisiana. Mr. President, I thank the Senator. I believe that would amount to approximately $23 per automobile.

It was the judgment of the committee that it was not necessary to collect that tax in order to make the other tax effective.

Mr. INOUYE. Mr. President, I have here a letter from the Telephone Company of Hawaii which states that this would be the 11th time that Congress has voted to extend a telephone excise tax, and that the reimposition of the tax hits hardest the residential user, really 50 million households. It states that 20 percent of the households have incomes of less than $3,000 annually, and that 53 percent have incomes of less than $6,000 annually.

What would be the position of the Senator on an amendment that would exempt local telephone service from this reimposed tax?

Mr. LONG of Louisiana. Mr. President, that would cost about $350 million, and out of the revenue of taxes being extended, that would account for about one-fourth of it. The amount that would be saved for each telephone user, may I say, would not be very great. It would be about 85 cents a month. The Government does need the revenue at this time. However, the Government recognizes the merit of the position of the Senator.

We have provided that, at the end of the 2-year period, the tax would go then to the point at which it would otherwise have been in the event we had not found it necessary to continue the tax.

I do realize that the telephone is something of a necessity, but it is not as necessary as some other things.

It is not as necessary as food, clothing, or shelter. As taxes go, this tax is really not as burdensome as the usual sales tax, because it does not fall on something that is a necessity to the same extent that certain other things are.

That being the case, it is felt that, rather than impose a variety of taxes that would hit a number of different industries, from the industrial point of view, here is an industry that is entitled to make a fair return after taxes. While this is something of a burden on the product, it is a burden that the product has in the past carried very successfully, and the industry has been able to expand substantially in spite of it; and we propose, at the end of 2 years, that the tax should go down to the 2 percent that we had previously provided.

May I say to the Senator that although a number of independent companies—which include the smaller companies, who undoubtedly can make a strong case—have expressed some protest about the matter, approximately 80 percent of all telephones in the United States are owned by the American Telephone & Telegraph Co. and its subsidiaries; and that company, recognizing the facts of life, feels that the Government does need the revenue. It recognizes the problem, and it has not expressed itself or made an effort to oppose the continuation of this tax, which I feel is a matter of industrial statesmanship on the part of the company which possesses about 80 percent of the telephone instruments in this country.

So I say to the Senator that those companies will get their relief, and we do intend, at the end of the 2 years, that this tax be terminated, and that the tax will then be reduced to the 2 percent previously contemplated.

Mr. INOUYE. I am happy to hear that.

In the past few days, I have received several letters inquiring as to why the Committee on Finance has not seriously considered raising tobacco and liquor taxes to meet the needs.

Mr. LONG of Louisiana. Those taxes are already at their wartime peaks. To increase those taxes would be a matter of raising them beyond any point they have ever previously reached.

While I find some appeal in the Senator's suggestion, particularly based on the health showing by the Surgeon General with regard to the study on cigarettes, it can be pointed out that a mere increase in the taxes does not appear to make people quit smoking cigarettes; they simply pay the tax and go ahead and smoke them. I would hope that perhaps by other measures we might discourage people from smoking cigarettes, but it does not seem that the tax is much of a deterrent, because in spite of the tremendous taxes which already exist on tobacco and alcohol, the consumption of those products continues to increase.

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

Mr. LONG of Louisiana. I yield.

Mr. MURPHY. The Senator's point in the present consideration is to raise income to the Government, not to deal with the health question.

I think the question raised by the Senator from Hawaii is a very good one, and I think possibly that our distinguished friend, the Senator from Louisiana, has helped make the point; because, if these are both luxuries, certainly not to be compared with the use of the telephone, and if increasing the cost does not act as a deterrent to consumption, and thus does no damage to the industries, I would think such taxes would be worthy of consideration.

Mr. LONG of Louisiana. Such taxes were considered. I point out that the taxes already are very heavy indeed. On liquor, for example, the last time I looked at it, the estimated cost of producing a gallon of whisky was about 90 cents, and the Federal tax alone was about $9; so the tax is about 1,000 times the cost of production, and that is just the Federal tax. The States have taxes in addition to that. It is not a product that is lightly taxed.

THE GORE AMENDMENT

Mr. SMATHERS. Mr. President, I am opposed to the 2-year suspension of the investment credit proposed in the amendment sponsored by the senior Senator from Tennessee for a number of reasons.

In the field of investment incentives, as elsewhere, problems are the price of success.

As our economy heads into the sixth year of its phenomenal and sustained expansion, important developments are occurring: unemployment has dropped to less than 4 percent, the lowest rate in 9 years, and it is predicted that it will fall to 3½ percent or less in 1966; average hourly earnings in manufacturing have reached a record of $2.67; industry is hiring additional workers to meet increased orders and shortages in manpower have appeared in several industries; investment has reached record levels.

In dealing with the problems we do not want to weaken our economy—and that is the serious mistake that would be made by those who would suspend the investment credit.

These are problems we have been waiting to encounter for nearly 10 years, as the President said.

Let us by all means deal with them—but in a way which will conserve the progress made in raising the level of expansion and modernization of our productive equipment.

We must remember that the investment credit is a sound long-range structural reform—not a countercyclical device.

One of the greatest problems which the Nation had to confront early in the 1960's was the grim fact that our plant and equipment expenditures had been pretty well stalled for a number of years.

In dollar amounts, business plant and equipment expenditures in 1960 were $35.7 billion or about $1¼ million less than in 1957. With the adoption of the investment credit and the new depreciation guidelines in 1962, investment for the first time crept slightly above the 1957 mark. As the investment credit and the generally improved climate for investment gradually made themselves felt, plant and equipment outlays rose to $39.2 billion in 1963, $44.9 billion in 1964, and $51.8 billion in 1965. For 1966, the plant and equipment investment level is estimated at about $59 billion.

We do not want to go back to the stagnation that these structural reforms to strengthen investment and modernization were designed to correct.

The investment credit was not adopted as a countercyclical stimulative device. Rather, it was designed as a basic long-range structural reform wholly apart from cyclical considerations. The Congress of the United States, in providing this basic reform, helped put American business on the same footing as its competitors throughout the world—competitors who receive favorable tax treatment, in many instances more favorable than ours, designed to encourage growth, efficiency, and productivity.

Mr. President, in connection with that statement, I ask unanimous consent to have printed in the RECORD at this point an article clipped from the Department of Commerce publication International, headlined "Britain Devises New System To Encourage Industrial Investment." The subheadline reads "Cash Grants To Replace Former Arrangement of Tax Allowances."

I shall not read the article, but it shows that what it is evident the British are endeavoring to do in order to meet their monetary and fiscal crisis is to encourage, through something in the nature of our investment credit, their industry to expand and do bigger things, with the result that there will be a greater supply of goods, to more adequately meet the growing demand for goods coming from their people.

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

BRITAIN DEVISES NEW SYSTEM TO ENCOURAGE INDUSTRIAL INVESTMENT—CASH GRANTS TO REPLACE FORMER ARRANGEMENT OF TAX ALLOWANCES

The British Government has announced a new system of encouraging industrial investment through payment of cash investment grants instead of the previous system of tax allowances.

The grants will be administered by the board of trade. Under the scheme, which *will require* legislation, cash grants of 20 percent will be made available for new plant and machinery (excluding vehicles, office equipment, and small items) in the manufacturing and extractive industries.

In the new development areas, which replace the previous development districts, the grant will be 40 percent. There will be no investment allowances or initial allowances on plant and machinery for which a grant is paid. However, industries and equipment, which are excluded from the grant system, will be permitted an initial tax allowance of 30 percent instead of the existing 10 percent. Industrial buildings will receive an initial tax allowance of 15 percent.

SPECIAL GRANTS

Special treatment will be accorded to computers and ships. Ships will receive a 20-percent grant, and the arrangement for free depreciation will continue. A 20-percent grant will also be available for computers used for all industrial and commercial activities. In the development areas, the same rate of 20 percent will apply, as ships and computers will not be eligible for the special grants of 40 percent.

Vehicles and aircraft, which are not eligible for investment grants, will be permitted an initial allowance of 30 percent.

The United Kingdom has indicated that there would be no discrimination between domestic and foreign products eligible under the new scheme.

Mr. SMATHERS. When Congress took this important action in 1962, some of its critics said the investment credit will not last, business cannot count on it, it will be used as a control device. They pointed out, quite correctly, that investment in our complex modern economy must have continuity.

The investment credit has encouraged additions to productive capacity, continuing modernization, and deepening of the capital structure—which is an increased ratio of productive capital to workers. To suspend the investment credit now in the face of economic uncertainties arising from Vietnam would represent a backward step in the Nation's efforts to provide healthy growth, more jobs, and a stronger economy.

None of our actions in the area of tax law are immutable—all are subject to review and modification. But a long-range structural reform, such as the investment credit, should not now be converted into a temporary control device to deal with passing strains that are coincident with the hostilities in Vietnam.

Let us review a little of the legislative history. When the credit was under discussion in 1962, some said: Why use such a measure now when there is still slack in the economy? They argued that such a device could not be useful in encouraging investment and modernization as long as our capacity utilization rates were well below preferred levels. Supporters of the credit had to point out then that the fact that the investment credit was suggested at a time when we were in a recession period and that it was being adopted in a period of recovery did not mean that it was to be regarded as a countercyclical tool. Rather it was pointed out very clearly that it was intended to be a permanent part of the basic tax law in the sense that it was to become part of the underlying tax structure designed to invigorate the environment for investment. The major impact of the credit, it was recognized, would be felt as we moved along in our recovery to full employment and increased growth thereafter.

If we accepted the reasoning of the critics in 1962, we could not have had the credit since we were then in a recession period, and if we accept the views of the critics today, we would not have a credit because we are now in a period of strength and full utilization of capacity. In short, in the view of these critics we would not have an investment credit at any time.

No one can look around the world today and fail to recognize that tax policies designed to encourage growth and modernization are an integral part of the world scene. These tax systems all have basic structural measures which create an environment favorable to the growth and modernization of industrial capacity.

If the idea is implanted that the investment credit is such a temporary on-and-off device, its future usefulness will be gravely impaired. If it cannot be counted on in the continuous forward planning of investment, it will cease to be a real source of strength. If business had to plan around temporary swings of such a control instrument, the credit would certainly have erratic and undesired effects. Investment would be speeded up by business artificially to try to get under the wire when it looked as though the credit was to be reduced. Investment would be slowed down to an unwarranted degree during temporary suspensions in the hope of getting the benefit of the credit at some later date.

The disruptive effects of an on-again off-again policy would be bad for business and bad for the economy.

For a number of reasons, the investment credit is not suitable as a short-range restraining measure.

For one thing, cash flow or revenue effects of the credit are delayed. The credit becomes available as the investment project is completed. As a matter of good faith and fairness, a suspension has to provide an exception for projects already underway or contracted for prior to the effective date. The amendment it is understood, excepts prior commitments, provided the equipment is installed within a year. This might well produce a disorderly rush to complete installations before the 1-year cutoff.

It is obvious that this would aggravate an already difficult situation. I am encouraged that those business executives who probably have not counted on expansion right away will make contracts for them right away. We would already see that otherwise the shortage of carpenters, electricians, plumbers, and others which we now have would grow even shorter and, consequently, the inflationary fires would begin to build up and take effect.

Mr. PROXMIRE. Mr. President, will the Senator from Florida yield for a question?

Mr. SMATHERS. I am glad to yield to the Senator from Wisconsin.

Mr. PROXMIRE. I should like to support the distinguished Senator from Florida. I do so as one who opposed the investment credit when it was up before. I voted against it. I believe the evidence has shown that investment credit has worked extremely well. It has helped greatly to reduce unemployment and also to expand the capacity of American industry, which is crucial if we are going to meet inflation. To meet additional demands, American industrial plant capacity must be increased.

I believe that one element which President Johnson rightly recognized is the importance of certainty to American business. Uncertainty seriously disturbs business. If Congress should now suspend or repeal this investment credit, the confusion, the concern about whether it would be reinstituted and when, would have a long-term, adverse effect on business.

Furthermore, and this is the vital point, I believe, as the Senator from Florida has so well said, if investment credit were to be suspended now, the effect would not be now, when inflation may indeed be serious. This week Secretary of the Treasury Fowler has written me that in his judgment, suspension of the investment credit will not be felt for approximately 6 months after Congress acts. At the present time, the stock market is dropping, and dropping sharply. It has been going down for a matter of several weeks. This hardly suggests the responsible American investor anticipates galloping inflation. The last statistics we had on the consumer price index showed that it was stable for the month of February. The best evidence we can get is that the obligational authority in connection with the Vietnamese war has reached a peak and is likely to decline next year. The experience in the Korean war was that it was the rising obligational authority that pushed up prices. After the obligational authority began to drop, prices dropped also, and prices dropped in the face of rising war spending.

Tight money is beginning to have a serious effect in slowing down demand and reducing price pressure. It is retarding construction and postponing a great deal of economic activity which would otherwise be stimulated.

Altogether, I believe that the administration's tax package is just about right. For Congress to suspend an economic growth factor which has been as significant as investment credit could be a serious mistake. Although I still have some misgivings as to the equity of the measure, I believe that in general it has worked. It has been a measure which has helped to expand and reduce unemployment. I believe that it would have a most serious and adverse effect on busi-

ness confidence if we should at this time, suspend investment credit.

Mr. SMATHERS. I thank the distinguished Senator from Wisconsin for his comments.

As a respected member of the Joint Economic Study Committee, I know that the Senator has had many witnesses before that committee, as to what this Nation should do with respect to its monetary fiscal program, in order to protect the integrity of our system. When the Senator from Wisconsin makes the statements he has just made, I know that they carry great weight, as I know they do with most other Senators.

This seems likely to result in uneconomic and wasteful actions to meet the deadline. The impact of the suspension in terms of both raising revenue and restraining the cash flow to investing business will therefore be delayed by a considerable period, reflecting the leadtime involved in most investment activity. The real impact of the suspension might not hit us for a year or so following the effective date of the suspension. Furthermore, leadtime in modern investment involves more than contractual commitments. In this connection, it should be pointed out that in taking action to suspend the credit, even if prior orders or contractual commitments were excepted, considerable injustice and disruption would be caused to businesses which have already gone ahead with "in-house design" and other preparatory activities for making new investments. Leadtime, viewed realistically, often involves various steps including extensive plant design carried out by the investing business itself. Suspending the credit on projects on which extensive preparatory work has been done may involve about the same losses or penalties to taxpayers as cancellation of an outstanding contract. For obvious reasons, however, it would be difficult to draft a suspension provision which would take care of investment already started in the sense described here.

In addition, the credit has been helpful in discouraging previous practices of repairing antiquated equipment to eke out its industrial life. Prior to the credit, taxpayers often preferred to spend money to keep the old machine going, partly because they could get current tax deductions for these outlays. The investment credit tipped the balance in favor of getting modern equipment. Suspension of the credit may send many businesses back to the uneconomic repair and maintenance practices so that their expenditures can be expended for tax purposes. This would not only be bad for our technological progress but also would involve demands on the economy and revenue decreases which would offset both the economic restraint and revenue contribution of suspending the credit.

Also, a point often overlooked is that suspension of the credit might prove to be most effective in curtailing the type of investment that makes the most anti-inflationary contribution. Suspension of the credit would operate most promptly and effectively on equipment which has a short leadtime between order and delivery and which bunches its contribution to production within a short period of time—that is, has a relatively short useful life. This type of equipment would help round out and increase productive capacity in the next year or two. On the other hand, the long leadtime equipment with a long useful life would be much less affected by suspension of the credit because completion could be scheduled 2 years or so hence, when the credit was to be restored.

Finally, suspension of the credit would create imbalance in the 1966 revenue program and apply too severe a restraint on investment. The program provided in the bill before the committee relies on restraint of corporate cash flow and liquidity to apply a moderate restraining factor on the economy. Of the $4.8 billion revenue total for the fiscal year 1967, $3.2 billion, or about two-thirds, is derived from the acceleration of corporate tax payments. This in itself will provide a moderate and salutary restraint on investment. The other increases in revenue affecting purchasing power generally will also operate to moderate expansive investment activity. If a suspension of the investment credit is added to the program, it will concentrate too much on the business sector and run the risk of slamming on the brakes too hard.

Moreover, the investment credit is focused on a single vital part of the investment process—the creation of new, modern machinery and equipment. It does not apply to building construction—industrial, commercial, or residential—nor does it affect inventory accumulation or investment in trade receivables. In a situation where moderate restraint should be applied broadly and evenly, suspension of the investment credit narrows its impact to the machinery and equipment component of investment, the part which incidentally makes the most significant contribution to technological updating of our productive capacity and the part which can make the greatest contribution to avoiding inflation by expanding our capacity to meet increased demands.

One of the most important areas where the investment credit is needed is in helping our international competitive position and our balance of payments. One of the major considerations in the adoption of the investment credit was its usefulness in putting American business on a par with its international competitors, in markets at home and abroad and in encouraging domestic rather than foreign installations of equipment. It was recognized that the investment credit helps the balance of payments in two direct ways: First, it makes investment here in the United States more attractive; and second, it encourages modernization and cost cutting to strengthen our export position—including our defensive position vis-a-vis imports. Suspension or reduction of the investment credit in a world in which investment incentives are widely used in foreign tax systems would weaken our international competitive position.

We have made important progress toward achieving a balance in our international payments in the years since the credit was adopted. The deficit of about $2.2 billion in our payment balance in 1962—both liquidity and official settlements basis—was reduced to $1.2 billion—liquidity basis—and $1.4 billion—official settlements basis—in 1965.

Suspension of the investment credit for even a 2-year period would have seriously undesirable effects at a critical time when Vietnam exchange requirements make it additionally important that we maintain and even strengthen our drive toward international payments equilibrium.

It is always more difficult to chart a policy course that avoids the dangers of overrestraint than one which crudely overreacts to the dangers of overheating. As the economy reaches the goal we have long sought of acceptably low levels of unemployment, high rates of capacity utilization, and a strong backlog of manufacturing orders, our approach to economic policy requires greater courage, greater subtlety, greater discernment, and indeed greater prudence than before. What is really needed is a prudent and balanced policy which calls for moderate restraint but preserves the enormous progress we have made toward the goal of full employment of both manpower and physical resources. In this situation, high priority should be attached to the creation of additional and more efficient capacity with which to meet the combination of civilian and defense demands which have contributed to strains here and there on our resources. Every $1 million of investment which we complete will create additional capacity next year and in years thereafter. Additional investment provides the base for growth which yields fiscal dividends on which we can count in future years.

We talk sometimes about trade-offs between jobs and prices, between guns and butter, between investment and consumption. Those who would suspend the investment credit have, in effect, concluded that the Nation's efforts to rebuild its productive capacity, to modernize its machinery, to recoup the ground lost during the stagnant years of the late 1950's should become the first economic sacrifice as we rechart our policy course in keeping with the current state of the economy. This is a choice which is unwise. Investment is the goose that lays the golden eggs. One of the great advantages that we now have and that we will continue to have in the period ahead is the additional expansion and modernization of our productive capacity now coming "on stream" and the continuing process of expansion and modernization that we are getting as a result of the basic improvement of the climate for investment that was obtained as a result of the investment credit and its companion measure the depreciation guidelines. We must be very careful not to adopt measures which will restrain or hold back the enlargement of our productive capacity and efficiency to meet growing requirements both for defense and civilian use.

Early in the 1960's, analyses made of the Nation's economic progress, both Government studies and private ones, paid increasing attention to the relationship between levels of investment

and productive equipment and overall economic growth. These studies underlined the lagging ratio in the United States of investment in productive equipment to gross national product.

Investment in machinery and equipment in the United States during the decade of the fifties was equal to about 6 percent of the gross national product and this percentage had been steadily dropping in recent years. In West Germany it exceeded 11 percent, in Italy and France upward of 8 percent. Growth rates in terms of gross national product have followed a similar pattern: barely a 3-percent annual growth in GNP at constant prices of the United States during the 1950's but more than 7 percent for West Germany and 4 to 6 percent for a number of other major industrial countries of Western Europe. In 1960, investment in producers durable equipment amounting to $30.3 billion were approximately 6 percent of our GNP, then $503.8 billion. In the fourth quarter of 1965, some 5 years later, producers durable equipment expenditures amounted to $47.6 billion or about 6.8 percent of a GNP level of $697 billion. An increase in our investment in producers durable equipment from 6 percent to less than 7 percent of the GNP hardly seems the occasion to push the panic button.

In conclusion, I would like to point out that the senior Senator from Tennessee has indicated that he has offered his amendment to conserve skilled manpower and to prevent investment from competing with the production of military hardware. As many analysts have observed, high rates of capital spending may be viewed with mixed feelings. Additions to capacity are a clear remedy for upward price pressures resulting from near-capacity operations. At the same time, of course, building of plant and equipment involves real as well as dollar costs; it puts some pressure on the available resources the economy offers for meeting demands for consumption and investment. On balance, however, in the present situation we should prefer continued high levels of investment, subject to the moderate restraining influence provided by the present bill. The additional capacity which current and prospective investments will bring into being in the near future will be as welcome as the capacity being brought on stream today as a result of the investments of 1964 and 1965. Capacity has not been overbuilt in relation to demand. The increase in overall capacity this year is no greater than the projected gains in overall output.

Mr. President, the present bill provides us with the checks and restraints we need to deal with any runaway investment boom, should it develop—and I must point out it has not.

The arguments for supporting this bill are based on the facts and data available, and they are grounded on logic and a realistic concern for a healthy and vigorous economy. I submit that they are compelling.

But the idea of singling out for abandonment the investment tax credit, which has been shown to encourage the one form of investment most likely to increase both capacity and efficiency, is not grounded on fact or logic. Nor can it be shown to be beneficial to our economy.

Therefore, it is my hope that the amendment offered by the distinguished Senator from Tennessee [Mr. GORE] will be substantially defeated.

ADJOURNMENT

Mr. SMATHERS. Mr. President, I move that the Senate adjourn in accordance with the previous order.

The motion was agreed to; and (at 5 o'clock and 22 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Tuesday, March 8, 1966, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 7, 1966:

COMMISSIONER GENERAL FOR U.S. PARTICIPATION IN THE CANADIAN UNIVERSAL AND INTERNATIONAL EXHIBITION

STANLEY R. TUPPER, of Maine, to be Commissioner General for U.S. participation in the Canadian Universal and International Exhibition.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Otis H. Moore, Jr., Sterrett, Ala., in place of B. V. White, retired.

Bessie J. Bragg, Ward, Ala., in place of E. P. Mitchell, retired.

ALASKA

Maudrey J. Sommer, Tanana, Alaska, in place of H. A. Peters, resigned.

ARKANSAS

Elizabeth K. Brannon, Colt, Ark., in place of E. R. Gatten, retired.

John T. James, Cotton Plant, Ark., in place of J. A. Myover, retired.

Carroll W. Patrick, Decatur, Ark., in place of E. E. Dewey, retired.

Denver H. Estes, Malvern, Ark., in place of I. H. Roland, retired.

CALIFORNIA

William R. Lackey, Bass Lake, Calif., in place of Edward Edwards, retired.

Paul J. Lay, Beaumont, Calif., in place of E. C. Martin, retired.

Shirley E. Ames, Bodega Bay, Calif., in place of H. L. Hellwig, retired.

Earl O. Good, Jr., Fullerton, Calif., in place of A. C. Blackford, retired.

Irma L. Wyly, Jacumba, Calif., in place of T. S. Dunning, retired.

Dorthy E. Birkhead, Morro Bay, Calif., in place of Vaun Johnson, retired.

Carl L. Backlund, Torrance, Calif., in place of C. A. Conner, retired.

Betty J. Raper, Westend, Calif., in place of B. M. Tyler, retired.

COLORADO

Lloyd C. Catron, Sterling, Colo., in place of H. N. Beery, deceased.

CONNECTICUT

Julia A. Wharton, Colebrook, Conn., in place of B. M. Turberg, retired.

Manuel W. Vetti, Stamford, Conn., in place of P. P. Pavia, deceased.

FLORIDA

James F. Myers, Casselberry, Fla., in place of E. R. Sitler, resigned.

James F. Bridges, Jr., Fort Pierce, Fla., in place of C. W. Peters, retired.

Francis A. Wynn, Homestead, Fla., in place of A. V. Phillips, retired.

Franklin C. Smith, Interlachen, Fla., in place of M. R. Brush, retired.

John A. Norden, Lake Mary, Fla., in place of C. D. Donaldson, resigned.

Maxwell E. Scott, Marco, Fla., in place of C. D. Rutledge, resigned.

John O. Hampton, Melbourne, Fla., in place of J. L. Porcher, retired.

Shearod W. Williams, Niceville, Fla., in place of L. J. Edge, retired.

GEORGIA

Mary B. Goolsby, Carlton, Ga., in place of L. P. Goolsby, retired.

William B. Price, McIntyre, Ga., in place of F. S. McGahee, retired.

ILLINOIS

Donald S. Maciejewski, Calumet City, Ill., in place of W. J. Malackowski, deceased.

Glenn A. Brown, Farmersville, Ill., in place of R. E. Gorman, retired.

Forrest A. Holstrom, Geneseo, Ill., in place of F. R. Johnson, retired.

Ernie A. Plotz, Grayslake, Ill., in place of C. M. Wightman, retired.

John J. Drover, Jr., La Grange, Ill., in place of J. M. Allbright, transferred.

Grover J. Beaird, Norris, Ill., in place of G. E. Dilley, retired.

John C. Totten, Peoria, Ill., in place of H. J. Gorman, retired.

George R. Campbell, Tower Hill, Ill., in place of A. E. Watson, retired.

INDIANA

John H. Summers, Carbon, Ind., in place of J. T. Patrick, deceased.

Wiley E. Brewer, Fowler, Ind., in place of C. L. Shipman, deceased.

Ralph B. Foster, Kimmell, Ind., in place of W. B. Foster, retired.

IOWA

Thomas H. Garrod, Fonda, Iowa, in place of D. C. Ogden, deceased.

Kathleen E. O'Brien, Geneva, Iowa, in place of N. V. Benson, retired.

Charles H. Walter, Jr., Knoxville, Iowa, in place of L. D. Tucker, retired.

Helen I. Brecht, Watkins, Iowa, in place of J. E. Waychoff, retired.

KANSAS

Richard A. Merz, Satanta, Kans., in place of R. R. Staab, retired.

Elizabeth M. Elliott, White City, Kans., in place of O. T. Kappelmann, retired.

LOUISIANA

John W. Vining, Amite, La., in place of W. S. Fussell, retired.

Doland Vincent, Kaplan, La., in place of Maurice Primeaux, retired.

Jesse P. LeBlanc, Lockport, La., in place of A. E. Ayo, Jr., retired.

Gerald J. Marquette, Napoleonville, La., in place of E. C. Marquette, retired.

Nita S. Dabadie, Ventress, La., in place of F. E. Dabadie, deceased.

MAINE

Arthur L. Reed, Brewer, Maine. Office established October 1, 1960.

Frank L. Reynolds, Brooks, Maine, in place of L. E. Cox, removed.

MASSACHUSETTS

Patrick J. Windward, Jr., Sterling Junction, Mass., in place of A. O. Bullard, deceased.

James F. Alley, West Tisbury, Mass., in place of A. A. Alley, retired.

MICHIGAN

Wallace J. Reed, Flushing, Mich., in place of I. M. Vernon, retired.

Vern W. Bemus, Hazel Park, Mich., in place of P. T. Morden, retired.

MINNESOTA

James M. Pederson, Echo, Minn., in place of C. E. Thorson, retired.

Thelma A. Reynolds, Holloway, Minn., in place of V. B. Pederson, retired.

R. Vron Muir, Jackson, Minn., in place of G. P. Holecek, retired.

MISSISSIPPI

Hallie R. Young, Belzoni, Miss., in place of M. H. Domengeaux, retired.

Paul B. Alford, Jr., Morton, Miss., in place of T. V. Laird, transferred.

MISSOURI

Walter J. Stuesse, Beaufort, Mo., in place of E. F. Rutkowski, resigned.

Archie L. Williams, Carl Junction, Mo., in place of O. C. Magoon, deceased.

Edward L. Rogers, Robertsville, Mo., in place of B. L. Halbach, retired.

Winifred M. Puchta, Rockaway Beach, Mo., in place of George Puchta, retired.

Victor F. Mudd, Silex, Mo., in place of A. S. Williams, retired.

MONTANA

Fred W. Schepens, Glendive, Mont., in place of Joseph Kelly, retired.

Wallace W. Paterson, Livingston, Mont., in place of Francis I. Adams, retired.

Milton M. Sloan, Whitefish, Mont., in place of G. W. Duffy, retired.

NEBRASKA

Roy E. Boham, Bassett, Nebr., in place of F. C. Diehl, deceased.

W. Wayne Thompson, Bruning, Nebr., in place of T. H. Wilken, retired.

Mable M. Boggess, Salem, Nebr., in place of C. E. Baldwin, deceased.

Dean W. Spike, Silver Creek, Nebr., in place of L. J. Johnson, removed.

Ruth G. Reichstein, Trumbull, Nebr., in place of H. C. Wheeler, retired.

Earl K. Trullinger, Waterloo, Nebr., in place of J. C. Traber, deceased.

NEW HAMPSHIRE

John T. Richardson, East Barrington, N.H., in place of H. W. Henderson, retired.

NEW JERSEY

Louis J. Rossi, Avenel, N.J., in place of G. E. Fox, retired.

Joseph M. Gondola, Clifton, N.J., in place of F. E. Gersie, retired.

Otto W. Bahrle, Forked River, N.J., in place of Ralph Penn, retired.

William C. Beemer, Sussex, N.J., in place of H. W. Case, retired.

NEW MEXICO

Jenkins A. McRae, Jr., Alamogordo, N. Mex., in place of F. I. Burch, retired.

Alberto Romero, Mora, N. Mex., in place of R. E. Branch, retired.

NEW YORK

Francis J. O'Gorman, Colton, N.Y., in place of E. M. McEwen, deceased.

Andrew F. Papa, Fonda, N.Y., in place of L. K. Kurlbaum, retired.

Merel G. Hubbard, Gilboa, N.Y., in place of A. C. Lewis, retired.

Shirley M. Buchanan, Hagaman, N.Y., in place of M. M. Jones, retired.

Conrad W. Sinning, Hawthorne, N.Y., in place of D. E. Fischer, retired.

Helen S. Swotkewicz, Jamesport, N.Y., in place of F. E. Sowinski, retired.

Leonard S. Fischer, Monsey, N.Y., in place of A. M. Trainor, retired.

Reeve D. Curtis, Mount Upton, N.Y., in place of L. M. Albrecht, retired.

NORTH CAROLINA

Boyce W. Cloninger, Catawba, N.C., in place of Z. S. Glovier, retired.

William P. Hudgins, Sunbury, N.C., in place of F. L. Nixon, retired.

NORTH DAKOTA

Vernon L. Hansen, Kenmare, N. Dak., in place of Otto Engel, retired.

OHIO

David F. Tootle, Frankfort, Ohio, in place of H. L. Flesher, transferred.

Howard R. Van Scholk, Hilliard, Ohio, in place of Florence Wilcox, retired.

Joseph D. Buchanan, Norwich, Ohio, in place of G. R. Perkins, deceased.

Matthew J. Dowling, Perrysburg, Ohio, in place of R. E. Bayer, deceased.

Robert L. Booth, Tiffin, Ohio, in place of P. B. Parkin, retired.

Charles H. McGovney, West Union, Ohio, in place of L. M. Grooms, retired.

OKLAHOMA

James A. Maddux, Cheyenne, Okla., in place of J. W. Chalfant, transferred.

PENNSYLVANIA

Ruth J. Svilar, Armagh, Pa., in place of R. O. Trexler, retired.

William G. Lutz, Sr., Barto, Pa., in place of E. G. Reed, retired.

Eleanor M. Bordner, Bethel, Pa., in place of E. D. Bordner, retired.

Hugh J. Malloy, Carrolltown, Pa., in place of H. J. Fabry, resigned.

Joseph W. Hanna, Clymer, Pa., in place of B. E. Goodlin, retired.

John F. Helm, Downingtown, Pa., in place of J. M. Welsh, retired.

Doris L. Oldham, Fishertown, Pa., in place of Faye Wolfe, resigned.

Walter G. Woolbaught, Hallstead, Pa., in place of F. E. Chamberlin, retired.

C. Jean Steinkirchner, Jennerstown, Pa., in place of E. K. Hay, retired.

John J. Mullally, Jermyn, Pa., in place of D. K. Eagan, retired.

Ernest P. Zserai, Jonestown, Pa., in place of D. H. Cope, retired.

W. Elliot Jones, Kelton, Pa., in place of E. L. Moore, retired.

Howard L. Bredbenner, Mifflinville, Pa., in place of G. D. Henrie, retired.

Hugh A. Armstrong, New Providence, Pa., in place of D. M. Herr, retired.

George W. Brehm, Newtown Square, Pa., in place of H. J. Niemeyer, resigned.

Paul C. Brasch, North Wales, Pa., in place of C. R. Hankin, retired.

Irving E. Rath, Pillow, Pa., in place of C. M. Koppenhaver, resigned.

John J. Buchinsky, Shenandoah, Pa., in place of B. J. Lukas, retired.

William G. Cox, Thompsontown, Pa., in place of H. I. Haines, retired.

Lloyd L. Williams, Vintondale, Pa., in place of C. V. Lybarger, retired.

RHODE ISLAND

James M. Phelan, Warwick, R.I., in place of W. A. Kirkpatrick, retired.

SOUTH CAROLINA

John H. Atkinson, Jr., Myrtle Beach, S.C., in place of H. K. Sanders, deceased.

SOUTH DAKOTA

James W. Cheatham, Aurora, S. Dak., in place of M. H. Coon, deceased.

Thomas R. Lyons, Brookings, S. Dak., in place of E. F. Minier, retired.

Stanley K. Baird, Frankfort, S. Dak., in place of R. C. Drayer, retired.

TENNESSEE

Florence A. West, Collegedale, Tenn., in place of G. N. Fuller, retired.

Edith T. Webb, Orlinda, Tenn., in place of K. C. Barber, retired.

TEXAS

Harold C. Strauss, Bellville, Tex., in place of R. E. Trenckmann, retired.

Jerrold N. Turner, Daingerfield, Tex., in place of C. L. Pratt, retired.

Thomas A. Boulmay, Galveston, Tex., in place of F. A. Yeager, deceased.

Jesse K. Brett, Hull, Tex., in place of Lucie Hill, retired.

Norma L. McBee, Lefors, Tex., in place of Volna Ogden, retired.

Jackie L. Reed, Manvel, Tex., in place of A. C. Peters, retired.

Tom M. Yarbro, Marathon, Tex., in place of Lizzie Crawford, retired.

Ralph W. Chaney, Monahans, Tex., in place of W. R. Shelton, retired.

Atha E. Williamson, Olden, Tex., in place of Stella Jarrett, retired.

Flora M. Martin, Ropesville, Tex., in place of H. M. Sims, retired.

UTAH

Harold J. Dawson, Layton, Utah, in place of Clair Whitesides, retired.

VERMONT

Donald A. Frail, Hartland, Vt., in place of O. M. Lobdell, retired.

VIRGINIA

Randall J. Wilmarth, Danville, Va., in place of H. G. Gentry, retired.

Edna A. Josey, Disputanta, Va., in place of J. C. Tomko, retired.

Charlie M. Jeffries, Warrenton, Va., in place of D. W. Moffett, retired.

Carol B. Miller, Washington, Va., in place of W. A. Miller, retired.

WASHINGTON

Lenard A. Smith, Leavenworth, Wash., in place of H. B. Dye, deceased.

Gordon G. Johnson, Olympia, Wash., in place of J. F. Leverich, retired.

WEST VIRGINIA

Roy K. Hatton, Huntington, W. Va., in place of R. A. Pygman, retired.

John W. Almond, MacArthur, W. Va., in place of L. A. Shrewsbury, retired.

Ivan N. Hunter, Nitro, W. Va., in place of R. W. Casto, retired.

WISCONSIN

Richard D. Huttner, Dresser, Wis., in place of A. J. Fogerty, retired.

John A. Oberto, Iron Belt, Wis., in place of V. M. Wiita, retired.

Sylvan H. Erickson, Luck, Wis., in place of E. A. Kamholz, retired.

Joseph P. Wergin, McFarland, Wis., in place of C. A. Thompson, retired.

Kathleen M. Bink, Malone, Wis., in place of Augusta Phalen, retired.

Frederick L. Stich, Stitzer, Wis., in place of J. R. Keller, deceased.

WYOMING

Gene R. Stapleton, Guernsey, Wyo., in place of A. W. Crawford, retired.

Dwight S. Despain, Lovell, Wyo., in place of P. D. Sims, retired.

CONFIRMATION

Executive nominations confirmed by the Senate March 7, 1966:

DEPARTMENT OF THE NAVY

Charles F. Baird, of New York, to be an Assistant Secretary of the Navy.

U.S. MARINE CORPS

To be lieutenant general

Maj. Gen. Lewis W. Walt, U.S. Marine Corps, having been designated, in accordance with the provisions of title 10, United States Code, section 5332, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

The following-named officers of the Marine Corps Reserve for temporary appointment to the grade indicated, subject to qualification therefor as provided by law:

To be major generals

Charles F. Duchein
Sidney S. McMath

To be brigadier generals

Leland W. Smith
Arthur B. Hanson

IN THE ARMY

The nominations beginning Robert F. Comeau, to be captain, and ending Cornelius M. Ziemann, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on February 18, 1966.

IN THE NAVY AND MARINE CORPS

The nominations beginning Robert E. Bass, to be captain in the Navy, and ending Russell H. Sutton, to be first lieutenant in the Marine Corps, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on February 21, 1966.

IN THE MARINE CORPS

The nominations beginning Elaine T. Carville, to be lieutenant colonel, and ending Paul J. Zohlen, to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on February 16, 1966.

EXTENSIONS OF REMARKS

A Foreign Policy of Self-Interest and Self-Help

EXTENSION OF REMARKS
OF
HON. HAROLD D. DONOHUE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Monday, March 7, 1966

Mr. DONOHUE. Mr. Speaker, as we approach consideration, again, of the challenging subject of foreign aid and assistance I should like to repeat and emphasize my past convictions and urgings that the time is long overdue for these programs to be sensibly based upon the principles of American self-interest and the demonstrated willingness of the recipients to help themselves.

I very strongly feel that most American taxpayers firmly believe that the so-called giveaway era should be rightly ended and it is only good sense and simple justice to ask and expect that the nations we have aided and are aiding will fully and effectively cooperate with us for common survival.

Our continued assistance to countries who have become fully rehabilitated and completely revived economically should be terminated and principally directed to those nations that actually need help and are capable and disposed to use that help to improve their farming techniques, schools, hospitals, and basic industry. I think that the majority of our citizens strongly believe in charitable, reasonable sharing of our resources with less fortunate countries but I think they believe with equal emphasis that our aid should be restricted to those nations that demonstrate—not simply promise—foundation reforms in land ownership and tax laws that hitherto seemed always to favor the wealthy and further oppress the poor.

Another implement, of what I hope will be a new foreign aid and policy posture, which appears very wise and worthy is the food-for-freedom program being stimulated to increase American agriculture exports to food-shortage countries. The statistics about malnutrition, particularly in the children of the developing countries, are startling.

Half of them die before they reach their sixth birthday largely because, the medical men tell us, their undernourished bodies cannot combat minor childhood diseases. Even out of those that survive we are told that 7 out of 10 suffer continuously from the effects of malnutrition which causes physical and mental retardation. Certainly we are starting at the foundation when we help to properly feed these children in the less fortunate countries and certainly we should request, encourage, and welcome the contributions of other countries which are also blessed with agricultural abundance. Let no one ask and expect the American taxpayers to do it all alone especially in the face of ever-increasing tax burdens being placed upon them for domestic progress at home and military involvement abroad.

I strongly think that most of our fellow Americans will be very glad to observe a more positive attitude in our foreign policy and more hopeful signs of our determination to provide forward-looking leadership to underdeveloped countries in their and our everlasting struggle to conquer the age-old enemies of us all—tyranny, poverty, disease, and war itself.

Mr. Speaker, the urgency of sensible restriction and reform in the creation and application of our foreign aid programs has been obvious for a long time and the sooner we respond to that urgency the more economical and efficient our programs will be and, I dare say, the more universally respected we shall become.

Observance of Purim

EXTENSION OF REMARKS
OF
HON. FRANK ANNUNZIO
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, March 7, 1966

Mr. ANNUNZIO. Mr. Speaker, the Jewish holiday, Purim, this year was observed yesterday, March 6. It is a significant commemoration, not only because it marks the anniversary of one of a long series of persecutions inflicted on the Jewish people, but also because it marks the valiant stand of the Jews in the face of religious discriminations, cultural repressions, physical tortures, and even the horrors of attempted genocide.

Purim celebrates the deliverance of the Jews of Persia from a plot to destroy them. The book of Esther relates that Haman, a close adviser of King Ahaseurus, convinced the King to designate a date on which all Jews would be killed for allegedly being unfaithful to the state. Ahaseurus' Queen was Esther, a Jewess who had concealed her religion when she married. When she learned of Haman's plot, she told Ahaseurus that she was Jewish and that she would join her people to die with them if he signed the decree. Ahaseurus instead ordered his adviser, Haman, to be killed.

On February 4, 1965, I introduced House Concurrent Resolution 177 to express the sense of the Congress against the persecution of persons by Soviet Russia because of their religion. It is public knowledge that Soviet Russia has prevented the Jews behind the Iron Curtain from participating in the traditions and institutions which have long been an integral part of Judaism. During the Purim observance it is fitting for us to join together in renewing our efforts to insure religious freedom for the Jews, and indeed for all peoples, who wish only to practice their faith without interference and harassment from more powerful neighbors.

Passage of House Concurrent Resolution 177 and similar legislation would be tangible evidence of our intentions and would reaffirm to the Soviets and to all nations our belief that mankind the world over has the inherent and inalienable right to be free from tyranny and oppression.

Massachusetts Harangued by Mrs. Murray

EXTENSION OF REMARKS
OF
HON. THOMAS P. O'NEILL, JR.
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Monday, March 7, 1966

Mr. O'NEILL of Massachusetts. Mr. Speaker, a few days ago the Commonwealth of Massachusetts was visited and harangued by an avowed atheist. Mrs. Madalyn Murray was very largely responsible for the Supreme Court's denial to millions of American youngsters of the right to pray in the public school. She has already clearly demonstrated that this was no isolated instance by moving in the Maryland courts to strike down that tax exemption which religious institutions have always enjoyed in the United States. In Boston, hoping for converts, she found her visit turned rather into a rallying point for citizens from across the Commonwealth who have banded together into Massachusetts Citizens for Public Prayer. Box 1776, Rutland, Mass.

I do not, of course, question her privilege of dissent. But I do question the propriety of escalating this privilege into a right to dictate to the great majority of the people of Massachusetts what they shall or shall not do in those schools which are sustained by their tax dollars. Democracy has never had cause to worry