adjourned until Tuesday, May 2, 1967, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 1, 1967:

IN THE ARMY

The following-named persons for appointment in the Regular Army of the United States, in the grades and branches specified, under the provisions of title 10, United States Code, sections 3283, 3284, 3285, 3286, 3287, 3288, 3289 and 3294:

To be first lieutenant, Dental Corps

Gares, William M., Jr., [redacted].

To be first lieutenant, Medical Corps

Sanders, Joe M., Jr., [redacted].

The following-named midshipmen of the U.S. Naval Academy for appointment in the Regular Army of the United States in the grade specified, under the provisions of title 10, United States Code, sections 541, 3284 and 3287:

To be second lieutenants

Hunt, Robert D.
Nelson, William J., Jr.

The following-named distinguished military and scholarship students of ROTC for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 2106, 2107, 3283, 3284, 3287 and 3288:

Baldwin, Michael S.
Chwalibog, Andrew J.
Corning, Bruce L.
Crist, Charles E.
Depue, John F.
Eberhardt, John E., Jr.
Fedok, Edward A.
Giannelli, Paul C.
Gillett, Michael E.
Hamilton, John P.
Hancock, Jeffrey H.
Hopkins, Gary L.
Kennedy, Kenneth H.
Kirby, Robert B.
Kittel, Robert N.
Kurzweil, Robert B.
Kyle, Robert P.
Lancaster, Steven F.
Laney, Solon D.
Lewis, Robert E.
Mackey, Richard J.
Mannix, Robert W.
Marrs, Larry C.
McKenna, Robert B., Jr.
Roe, James T., III
Schmidt, Thomas J., Jr.
Scully, Francis J.
Seibold, Paul M.
Smith, John C. B., Jr.
VerWayne, Henry J., III
Weeks, James L.
Wilhelm, Thomas D.
Worthing, Robert W.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 1, 1967:

MISSISSIPPI RIVER COMMISSION

Rear Adm. James C. Tison, Jr., USESSA, Director, Coast and Geodetic Survey, to be a member of the Mississippi River Commission.

Brig. Gen. William T. Bradley, U.S. Army, to be a member of the Mississippi River Commission, under the provisions of section 2 of an act of Congress approved June 28, 1879 (21 Stat. 37; 33 U.S.C. 642).

CALIFORNIA DEBRIS COMMISSION

Brig. Gen. John A. B. Dillard, Jr., U.S. Army, to be a member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved March 1, 1893 (27 Stat. 507; 33 U.S.C. 661).

HOUSE OF REPRESENTATIVES

MONDAY, MAY 1, 1967

The House met at 12 o'clock noon.

Rev. Donald O. Wilson, St. James Episcopal Church, Baltimore, Md., offered the following prayer:

Psalm 34: 8:

"O taste and see that the Lord is good!
Happy is the man who takes refuge in Him!
O fear the Lord, you His saints,
For those who fear Him have no want!
The young lions suffer want and hunger;
But those who seek the Lord lack no good thing."

God of our fathers, who art the wellspring of life; who art the bedrock of truth, the source of strength, the supplier of wisdom and understanding, we give Thee thanks for our creation and our preservation. Make us to see that without Thee we are nothing and can do nothing. Thus, as men entrusted with the Government of Thy country and people, impart Thy grace in specific ways upon them that their decisions may be Godly ones that wisely plan for the good of this land, Thy people here and the people of all the world.

Bless the President of these United States and all in authority and bring them to the knowledge that they serve best, who serve Thee; who keep Thy commandments and who do Thy will. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, April 28, 1967, was read an approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Jones, one of his secretaries.

STRIKE DELAY NO SOLUTION

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

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

There was no objection.

Mr. PELLY. Mr. Speaker, another delay in a threatened railroad strike is being considered by Congress today despite the fact that 16 months ago the people of this Nation were assured by the President that he would recommend legislation to deal effectively with what he called, "strikes which threaten major damage to the national interest." The first delay, now ending, has accomplished nothing.

It was during the New York City subway strike, a labor dispute that affected millions, but was isolated to but one area of our great Nation, that the President made his statement that legislation to prevent such strikes under emergency conditions would come to Congress. In over a year we have not seen that legislation, and now every man, woman, and child in the country, and our men in Vietnam, stand to feel the impact of a crippling, nationwide railroad strike.

Despite my serious misgivings about this additional delay, I support it, so that the trains, carrying our men and materiel for Vietnam will continue to roll.

But, Mr. Speaker, I ask where the President is at this critical time with his promised legislation to deal effectively with not only the impending strike on our railroads, but with legislation to meet such an emergency in any industry which affects the safety and security of the Nation.

In supporting this second postponement I do so with the fervent hope that in the ensuing 45 days the Mediation Board will come up with a proposal which will be acceptable to the union and to the railroad management.

In the meantime, let us face up to the fact that a 45-day extension, in itself, is no solution.

THE POLICEMAN: SOCIETY'S FIRST ARM OF SELF-DEFENSE

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

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

There was no objection.

Mr. POFF. Mr. Speaker, now is the time for all good men to come to the aid of their policeman.

Over the weekend, a task force of the President's Crime Commission reported 20 cases wherein the language of the report "officers used force where none was clearly required or where its use was plainly excessive." These 20 cases stain the record of law enforcement. They deserve the righteous wrath of every thoughtful American.

Yet, a balanced judgment requires proper perspective. Task force workers observed a total of 5,339 encounters between officers and citizens in a number of cities during the course of 850 8-hour patrol shifts. The 20 cases cited in the report constitute less than four-tenths of 1 percent of the total. Conversely, in 99.6 percent of the cases in the study, police conduct was found proper.

Certainly, not all policemen are paragons of virtue. There will always be the occasional "bad cop," the lawless lawyer, and the irreverent reverend. But the sins of the few should not brand all as bumpkins or brutes.

The policeman is society's first arm of self-defense. In our own self-interest and in fairness to all, let us condemn where we must but commend where we can.

SOIL STEWARDSHIP WEEK

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

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

There was no objection.

Mr. STUBBLEFIELD. Mr. Speaker, as a member of the Conservation and Credit Subcommittee of the House Committee on Agriculture, I should like to draw to the attention of this body the fact that this week is being observed throughout America as Soil Stewardship Week. This annual observance is spon-

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sored by the 3,000 local soil and water conservation districts, their national association, and cooperating church groups.

This week ministers of all faiths are carrying vital messages to their followers to further God's purpose in the conservation, development, and proper use of soil, water, and related resources.

I salute the thousands of clergy of all faiths who use this observance to remind us that soil stewardship is everyone's responsibility. It is a responsibility of people who live in the towns and cities as well as those who work the land. The subject of this year's observance is "Three-fourths of Our Land." It has to do with the obligation for the care and protection of land in private ownership.

The President of the United States has recognized Soil Stewardship Week with a special statement issued from the White House. President Johnson stated that:

I can think of no more important task than to be good and active stewards for that part of the earth entrusted to our care.

COMMITTEE ON BANKING AND CURRENCY—PERMISSION TO SIT TODAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit today while the House is in session during general debate.

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

There was no objection.

ELECTION OF MEMBERS TO COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Mr. MILLS. Mr. Speaker, I offer a privileged resolution (H. Res. 457) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 457

Resolved, That the following-named Members be, and they are hereby, elected members of the standing Committee of the House of Representatives on Standards of Official Conduct: Melvin Price (chairman), Illinois; Olin E. Teague, Texas; Joe L. Evins, Tennessee; Watkins M. Abbitt, Virginia; Wayne N. Aspinall, Colorado; Edna F. Kelly, New York.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ELECTION OF MEMBERS TO COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Mr. GERALD R. FORD. Mr. Speaker, I offer a privileged resolution (H. Res. 458) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 458

Resolved, That the following-named Members be, and they are hereby, elected members of the standing Committee on Standards of Official Conduct: Charles A. Halleck, Indiana; Leslie C. Arends, Illinois; Jackson E. Betts, Ohio; Robert T. Stafford, Vermont; James H. Quillen, Tennessee; Lawrence G. Williams, Pennsylvania.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERSONAL INCOME TAX EXEMPTION SHOULD BE INCREASED TO $800

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

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

There was no objection.

Mr. BARRETT. Mr. Speaker, I am again introducing a bill to increase the personal income tax exemptions of a taxpayer from $600 to $800, including the exemption for a spouse and the exemption for a dependent. In addition, my bill would raise from $1,200 to $1,600 the personal income tax exemption for those over 65 and those who are blind. It has been almost 10 years since the present exemption went into effect in 1958. If this figure had a relationship to reality at that time, that relationship has long since ceased, as we all know and particularly those who are providing for a family.

The cost-of-living index is almost half again as much as it was in 1948 according to the Bureau of Labor Statistics of the Department of Labor.

The present Consumer Price Index, or cost-of-living index as it is more commonly referred to, uses the 1957-to-1959 period as a base equal to 100. With this figure as a base the cost-of-living index for March 1967, the most recent period available, was 115. This means that the cost of living in March 1967 was 15 percent greater than the base period of 1957–59. Said another way, it took $11.50 to purchase what $10 could buy in the 1957–59 period. However, as I pointed out, the present income tax exemption of $600 was adopted in 1948. If we use a base period of 1947–49, as equal to 100, the March 1967 cost-of-living index figure becomes 141.1. This means that in March 1967 the cost of living was 41.1 percent higher than it was in the period 1947–49, when the present income tax exemption was adopted. So it now costs $14.11 to purchase what $10 would buy in the 1947–49 period.

The $800 figure is far from extravagant—in fact it may well be inadequate—it amounts to $66.66 per month for the taxpayer and each dependent, a total of $266.64 per month for a family of four persons.

If we are to realistically approach the cost of providing some of the basic necessities of life for ourselves and our dear ones, and if the personal income tax exemption is to reflect the Government's awareness of this, and I believe that is its purpose, then it is time to adjust the figure to more nearly reflect the actual cost of providing those necessities.

KEOWEE-TOXAWAY PROJECT AHEAD OF SCHEDULE

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

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

There was no objection.

Mr. DORN. Mr. Speaker, the $700 million Keowee-Toxaway power generating complex of Duke Power Co. is already ahead of schedule. Only this morning Duke announced that a third nuclear unit at Oconee Nuclear Station will be installed, bringing the total initial expenditure by Duke on the Keowee-Toxaway project to almost $400 million.

Only 3 weeks ago, on April 11, the official beginning of the Keowee-Toxaway project was celebrated with appropriate ceremonies. Now, Mr. Speaker, this announcement is further proof of Duke's confidence in the dynamic growth and future of this great area, once referred to by a President of the United States as the No. 1 economic problem of the Nation.

Unit No. 1 of the Oconee Nuclear Station will be placed in service in 1971, unit No. 2 in 1972 and unit No. 3 in 1973. The hydro unit at Keowee Dam will be in operation in 1971 and the unit at Jocassee Dam in 1974.

Clearing of the basin and construction of the dams are already well underway. Hundreds of workers are employed adding millions annually to the economy of the area. Additionally, several million dollars for services and supplies are being pumped into the area's economy. Oconee station alone will require a peak construction force of 1,000 men.

Mr. Speaker, may I repeat that the Keowee-Toxaway project is in Appalachia. Duke Power Co. is a great, and responsible, private enterprise company. When its Keowee-Toxaway project is completed, along with the public development at Trotters Shoals, and with the additional Duke development at Middleton Shoals in Anderson County and perhaps by Mead in Abbeville County, the total investment in my congressional district will be well over a billion dollars thus assuring job opportunity, new industry, improved roads, schools and hospitals for the future.

This great project means more abundant and cheaper electricity, fantastic recreation, and a water supply for the entire western area of North and South Carolina. Taxes alone on the Keowee-Toxaway project will, when completed, total, at present rates, approximately $24 million in State and local taxes, and $20 million in Federal taxes.

Mr. Speaker, this Keowee-Toxaway project is without question one of the greatest, if not the greatest, projects of its type in the entire world. It is the answer to the economic problems of Appalachia. It is an expression of confidence in the future of the South and in the future of our great Nation by this dynamic company—Duke Power Co.

IT IS TIME THAT THE U.S. GOVERNMENT STARTED ACTING LIKE A "HAWK" WHEN IT COMES TO AMERICAN STUDENTS ABROAD TAKING PART IN ANTI-U.S. DEMONSTRATIONS

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

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

There was no objection.

Mr. BRAY. Mr. Speaker, it is time the U.S. Government started acting like a "hawk" when it comes to American students abroad taking part in anti-U.S. demonstrations.

Last week, the largest anti-American demonstration in recent memory took place in Spain, when 1,500 University of Madrid students burned four U.S. flags, denounced U.S. involvement in Vietnam, waved North Vietnamese flags, and demonstrated in front of the American Embassy.

Spanish officials immediately apologized to our Ambassador to Spain, and pointed out that American exchange students were largely responsible for this incident. Two of the participants have already been identified as transfer students from the University of California. One had been active for over 2 weeks, leading a group of U.S. students in distributing posters and antiwar petitions; the other spoke at the demonstration, denouncing the U.S. role in Vietnam, Spain, and the Dominican Republic.

Only a handful of the 1,200 Americans enrolled at the University of Madrid were involved, but they allowed themselves to be used by a bunch of Spanish and Latin American Communists. As a Spanish official put it:

> The hard-core group, including the pro-Peking Communist Student Organization, was happy to hide behind the American students who started the anti-war petitions . . . American student intervention against United States policies in Vietnam handed the Spanish and Latin American leftists at the university a ready-made platform to exploit.

The Spanish Government is considering asking those American students involved in this disgraceful and treasonous incident to leave Spain. The very least the U.S. Government could do in this matter is to revoke the passports of these students, and any more like them, who openly denounce their country and degrade its national flag on foreign soil.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the bill on the Consent Calendar.

DEDICATION OF CERTAIN STREETS, AGUA CALIENTE INDIAN RESERVATION

The Clerk called the bill (H.R. 3631) to provide for the dedication of certain streets on the Agua Caliente Indian Reservation and to convey title to certain platted streets, alleys, and strips of land.

There being no objection, the Clerk read the bill, as follows:

H.R. 3631

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That within one year from the date of enactment of this Act the Secretary of the Interior, with the consent of the majority of the eligible voting members of the Agua Caliente Band of Mission Indians, may dedicate to the public for street purposes, subject to prior existing rights and adverse claims, any of the streets, alleys, or strips of land in the west half of section 14, township 4 south, range 4 east, San Bernardino meridian, city of Palm Springs, Riverside County, California, that are shown on the United States Department of the Interior official plats of survey accepted September 7, 1927, June 27, 1956, May 27, 1958, and March 11, 1960.

SEC. 2. All of the right, title and interest of the United States and the Agua Caliente Band of Mission Indians from the centerline of any of said streets, alleys, and strips of land which has not been dedicated and formally accepted by the city of Palm Springs within one year from the date of enactment of this Act shall on that date, subject to prior existing rights and adverse claims, vest in the owner or owners of the closest adjoining or abutting tract or parcel of land in said section 14 and thereupon become a part of said adjoining or abutting tract or parcel of land. Title to land passing under this section shall acquire the same status as the title to the adjoining or abutting property of which it becomes a part.

SEC. 3. Patents or deeds to lands in the west half of said section 14 issued one year or more after the date of enactment of this Act shall convey title to the streets, alleys, or strips of land which become a part thereof pursuant to section 2 of this Act unless the streets, alleys, or strips of land are expressly excluded from the conveyance.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Consent Calendar.

TO FURTHER EXTEND THE PERIOD PROVIDED FOR UNDER SECTION 10 OF THE RAILWAY LABOR ACT APPLICABLE IN THE CURRENT DISPUTE BETWEEN THE RAILROAD CARRIERS REPRESENTED BY THE NATIONAL RAILWAY LABOR CONFERENCE AND CERTAIN OF THEIR EMPLOYEES

Mr. STAGGERS. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 543) to further extend the period provided for under section 10 of the Railway Labor Act applicable in the current dispute between the railroad carriers represented by the National Railway Labor Conference and certain of their employees.

The Clerk read as follows:

H.J. RES. 543

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 90–10 (Ninetieth Congress, S.J. Res. 65), April 12, 1967, is hereby amended by striking out "prior to 12:01 a.m. of May 3, 1967" and inserting "prior to 12:01 a.m., June 19, 1967."

The SPEAKER. Is a second demanded?

Mr. SPRINGER. Mr. Speaker, I demand a second.

Mr. MOSS. Mr. Speaker, I make the point of order that the gentleman from Illinois [Mr. SPRINGER] is not opposed to the joint resolution.

The SPEAKER. The Chair will ask the gentleman from Illinois [Mr. SPRINGER], is the gentleman opposed to the joint resolution?

Mr. SPRINGER. Mr. Speaker, I am not opposed to the joint resolution.

Mr. MOSS. Mr. Speaker, I demand a second.

The SPEAKER. Is any other member of the committee on the Republican side opposed to the joint resolution?

Without objection, a second will be considered as ordered.

There was no objection.

Mr. KUPFERMAN. Mr. Speaker, I demand a second. I am opposed to the joint resolution.

The SPEAKER. The gentleman's demand comes too late.

Mr. MOSS. Mr. Speaker, the demand of the gentleman from New York [Mr. KUPFERMAN] is out of order.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 78]

Abbitt	Gardner	Pool
Abernethy	Gray	Purcell
Ashley	Griffiths	Quillen
Ayres	Hall	Resnick
Baring	Hansen, Wash.	Rhodes, Pa.
Blackburn	Hays	Rivers
Bow	Hébert	Rogers, Colo.
Brock	Helstoski	Ronan
Brown, Calif.	Hungate	Rostenkowski
Bush	Ichord	St. Onge
Cabell	Jacobs	Selden
Celler	Karth	Smith, Iowa
Conable	Kluczynski	Sullivan
Conyers	Kuykendall	Teague, Calif.
Cowger	Latta	Teague, Tex.
Culver	Leggett	Tenzer
Dent	McEwen	Tuck
Derwinski	Macdonald, Mass.	Udall
Dickinson	Meeds	Van Deerlin
Diggs	Michel	Waggonner
Dow	Miller, Calif.	Watson
Downing	Morgan	Whalley
Evans, Colo.	Murphy, N.Y.	Williams, Miss.
Evins, Tenn.	Nix	Willis
Fino	Ottinger	Wilson, Bob
Fisher	Passman	Younger
Fulton, Tenn.		

The SPEAKER. On this rollcall 354 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TO FURTHER EXTEND THE PERIOD PROVIDED FOR UNDER SECTION 10 OF THE RAILWAY LABOR ACT APPLICABLE IN THE CURRENT DISPUTE BETWEEN THE RAILROAD CARRIERS REPRESENTED BY THE NATIONAL RAILWAY LABOR CONFERENCE AND CERTAIN OF THEIR EMPLOYEES

The SPEAKER. The gentleman from West Virginia [Mr. STAGGERS], will be

recognized for 20 minutes, and the gentleman from California [Mr. Moss] will be recognized for 20 minutes.

The Chair recognizes the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on Friday of last week the President sent the measure now before us to the Congress, extending for an additional 47 days the 20-day extension we provided on April 11 of the provisions of existing law prohibiting a strike in the railroad industry by the shopcraft unions, and any changes in work rules by the railroads.

The purpose of this legislation, as explained by the President to me and others last Friday, is to allow time for the executive branch to prepare recommendations for dealing with the current dispute. The recommendations which we will receive will very clearly provide for a settlement of this dispute on an ad hoc basis.

That is, simply, what the measure will do. It will give the President and the executive branch time to determine what recommendations they are going to make to the Congress.

Members may ask, and for good reason, why we should drag this matter out any further.

My answer is simple. We want to avoid compulsion. I am opposed to compulsion for anybody. If this is going to be a free country, we have to keep compulsion out of it.

I think it was King Canute some years ago, so the legend goes, who tried compulsion on the ocean tides. He told the tides to keep back. They refused. In the same way we have no power to make free men work in America. Neither have we the power to compel free corporations to operate.

As I said before, the President has simply asked for an extension of 47 days so that they could prepare legislation and send it to the Congress, which he promised in his letter of April 28. The President said that in a very few days he would have this legislation here for the Congress to work on.

Our committee, the Committee on Interstate and Foreign Commerce, met this morning and voted out this resolution. I might add that the vote was 22 to 2. Some of the opposition to the resolution was on the basis that there are many inequities in wage rates across the Nation. I agree with that, and I agree that our committee, when the legislation comes to us, should take into consideration wage inequities across the Nation. However, this is not the time to compare wage rates. When we go into the legislation we will find that there are many inequities that we must try to correct as Members of Congress, but we do not have that legislation before us now. I would say now, as I did on April 11, when the resolution for the 20-day extension was here and passed, that a vote for this resolution is not a vote for or against labor nor a vote for or against the railroad management of this country. This is a vote to give the President and the administration the time to send legislation to the Congress so that the committees of the Congress might act on it and get it to the Rules Committee and through them to the floor for debate with action here in both Houses of Congress so that we can get it back to the President to have it signed before the time expires.

It was brought out that perhaps 30 days' time might be sufficient. Then there was the thought that 30 days might not be enough and we would just be back here again asking for another 10, 15, or 20 days' extension until we can get the legislation out. So the request is for 47 days.

This started out as just an ordinary dispute between the railroads and their employees back on last May 17, 1966, when the unions served notices that they wanted a change in wages and work rules. The railroads came back during the month of June with a counterproposal for changes that they wanted to make. On September 28 they asked for the services of the National Mediation Board. That Board started meeting on October 19 and met until January 6. Then they reported that mediation had failed and that they were terminating their services as of January 13, 1967.

On January 28 the President appointed Emergency Board 169. This Board held hearings from February 1 to February 9, for 7 days, and took 1,073 pages of testimony with 36 exhibits in their final findings. Both parties to the agreement agreed that the time for the Board to report would be extended until March 13, at which time the Board reported to the President.

Mr. Speaker, according to the law—the Railway Labor Act—the parties were prohibited from changing conditions for a period of 30 days after the report. This time would have run out on April 13, 1967; however, the Congress of the United States extended the time during which negotiations would continue for 20 days, because the President would be out of the country, and would not be here to participate in any action that had to be taken.

Then, Mr. Speaker, the President of the United States appointed a special Mediation Panel. That Panel reported back on April 21 its recommendations to both groups. Both groups turned down the proposal made by this special Panel.

Mr. Speaker, the time now set in the law is due to run out 1 minute after midnight on tomorrow night.

Now, Mr. Speaker, I would hesitate in saying here and now anything with reference to the merits of this dispute, one way or the other. I do not wish to get into that question now. I do not believe that this is the place for the Congress to pass upon the merits of the dispute with reference to one side or the other.

Mr. Speaker, there are certain matters that have to be done. We have but one issue pending before this House at this moment, and that is to pass this House joint resolution, and then after we get the President's recommendations go into the merits of the issues involved; and also go to the parties involved for recommendations as to what the Congress should do.

Mr. FULTON of Pennsylvania. Mr. Speaker, will the distinguished chairman of the Committee on Interstate and Foreign Commerce yield for a procedural question?

Mr. STAGGERS. Yes, I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. The question comes up to the effect of this resolution. You have stated that at this point this action and this resolution are not directed as being either for management or for labor; nor is this resolution proposed against management or against labor.

Actually, the major point involved in this resolution is that the President of the United States shall have time to study and consult with his assistants in the U.S. Department of Labor and U.S. Department of Commerce and then prepare proposals for legislation for this Congress to study and to pass upon. In other words, is that the primary purpose of this joint resolution? Mr. Speaker, Congress is not proposing to interpose itself in collective bargaining as between the parties; is that correct?

Mr. STAGGERS. That is absolutely correct.

Mr. Speaker, I might say to the membership that I received some calls in my office, as well as some at my home, to the effect that certain Members would not vote for this resolution because, if adopted, it would prolong the period of time during which union members would not be paid wages and that it would cut off the time during which the railroads would have to pay the union men.

Mr. Speaker, this is not true, because the clear intent is that the pay increases of the railroad men will be retroactive to January 1, 1967. So any settlement, I am sure, will provide for the payment of wages back to that date and any such settlement will go back to that period of time and the workers will receive those retroactive benefits.

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield further?

Mr. STAGGERS. Yes, I yield further to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. So, this resolution is based upon the assumption that the White House will act upon and seek solutions to, and make recommendations thereon, and transmit those recommendations to the Congress and thus give the Congress the opportunity to pass upon the general legislation which is to be sent up here within the period of 30 days; is that correct?

Mr. STAGGERS. In the President's message to the Congress the President stated "in the next few days."

I hope that means this week. I was led to believe that would be the case.

Mr. FULTON of Pennsylvania. Mr. Speaker, this legislation, if adopted, will not represent a long time postponement, but will grant to the President of the United States time during which to study the basic problems and will give the President that opportunity and accommodation, to send certain specific legislative recommendations to the Congress of the United States for its action thereon? For my part, I believe that the U.S. Congress should grant the President this time and accommodation on his request.

I am glad to give the President this accommodation without partisanship or politics.

I firmly believe that the solution to economic industrial disputes, is by responsible collective bargaining between the parties to reach fair and reasonable contracts that are mutually agreed upon. I oppose the U.S. Congress being used as a collective bargaining agent from time to time on economic industrial disputes as Congress unevitably introduces politics and political pressure into the disputes, and surely destroys real collective bargaining between the parties. Labor and management should realize that this policy leads directly to new restrictions on both labor and management, and the substitution of rigid government controls instead of free collective bargaining which I have always favored.

Mr. STAGGERS. It is my opinion that that is true and that we shall have sufficient time during which to act upon the legislation.

Mr. MOSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, rarely have I stepped into this well during my 15 years of membership herein with less enthusiasm than I now do at this moment. But, I am opposed to this joint resolution, because it is not the simple type of extension enumerated in the previous discussion.

Mr. Speaker, 3 years ago the House Committee on Interstate and Foreign Commerce and this House had to face a critical situation which existed in the railway industry. Finally, we mandated a settlement. In the intervening time no attention has been given to fashioning a more permanent and workable vehicle for settlement of these disputes.

One year ago we had the Nation's airlines paralyzed. In the intervening time no action has been taken aimed at seeking a better resolution of these paralyzing disputes.

Twenty days ago, roughly, we granted an extension—which I supported—to avoid embarrassment to the President of the United States and to the United States, because failure to have done so would have forced cancellation of the President's long-scheduled visit to Punta del Este. We are now asked to extend for 47 days. We have not had one word of testimony in the Committee on Interstate and Foreign Commerce from a representative of the Department of Labor, the Department of Commerce, the carriers, or of the employees. We have assurances of the most nebulous nature that something will be submitted—the timetable indefinite.

Our very distinguished chairman—and please let me make it clear that I have the highest regard for the chairman personally, and for his integrity and his courage—has stated that this is not the time to bring in the question of wages.

Mr. Speaker, I say it is the time to bring in the question of wages.

Out in my State and in my community I can take one group of skilled mechanics employed by the railroads who are drawing $3.04 an hour, and in that same community mechanics of equal skill in both private and public employment are drawing between $3.80 and $4 an hour.

It has been alleged this will be retroactive, yes, but what happens in the many paychecks and the pay periods that pass before retroactivity takes effect? The famliy is faced with the escalating costs of living, with the escalating costs of taxation, which are particularly burdensome at the local level of government, and they have to meet those rising costs, and they cannot draw on that far-distant date when they will have some measure of relief through retroactivity.

I believe it is time, if we have to sit around the clock, to at least now take some testimony and have a better definition of the issues than we have from the hearsay, and only hearsay, which we have benefited from up to this time. This is our responsibility, make no mistake about it. I have gone along each time in the past, but this time my conscience revolts, and I cannot go along and further postpone that day of reckoning.

Oh, I know there are going to be those who say that the issue is simply supplying our military needs in Vietnam—and that is an important thing. I have supported our involvement there. I have supported every effort to implement our policy to meet the needs of our forces that has been made during the entire history of that involvement. I do not want to place any barrier against the supplying of the needs of these men. However, I am not aware that an effort has been made to negotiate with the brotherhoods to see if certain arrangements could not be made to permit the movement of military cargo. I do not know whether that has been done, because I have not had the benefit of any hearings.

Mr. Speaker, since making these formal remarks I have received the following communication supporting the above statement:

The following telegram was sent this morning to Secretary of Defense McNamara. The AFL–CIO Railway Employes' Department, whose president is Michael Fox, negotiates for the six railroad shopcraft unions, representing about 137,000 employes. The RLEA, whose chairman is G. E. Leighty, speaks for the leaders of unions representing nearly all U.S. railroad employees:

"APRIL 28, 1967.

"Hon. ROBERT S. MCNAMARA,
"Secretary of Defense
"The Pentagon, Washington, D.C.:

"In view of scheduled national strike by railroad shopcraft unions at 12:01 a.m. May 3, we stand ready to meet with you at any time to arrange for continued rail transport of all shipments necessary to our Nation's military effort and the public health. This offer is made on behalf of shopcraft unions and other railroad unions. Cooperation on part of railroad managements would also be needed.

"MICHAEL FOX,
"President, AFL–CIO Railway Employes' Department.
"G. E. LEIGHTY,
"Chairman, Railway Labor Executives' Union."

President Michael Fox of the AFL–CIO Railway Employees' Department made the following statement on behalf of the railroad shopcraft unions after passage of legislation postponing the unions' May 3 strike for 47 days:

"We shall abide by the law.

"Up to now the railroads have not wanted to settle this dispute. That's why they rejected the recommendations of the President's panel of mediators last week. That's why they broke off negotiations with us last Tuesday.

"The railroads want Congress to impose compulsory arbitration on their employees, instead of collective bargaining. What that means is throwing into prison any railroad worker who dares to strike.

"That is a police state system—with some government board using the threat of prison to make workers labor for less pay than they themselves could win, so as to increase the profits of the private corporations.

"Our skilled members suffer a wage lag of 40 to 60 cents an hour, according to the President's chief mediator, Judge Charles Fahy. Our less-skilled members are also lagging. Their only way to win a fair bargain lies in their right to strike.

"New legislation against our members will be proposed in Congress. At the same time Congress is engaged in giving the railroads and other corporations a bigger tax break than ever before.

"Congress is restoring the so-called investment tax credit—but on a new basis that will let the corporations charge off as much as half their total income tax liability, instead of the former ceiling of one quarter of their total tax liability. This will let the railroads pay at least $50 million a year less income tax, and retain at least $50 million a year more profits, than ever before. This will make a nice addition to their net profits, which are now running over $900 million a year.

"We favor this tax credit for the railroads; it will help them acquire badly needed new freight cars and locomotives. But we do ask this question, in the light of the campaign against our members:

"What gets more attention in Congress—the profits of the great corporations or the rights of American working men?

"We repeat what we've said before: if Congress will only affirm our members' right to strike, the railroads will quickly settle with us and no strike will take place."

The six shopcraft unions (seven crafts) include the Machinists, Electrical Workers, Sheet Metal Workers, Boilermakers, Blacksmiths, Railway Carmen, and Firemen and Oilers.

I am flying blind on instruments, if you will—with what guidance we have had—but not with the firsthand information that I feel I require in making an evaluation and in discharging my responsibility to my people and to the people of this Nation.

It is for that reason that I opposed the extension in committee this morning and it is the reason I have taken this most unpleasant and most onerous assignment to oppose this resolution here at this time.

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

Mr. MOSS. I am happy to yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, it is with a considerable amount of regret that I do join with my colleague, the gentleman from California [Mr. Moss] at this time and as we did this morning in committee in taking a minority position in committee because I, too, have an infinite respect for my chairman and I know that he is faced with an incredibly difficult problem.

One of the reasons for being here is that I think it is terribly important for the House to understand what is oc-

curring in these collective bargaining breakdowns that are unfortunately coming before the Congress with increasing regularity.

We really did not analyze this when the airline strike came before the Congress last year. A great deal of time was spent in committee on that matter. We found that terrible problems occur, because of the linking together throughout the Nation of major unions and major employers. Now nearly every dispute affects the national interest both in area and in jurisdictional scope.

Therefore, we are taking some time today to speak on this.

I, too, supported the 20-day extension before. But we need to bring to the attention of the House the fact that these waiting and cooling off periods do not work. The parties freeze and collective bargaining breaks down because they believe that the inevitable day will be put off.

So what the gentleman from California and I am trying to do, in an effort to try to be helpful as members of this committee and to this House is to alert the House that 20 days ago this matter came forth and none of us said anything. Now 20 days later, we are almost precisely where we were 20 days ago. If we do not speak on this today, Members of the House may well see us 45 days from now in a very similar situation.

Because of this, we have suggested that the time period either be made shorter, as the gentleman from California mentioned or we begin to work on an around-the-clock basis—as was necessary with the airline strike. Remember that during this period of time, you have one party being held and the other party is not. In other words, management can continue its operations in normal fashion whereas the right of the workers to strike is removed.

Now it can be said that a similar prohibition applies in the case of lockouts. But a lockout is not an equivalent type of weapon that the strike is.

I know that we must solve this in the national interest. It is absolutely necessary. I and every other member of the committee and I know every Member of the House of Representatives is ready and willing to bend their efforts to do this. But I think we, today, should point out to both of the parties involved that they had better make the collective bargaining machinery work—and not just wait. Because if they do not, there is sentiment in this House for not just compulsory arbitration—and not just extending the time—that will indicate to the laboring man we are satisfied to hold only them, but we will also apply the status quo truly to both sides. For example the parties involved should consider that seizure will be offered in any congressional action also.

These are the things that are very difficult. I hope the parties to this dispute do understand that as the House begins to work its will, many different proposals will be considered. This will not simply be an extension of the Taft-Hartley system though we will probably suggest such things as public offers and counteroffers being required from both sides.

I thank my colleague, the gentleman from California, for yielding to me at this time. This is a terribly difficult matter and it is not a very pleasant task to stand here to bring this matter before the House at this time, but I think it is desperately necessary that we do so.

Mr. MOSS. I thank the gentleman.

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

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

There was no objection.

Mr. MOSS. I insert at this point the following material:

Comparison of railroad shop crafts hourly wages with rates paid in similar jobs in industry and Government

(1) Railroad shop crafts (nationally)	(2) Illinois Bell Telephone	(3) Maintenance and powerplant operations (nationally)	(4) Maintenance and powerplant operations (Chicago)	(5) Chicago machinery industries	(6) U.S. Navy	(7) TVA	(8) Building trades		
							Chicago	New York	San Franci
Blacksmiths, $3.0108.					Blacksmiths, $3.44.	Blacksmiths, $3.56.			
Boilermakers, $3.0108.					Boilermakers, $3.44.	Boilermakers, $3.56.	Boilermakers, $5.40.	Boilermakers, $6.21.	Boilermakers, $5.45.
Passenger car repairmen, $3.0108.		Maintenance mechanics, $3.24.	Maintenance mechanics, $3.41.	Maintenance mechanics, $3.45.	Skilled mechanics, $3.44.				
Carmen, other, $2.9668.					Railroad car repairman, $3.34.				
Electrical workers, $3.0470.		Electricians, maintenance, $3.47.	Electricians, maintenance, $3.67.	Electricians, maintenance, $3.59.	Electricians, $3.44.	Electricians, $3.56.	Electricians, $4.95.	Electricians, $5.32.	Electrician $5.804 to $5.880
Linemen, $2.9954	Linemen, $3.1131.				Linemen $3.44.				
Groundmen, $2.9179.	Line, cable conduit craftsmen, $3.67.								
Coal operators, $2.8286.									
Machinists, $3.0470.		Machinists, maintenance, $3.45.	Machinists, maintenance, $3.65.	Machinists, maintenance, $3.39.	Machinists, $3.44	Machinists, $3.56.	Machinists, $5.10.	Machinists, $6.	Machinists, $5.76
Sheet metal workers, $3.0470.		Sheet metal, workers, $3.44.	Sheet metal workers, $3.52.		Sheet metal workers, $3.44.	Sheet metal workers, $3.56.	Sheet metal workers, $5.35.	Sheet metal workers, $5.40.	Sheet metal workers, $5.35 to $5.62.
Helpers, all crafts, $2.7348.		Helpers, maintenance trades, $2.67.	Helpers, maintenance trades, $2.77.						
Carpenters, maintenance, $3.0108.		Carpenters, maintenance, $3.27.	Carpenters, maintenance, $3.66.	Carpenters, maintenance, $3.29.	Carpenters, $3.34.	Carpenters, $3.47.	Carpenters, $5.50.	Carpenters, $5.95.	Carpenters, $4.875. $5.225.
Painters, maintenance, $3.0108.		Painters, maintenance, $3.25.	Painters, maintenance, $3.86.		Painters, $3.34.	Painters, $3.47.	Painters, $4.60.	Painters, $4.80 to $6.	Painters, $4.97.
Pipefitters, maintenance, $3.0108.		Pipefitters, maintenance, $3.47.	Pipefitters, maintenance, $3.61.		Pipefitters, $3.44.		Pipefitters, $5.40 to $5.44.	Pipefitters, $5.465.	Pipefitters, $5.665 to $7.265.
Laborers, $2.5522		Laborers, $2.44	Laborers, $2.60		Laborers, $2.41 and $2.48 (2 levels).	Laborers, $2.44.	Laborers, $3.76 to $4.60.	Laborers, $4.47 to $5.45.	Laborers, $3.925 to $4.995.
Mechanic, maintenance, $3.0108.	Mechanics, $3.806.	Mechanics, maintenance, $3.24.	Mechanics, maintenance, $3.41.	Mechanics, maintenance, $3.45.					

SOURCES

(1) U.S. Department of Labor, Bureau of Labor Statistics, Jan. 1, 1966, wages.
(2) Illinois Bell Telephone Co., report filed Dec. 31, 1966, with Federal Communications Commission.
(3) Table A-7. Maintenance and powerplant occupations, United States, February 1966.
(4) Area wage survey, the Chicago, Ill., metropolitan area, Bulletin No. 465-68, April 1966, U.S. Department of Labor, Bureau of Labor Statistics.
(5) Machinery industries occupational earnings, Chicago, Ill., U.S. Department of Labor, Bureau of Labor Statistics.
(6) 1966 report, U.S. Department of Navy, Office of Industrial Relations.
(7) Tennessee Valley Trades and Labor Council.
(8) Railway Labor Executives Association, July 1, 1966, union scales of wages and hours in the building trades, preliminary reports.

Railroad employees[1]

	Shop craftsmen		Number of executives, officials, and staff assistants	Total employees
	Number	Percent shop craftsmen		
Year:				
1955	180,000	10.62	20,000	1,694,000
1956	177,000	10.75	20,000	1,647,000
1957	168,000	11.12	21,000	1,510,000
1958	152,000	11.51	19,000	1,321,000
1959	144,000	11.59	19,000	1,242,000
1960	136,000	11.56	18,000	1,177,000
1961	129,000	11.84	18,000	1,082,000
1962	125,000	12.05	19,000	1,037,000
1963	123,000	12.26	18,000	1,003,000
1964	120,000	13.23	19,000	982,000
1965	118,000	11.22	19,000	962,000

[1] Table D–16, 1966 Annual Report, Railroad Retirement Board.

Railroad shop craftsmen 1965 (118,100)[1]

	Number	Percent
Completed years of service:		
A. Less than 10	21,500	18
B. 10 to 19	37,700	33
C. 20 to 29	34,700	29
D. 30 and over	24,200	20
Total	118,100	100

[1] Tables D–8 and D–10, 1966 Annual Report, Railroad Retirement Board.

Age on birthday in 1965

Median age, 49.2

Under 20	500
20 to 24	4,100
25 to 29	5,900
30 to 34	7,000
35 to 39	13,000
40 to 44	14,500
45 to 49	16,600
50 to 54	15,700
55 to 59	16,800
60 to 64	16,700
65 to 69	6,400
70 and over	800

Mr. Speaker, I am happy to yield to the gentleman from New York.

Mr. KUPFERMAN. Is there not a serious overall question involved as to whether the Congress should be used on a piecemeal basis for collective-bargaining purposes?

Mr. MOSS. I think there is a very basic and a very serious question involved as to whether we should act, not as an appellate body, because we have not even bothered to read the briefs in most instances, but as a body to postpone. I do not favor that road.

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

Mr. MOSS. I yield to the gentleman from Iowa.

Mr. KYL. Mr. Speaker, I have no doubt that the resolution before us will be approved. But I fear we do this too easily and without proper consideration of the consequences.

This means of legislating specific compulsory arbitration became precedent in 1963. Now it becomes the practice. It becomes habit, and it is bad habit.

No doubt it is the easy answer, but not a good one. It serves as a palliative to numb our senses to real needs.

Call it what you will, this is compulsory arbitration. Yet we offer no legislative guidelines, policies, or procedures. It is impractical. It is a great delusion. I shall vote against the resolution.

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

Mr. MOSS. I yield to the gentleman from California.

Mr. COHELAN. Mr. Speaker, I want to associate myself with the remarks of the able and distinguished gentleman from California [Mr. Moss]. He has stated the situation as I see it, and I agree with the conclusion he has drawn.

This is not the first time that Congress, at the last minute, has been asked to intervene in and interrupt the process of free collective bargaining. Three years ago we had another rail dispute. A year ago it was the airlines. Some 20 days ago we were asked to extend the time limit under the Railway Labor Act for the present emergency. So this is not a new problem but once again we are being asked to provide a one-time, stopgap solution. I do not think this is the proper way for Congress to proceed.

Neither do I feel, and the gentleman from California [Mr. Moss] has made this important point, that Congress should be asked to legislate without knowing all of the facts. There have been no hearings that I know of in the House on this resolution. We have not heard labor, management, or Government witnesses present their arguments.

We can assume that a national emergency is involved, but we do not know to what degree, or whether some arrangements could be made to permit the continued shipment of vital defense and civilian supplies. Under the parliamentary limits imposed by considering this resolution under suspension of the rules we do not have time to get answers to all of these questions, nor do we have an opportunity to consider perfecting amendments.

I do not say that Congress should not grant an extension until June 19, but this is a considerable period of time. We have already extended the time by 20 days, and I voted for that extension. But before we go further we should know a great deal more about what we are being asked to vote on today.

It is quite clear that this resolution is going to pass. But I intend, albeit reluctantly, to vote against it because I do not believe this is an intelligent way to legislate or to run a railroad.

Mr. MOSS. Mr. Speaker, I reserve the balance of my time.

Mr. STAGGERS. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Speaker, I do not question the need for us to act today to forestall a railroad strike that can do untold damage to this Nation and its citizens. I urge immediate and swift passage of House Joint Resolution 543.

I would, however, like to take this opportunity to reiterate an opinion that I have expressed many times already. I am concerned over the way the Congress allows itself to be brought into disputes such as the railroad strike, and I should think that by now we would have learned our lesson.

Last year during the deliberations on the airline strike, Senator MORSE painted a dismal picture on the future of Congress getting involved in individual labor disputes. He said that action such as the airline strike sets the pattern for intervention on an ad hoc basis; and that without a change in the permanent laws of the Nation, we would increasingly become concerned in these matters. I think the fact that we have twice been faced with the current railroad dispute bears the truth of this prediction.

Admittedly, the question of the need for governmental intervention is much stronger in the railroad strike than it was in the airline strike last year. But in my estimation, this is all the more reason to have a permanent law on the books to deal with the problem.

The threatened railway strike is an easy case. There is very little question but that it would meet the test of causing a "national emergency" and this is certainly the minimal area where we should have permanent dispositive legislation. It almost goes without saying that such permanent procedures should be extended beyond the minimum to all cases where there is an interruption of interstate or foreign commerce which substantially threatens to deprive a section of the country of essential transportation services.

I understand that the executive department will submit to Congress within a few days a proposal which will be a general recommendation for a "final" solution to the railroad dispute.

It is my sincere hope that when that business is dealt with, the Congress will take the initiative at least to consider some of the permanent alternatives suggested and pending.

Mr. Speaker, I hardly need to remind the House that I introduced legislation on February 16 that would have offered several alternate solutions to the current dispute.

Repeatedly, I have asked for hearings on my bill and similar legislation. And in view of our work here today, I would hope that hearings will be called to consider legislation to adopt permanent procedures in labor disputes.

I am confident that if the recommendations offered to deal with these problems have as a central theme the preservation and strengthening of collective bargaining—as the principles of my bill, H.R. 5638, embody—that a workable, equitable, national labor policy in this field can be found.

In moments of passion and crisis, such as the current dispute prompts, we are apt to be asked to act on "harsh" legislation. I hope this will not be the case, and I feel that no one—the executive department, the Labor Department, or the Congress—really favors stern and restrictive measures.

Our fears of this highly complicated and technical problem must not be allowed to compound the problem. We, the Congress, must face up to it and act accordingly.

If we do not take action on the legislation before us today, the only alternative is for this Congress to go on and on and on, on a piecemeal ad hoc basis, involving ourselves in this situation. I do not agree that the extension is unilateral, that it would help or hurt only one side. I do say that all parties have dealt in

good faith. That includes the carriers and the unions. I do not believe that we are in a position to point a finger to the Justice Department, the Labor Department, or the White House—to the executive department—but, indeed, perhaps we should point it to ourselves because we have not asked for hearings, and if we do not take action, we are going to have much harsher choices facing us.

What I have proposed on this floor is House bill 5638. It is only one of two bills pending before the House. The avowed purpose of it is to try to save collective bargaining. If we do not use this vehicle, or something similar to it, then collective bargaining—as we have known it and which has generally worked well—is a thing of the past.

I call on the Congress to hold hearings on this subject on the solution we are going to try to develop on this ad hoc basis. We should also hold concurrent hearings on this general subject. Time is running out. I believe the American public is entitled to protection and to have hearings start on these things and start immediately.

Mr. STAGGERS. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, I believe when I appeared before the House 20 days ago—almost that—and we asked for an extension of 20 days, until midnight of May 3, the President at that time was in a very difficult situation. It was on a Monday, and he was going to Punta del Este on Wednesday. The leadership of both parties were present, as were almost all of the Members of the other body who are on the Labor Committee, and the members of the House Committee on Interstate and Foreign Commerce.

The President at that time read off some figures on what would happen if we had a strike and the railroads stopped running. I will not go into those in detail, except to say that if it were announced today that the railroads would stop running on Wednesday night, tomorrow there would be no perishable goods forwarded—24 hours before such an event could take place. The Secretary of Defense described what would happen in Vietnam. The Secretary of Transportation described what would happen in steel and in automobiles. The Secretary of Labor went on to describe what would happen in some of the other critical industries upon which Defense depends.

I have had an opportunity this morning to check into this matter a little further, and I find that what was said 20 days ago is just as true today as it was then.

I realize that when we come to a crucial situation such as this, there are only two votes: "Yes" or "No." No one comes to the well of the House and says, "Maybe" or "If you will change it around a little bit, or if you add certain amendments, I will be for it." This is one of the situations where there is no other answer except "Yes" or "No." That is the choice we are faced with at this time.

If you vote "No," you are willing to accept the responsibility of cutting off those services not only needed in this country, but also needed by our fighting men in Vietnam.

There simply is no way of evading this kind of responsibility, regardless of what our philosophic beliefs may be about the whole question of bargaining between labor and management. That is the situation we are faced with today, and we have to say yes or no to that.

May I say, I am not being critical of anyone who may vote no. He may feel his conscience so dictates, and he is certainly entitled to vote as his conscience tells him.

I will admit that the President very carefully limited what he is going to send down here. The President's letter on April 28 to Mr. Speaker and to the Vice President, uses these words:

> This additional period will give the Congress time prudently to consider legislation which will protect the public interest.

And these are the three important words—"in this case."

The President does not say anything about sending legislation pursuant to the recommendations which he had in his state of the Union message in January of 1966.

I believe some Members are under the impression that the President will send down here some general legislation to meet issues on this subject in all instances. By the paragraph I have read in this case, I do not believe that is true. I believe the President will send down recommendations only for a solution which he considers a solution in this particular case.

I may have a statement to issue a little later in the day on this particular point, but I do call this to the attention of Members at this time, and that is my understanding of what the particular paragraph means.

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

Mr. SPRINGER. I yield to the distinguished Speaker.

Mr. McCORMACK. What will happen if we do not pass this measure? That is the other side of the coin.

There will be a strike, starting tomorrow at midnight.

What effect will that have upon the country, not only internally but also in connection with responsibilities abroad?

I listened to my friend, the gentleman from California [Mr. Moss], for whom I have great affection and high regard. I do not see where any of us would disagree with much of what he said, but we are faced with the immediate situation. Most of his remarks were addressed to new legislation, long-range legislation. That takes time.

My friend talks about meeting around the clock. We are practical men. We know it is just impossible between now and tomorrow night at midnight to enact permanent legislation.

So I accept everything my friend from California says as true, and we all can, but it is irrelevant at this particular time with the situation which faces the country.

I urgently urge, in the interest of our country and of our people, the suspension of the rules and the passage of this measure.

The SPEAKER pro tempore (Mr. BOLLING). The time of the gentleman from Illinois has expired.

Mr. STAGGERS. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to my distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, I am supporting this legislation today only on the basis that we were assured at a meeting at the White House on last Friday that the President would specifically ask for this extension and, in addition, he would submit, I believe either today or tomorrow or no later than Wednesday, his ad hoc solution to the current problem; and with the further anticipation that we would have a general legislative recommendation in the labor-management field rather shortly. The latter is long overdue. The President said his recommendations would be forthcoming in his January 1966 state of the Union message. It is now 16 months later and labor-management problems are mounting almost daily. Something must be done, and the sooner the better.

Mr. SPRINGER. May I say there is nothing in this message that says that, but if my distinguished minority leader says that was his understanding, it is certainly in the record.

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

Mr. SPRINGER. I yield to the gentleman from Iowa.

Mr. GROSS. I listened carefully to the gentleman from West Virginia, the chairman of the Committee on Interstate and Foreign Commerce, and I believe he said the President was well aware a year ago in January that a situation of this kind could develop, and at that time said that he would send legislation to Congress dealing with labor and management disputes. For the life of me I do not understand what has happened in the last almost year and a half, that such legislation has not been forthcoming from the White House. This is not to say that I think legislation should necessarily originate in the Office of the President. Far from it, but having told Congress that he would initiate legislation, and with recognition that this problem as well as others in the labor-management field would have to be faced, it is unbelievable that the President failed to act during the last 15 months.

Mr. Speaker, I am opposed to further procrastination in this matter and I will vote against the resolution.

The SPEAKER. The time of the gentleman from Illinois has expired. All time of the gentleman from West Virginia has expired.

The Chair recognizes the gentleman from California [Mr. Moss].

Mr. MOSS. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, I want to pay tribute to the distinguished chairman of the Committee on Interstate and Foreign Commerce for the patient way

in which he has approached this very difficult problem, and I want to thank my very dear friend from California for yielding me this brief time, which I know comes very dearly to him under the proceedings we have before us today.

I rise to express great unhappiness over the situation in which we find ourselves today.

I rise to point out something to labor and management in connection with this legislation. We probably are witnessing today the last opportunity for labor and management to get together not only to resolve this strike without the assistance of the Federal Government but also to preserve the system of free collective bargaining which we have in this country today.

I wish to point out to labor and management that we do not know what the legislation which will be coming up from the White House will entail, nor do we know what the legislation that will finally be enacted by the Congress will compel, but I think it is fair to say that certainly some form of compulsive settlement of this dispute is now at hand.

It is not my purpose here today to fix the blame for the evil situation we see in the negotiations. I think it is fair to say it takes two to make negotiations work and that probably there is an abundance of blame to be shared by both sides.

However, I would point out both to labor and to management that I do not think either will be happy with the results that will follow from legislation in this area. I think it is fair to say that if we go to compulsory arbitration, not only will labor have someone tell them what price they will receive for the work of their membership, and collective bargaining thereby suffer with regard to the cost of wages and services furnished, but also I think management will get a new partner to dictate how profits are to be made and ultimately to dictate how management will make decisions in the railroad industry.

I think if we go to seizure, the result will be equally unhappy. I think a high duty devolves on both parties here today to recognize their duty to protect the great system of free collective bargaining which has worked so well for so many years in this great country. It has built the highest standard of living and one of the finest economic systems in the world. This system is in great jeopardy from those who participate in it. They must observe where compulsory arbitration or seizure has come into being in each instance it has been desperately unhappy for all parties concerned.

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

Mr. DINGELL. I am glad to yield to the gentleman.

Mr. COHELAN. I command the gentleman for his fine remarks and I share in much of what he is saying, but I am wondering why the committee has not held hearings on this subject. The gentleman and the distinguished members of the committee have gone through this on many another occasion and they know the values involved. Why could hearings not have been held?

Mr. DINGELL. I am glad the gentleman raises this question.

Mr. MOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Minnesota [Mr. NELSEN].

Mr. NELSEN. Mr. Speaker, with other members of the committee, I was at the White House when the President asked for a 20-day extension because he was to be out of the country at the time the strike deadline was approaching. Certainly, that would have been no time for a strike. We then granted the 20-day extension.

The administration is now asking for another 47 days. I want to call the attention of the Congress to the fact that the President, in the 1966 state of the Union message, stated the following:

> I also intend to ask Congress to consider measures which without improperly invading state and local authority will enable us effectively to deal with strikes which threaten irreparable damage to the national interest.

I think in these 47 days we can have the hearings we all agree we should have to review the merits and demerits of any proposals which may be submitted. As a result of this feeling on my part, I joined with others in voting for this resolution in our committee this morning. Now I hope we will have the recommendations of the President here very shortly so that proper hearings may be held.

Mr. MOSS. Mr. Speaker, I yield 1 minute to the distinguished chairman of the Committee on Interstate and Foreign Commerce, the gentleman from West Virgina [Mr. STAGGERS].

Mr. STAGGERS. Mr. Speaker, I just want to say again what I did when I first addressed the House. This is an emergency. That is the issue before us. There are many other things we would like to discuss. I will agree, as the Speaker did, that the issues the gentleman from California raised are pertinent and will be taken up by the committee at the proper time. I am certain when 33 Members come out with a bill, it will be fair. We will have threshed it out. I would like to agree with the minority leader as to what took place at the White House last Friday. He very well stated the case. The President said he would come up in a few days with the legislation. That was in his message. I thought it meant this week, I will say. He did point out to us that in over 100 years, no one has yet devised satisfactory permanent legislation in this area. He told us he had several panels of the best minds in America working on this problem, and they have not solved it yet.

Mr. Speaker, I promise the Members of the House that—although we have many other things for consideration which are important to the Nation; we commence hearings tomorrow upon the Comprehensive Health bill—when that legislation comes up from the President we shall cease the other proceedings at that time and take up the legislation with reference to this subject and attempt to get somehing out.

Further, Mr. Speaker, we shall undertake to make the legislation as equitable as we possibly can for the good of the country.

Mr. MOSS. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I wish to express my appreciation to the distinguished chairman of the Committee on Interstate and Foreign Commerce, the gentleman from West Virginia [Mr. STAGGERS], and others, for the assurances that we have received today.

However, Mr. Speaker, in view of the fact of the intervening period of time during which we had no hearings upon this subject—when we had an opportunity to examine the equities of the issues involved—I continue in opposition to this joint resolution.

The SPEAKER. The time of the gentleman from California [Mr. Moss] has expired. All time has expired.

The question is on the motion of the gentleman from West Virginia [Mr. STAGGERS] that the House suspend the rules and pass the joint resolution (H.J. Res. 543).

The question was taken.

Mr. SPRINGER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 302, nays 56, not voting 75, as follows:

[Roll No. 79]

YEAS—302

Adair	Corbett	Haley
Addabbo	Corman	Halleck
Albert	Cramer	Hamilton
Anderson, Ill.	Cunningham	Hammer-schmidt
Anderson, Tenn.	Daddario	Hanley
Andrews, Ala.	Daniels	Hanna
Annunzio	Davis, Ga.	Hansen, Idaho
Arends	Davis, Wis.	Hansen, Wash.
Ashbrook	Dawson	Hardy
Aspinall	de la Garza	Harrison
Bates	Delaney	Harsha
Battin	Dellenback	Harvey
Belcher	Denney	Hathaway
Bell	Devine	Hays
Bennett	Dickinson	Hechler, W. Va.
Berry	Dingell	Heckler, Mass.
Betts	Dole	Henderson
Bevill	Donohue	Herlong
Biester	Dorn	Hicks
Bingham	Dowdy	Holifield
Blanton	Duncan	Holland
Boggs	Dwyer	Hosmer
Boland	Eckhardt	Howard
Bolton	Edmondson	Hunt
Brademas	Edwards, Ala.	Hutchinson
Brasco	Edwards, La.	Irwin
Bray	Eilberg	Jarman
Brinkley	Erlenborn	Joelson
Brooks	Esch	Johnson, Pa.
Broomfield	Eshleman	Jonas
Brotzman	Evans, Colo.	Jones, Ala.
Brown, Mich.	Everett	Jones, Mo.
Brown, Ohio	Fallon	Jones, N.C.
Broyhill, N.C.	Fascell	Kastenmeier
Broyhill, Va.	Flood	Kazen
Buchanan	Flynt	Keith
Burke, Fla.	Foley	Kelly
Burke, Mass.	Ford, Gerald R.	Kleppe
Burleson	Fountain	Kornegay
Burton, Utah	Fraser	Kyros
Button	Frelinghuysen	Laird
Byrnes, Wis.	Friedel	Langen
Cahill	Fulton, Pa.	Latta
Carey	Fuqua	Lennon
Carter	Galifianakis	Lipscomb
Casey	Garmatz	Lloyd
Cederberg	Gathings	Long, La.
Chamberlain	Gettys	Long, Md.
Clancy	Giaimo	Lukens
Clark	Gibbons	McCarthy
Clausen, Don H.	Gilbert	McClory
Clawson, Del	Goodell	McClure
Collier	Goodling	McCulloch
Colmer	Gubser	McDade
Conte	Gude	McDonald, Mich.
	Gurney	
	Hagan	

McFall	Pirnie	Springer
McMillan	Poage	Stafford
MacGregor	Poff	Staggers
Machen	Pollock	Stanton
Mahon	Pool	Steed
Mailliard	Price, Tex.	Steiger, Ariz.
Marsh	Pryor	Stephens
Martin	Quie	Stratton
Mathias, Calif.	Railsback	Stubblefield
Mathias, Md.	Randall	Stuckey
Matsunaga	Rarick	Taft
May	Reid, Ill.	Talcott
Mayne	Reid, N.Y.	Taylor
Meskill	Reifel	Teague, Calif.
Michel	Reinecke	Thompson, N.J.
Miller, Ohio	Rhodes, Ariz.	Thomson, Wis.
Mills	Riegle	Tiernan
Minish	Rivers	Tuck
Mink	Roberts	Tunney
Minshall	Robison	Ullman
Mize	Rodino	Utt
Monagan	Rogers, Fla.	Vander Jagt
Montgomery	Rooney, Pa.	Vigorito
Moore	Rosenthal	Waldie
Moorhead	Roth	Walker
Morris, N. Mex.	Roudebush	Watkins
Morse, Mass.	Roush	Watson
Morton	Rumsfeld	Watts
Mosher	Ruppe	Whalen
Multer	St Germain	White
Myers	Satterfield	Whitener
Natcher	Schadeberg	Whitten
Nedzi	Scheuer	Widnall
Nelsen	Schneebeli	Wiggins
Nichols	Schweiker	Williams, Pa.
O'Hara, Mich.	Schwengel	Winn
O'Neal, Ga.	Scott	Wolff
Ottinger	Shriver	Wright
Patman	Sikes	Wyatt
Patten	Sisk	Wylie
Pelly	Skubitz	Wyman
Pettis	Slack	Yates
Philbin	Smith, Calif.	Young
Pickle	Smith, Iowa	Zablocki
Pike	Smith, Okla.	Zion

NAYS—56

Adams	Gonzalez	Olsen
Andrews, N. Dak.	Green, Pa.	Perkins
	Gross	Price, Ill.
Barrett	Grover	Pucinski
Blatnik	Hawkins	Reuss
Bolling	Horton	Rooney, N.Y.
Brock	Johnson, Calif.	Roybal
Burton, Calif.	Karsten	Ryan
Byrne, Pa.	Kee	Saylor
Cleveland	King, Calif.	Scherle
Cohelan	King, N.Y.	Shipley
Curtis	Kirwan	Snyder
Dulski	Kupferman	Steiger, Wis.
Edwards, Calif.	Kyl	Thompson, Ga.
Farbstein	Leggett	Vanik
Feighan	Madden	Wampler
Findley	Moss	Wilson, Charles H.
Ford, William D.	Murphy, Ill.	
	O'Hara, Ill.	Zwach
Gallagher	O'Konski	

NOT VOTING—75

Abbitt	Gray	Purcell
Abernethy	Green, Oreg.	Quillen
Ashley	Griffiths	Rees
Ashmore	Hall	Resnick
Ayres	Halpern	Rhodes, Pa.
Baring	Hébert	Rogers, Colo.
Blackburn	Helstoski	Ronan
Bow	Hull	Rostenkowski
Brown, Calif.	Hungate	Sandman
Bush	Ichord	St. Onge
Cabell	Jacobs	Selden
Celler	Karth	Smith, N.Y.
Conable	Kluczynski	Sullivan
Conyers	Kuykendall	Teague, Tex.
Cowger	Landrum	Tenzer
Culver	McEwen	Udall
Dent	Macdonald, Mass.	Van Deerlin
Derwinski		Waggonner
Diggs	Meeds	Whalley
Dow	Miller, Calif.	Williams, Miss.
Downing	Morgan	Willis
Evins, Tenn.	Murphy, N.Y.	Wilson, Bob
Fino	Nix	Wydler
Fisher	O'Neill, Mass.	Younger
Fulton, Tenn.	Passman	
Gardner	Pepper	

So (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution (H.J. Res. 543) was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Bow.

Mr. O'Neill of Massachusetts with Mr. Conable.

Mr. Evins of Tennessee with Mr. Kuykendall.

Mr. Dent with Mr. Whalley.

Mr. Miller of California with Mr. Bob Wilson.

Mr. Rogers of Colorado with Mr. Ayres.

Mr. Ronan with Mr. Bush.

Mr. Hull with Mr. Quillen.

Mrs. Green of Oregon with Mr. Blackburn.

Mr. Waggonner with Mr. Gardner.

Mr. Tenzer with Mr. Wydler.

Mr. Ashmore with Mr. Hall.

Mr. Celler with Mr. Diggs.

Mrs. Griffiths with Mr. Fino.

Mr. St. Onge with Mr. Halpern.

Mr. Resnick with Mr. Conyers.

Mr. Murphy of New York with Mr. McEwen.

Mr. Morgan with Mr. Sandman.

Mr. Kluczynski with Mr. Derwinski.

Mr. Van Deerlin with Mr. Nix.

Mr. Teague of Texas with Mr. Cowger.

Mrs. Sullivan with Mr. Smith of New York.

Mr. Culver with Mr. Younger.

Mr. Gray with Mr. Baring.

Mr. Passman with Mr. Fisher.

Mr. Macdonald of Massachusetts with Mr. Brown of California.

Mr. Williams of Mississippi with Mr. Dow.

Mr. Landrum with Mr. Downing.

Mr. Ashley with Mr. Cabell.

Mr Abernethy with Mr. Helstoski.

Mr. Abbitt with Mr. Fulton of Tennessee.

Mr. Rostenkowski with Mr. Rhodes of Pennsylvania.

Mr. Purcell with Mr. Selden.

Mr. Pepper with Mr. Rees.

Mr. Karth with Mr. Meeds.

Mr. Hungate with Mr. Willis.

Mr. Udall with Mr. Jacobs.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 8363. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1039. An act to extend the authority of the Postmaster General to enter into leases of real property for periods not exceeding thirty years, and for other purposes.

PERSONAL ANNOUNCEMENT

Mr. PHILBIN. Mr. Speaker, I wish the record of today's proceedings to show that the gentleman from Missouri [Mr. ICHORD] and the gentleman from Alabama [Mr. DICKINSON] were unable to be here for the vote on the legislation concerning the Railway Labor Act because they are out of the city on official business for the Committee on Armed Services. At the specific direction of the chairman of the committee, they have journeyed to Otis Air Force Base in Massachusetts to conduct an on-the-spot investigation of a series of airplane crashes at that installation.

AUTHORIZATION FOR SALINE WATER CONVERSION PROGRAM

Mr. ASPINALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6133) to authorize appropriations for the saline water conversion program, to expand the program, and for other purposes, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of July 3, 1952 (66 Stat. 328), as amended (42 U.S.C. 1951 et seq.), is hereby further amended as follows:

(a) In section 8 strike out "$90,000,000, plus such additional sums as the Congress may hereafter authorize and appropriate but not to exceed $185,000,000," and insert "$105,782,000, plus such additional sums as the Congress may hereafter authorize and appropriate but not to exceed $169,218,000,".

(b) In subsection 2(b) after "laboratory," insert "test bed,".

(c) At the end of subsection 2(b) change the semicolon to a colon and add the following: *"Provided,* That any test bed plant, module or component costing in excess of $1,000,000 shall not be undertaken until specifically authorized by Congress: *Provided further,* That the five demonstration plants authorized by the Act of September 2, 1958 (70 Stat. 1706), as amended (42 U.S.C. 1958 (d)), shall hereafter be regarded as test beds subject to the provisions of this Act, but the provisions of sections 3 and 6 of such Act and those provisions of section 4 relating to the method of disposal and disposition of the proceeds of sale shall continue to be applicable to them;".

(d) In subsection 2(c) strike out "demonstration" and insert "prototype".

(e) Add a new section 9 to read as follows:

"SEC. 9. This Act may be cited as the 'Saline Water Conversion Act'.".

SEC. 2. Of the amount of $105,782,000 authorized to be appropriated by section 8 of the Saline Water Conversion Act, the unappropriated balance of $23,282,000 may be appropriated and combined with $3,500,000 heretofore appropriated but remaining unobligated at the end of fiscal year 1967, to carry out the program during the fiscal year 1968, as follows:

(i) Research and development operating expenses, not more than $18,532,000;

(ii) Design, construction, acquisition, modification, operation and maintenance of saline water conversion test beds and test facilities, not more than $4,298,000;

(iii) Design, construction, acquisition, modification, operation and maintenance of saline water conversion modules, not more than $2,190,000; and

(iv) Administration and coordination, not more than $1,762,000:

Provided, however, That expenditures and obligations under any of these items except the last may be increased by not more than 10 per centum if such increase is accompanied by an equal decrease in expenditures and obligations under one or more of the other items, including the last.

The SPEAKER. Is a second demanded?

Mr. SAYLOR. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Colorado [Mr. ASPINALL] is recognized for 20 minutes.

Mr. ASPINALL. Mr. Speaker, the purpose of this legislation is to authorize additional appropriations for the saline water conversion program and to

amend the Saline Water Conservation Act in certain other respects. This is the legislation referred to by the gentlewoman from Washington [Mrs. HANSEN], last Wednesday, when we had the Interior Department appropriation bill under consideration, in explaining why only $7.5 million was included in that bill for the saline water program. As Mrs. HANSEN stated, only $7.5 million remains of the amount presently authorized to be appropriated for this program, and authorizing legislation is needed before the full program for fiscal year 1968 can be funded. The increase in the amount authorized to be appropriated provided for in H.R. 6133 will make available for appropriation in fiscal year 1968 a total of $26,782,000, which is the amount recommended in the President's budget. If this legislation is enacted without undue delay, the other body can consider for appropriation the full amount recommended in the President's budget and the final amount to be appropriated for fiscal year 1968 can be determined in the conference of the two Houses.

Mr. Speaker, in addition to authorizing additional appropriations, this legislation amends the Saline Water Conversion Act to give the Secretary authority to construct and use test bed plants, which are intermediate-size plants, in the research and development work. With this additional authority, the existing demonstration plants can be integrated into the regular research program in order to permit them to be used as test beds in conducting further research. The basic act also is amended by redesignating as "prototype plants" the large plants which must be recommended to the Congress and specifically authorized by the Congress. They are now referred to in the act as "demonstration plants." These changes in the basic act have the effect of clarifying the definitions for the full sequence in the development of a process and conforming the terminology in the act to that currently in use throughout the industry. One additional amendment to the Saline Water Conversion Act adopted by the committee requires that any test bed plant, module or component costing in excess of $1 million must be specifically authorized by the Congress.

Mr. Speaker, this legislation authorizing appropriations only for fiscal year 1968 is an outgrowth of action taken by the 89th Congress in the act of August 11, 1965. The Congress then had before it an administration proposal calling for an extension of the saline water conversion program through fiscal year 1972 and a $200 million increase in the amount authorized to be appropriated. In our consideration of that legislation, we concluded that, while it was appropriate for the Office of Saline Water to be given a firm basis on which to plan operations over a 5-year period, the program should be reviewed annually and that actual appropriation authorization should likewise be sought annually.

Pursuant to the 1965 act, the legislation embodied in H.R. 6133, as introduced, was recommended to the Congress. However, instead of going along with the year-by-year authorization, the Department asked for the authorization of appropriations for 3 years and made its presentation to the committee on that basis. Nevertheless, the committee's position has not changed. We still favor a year-by-year program authorization act, and we are convinced that this can be done without sacrificing management flexibility or research progress. The research and development programs for NASA, the Defense Department, and the Atomic Energy Commission are authorized year by year and we expect to handle this program, which now involves a sizable amount of money in the same way. The very nature of this program makes it quite uncertain from one year to the next what direction the research effort should take and the committee believes that a year-by-year authorization is necessary in order to meet its oversight responsibility.

Mr. Speaker, when the saline water conversion program was first authorized in 1952 it was hoped that the American scientific community would be able to quickly provide desalting processes for furnishing cheap water. Although this goal still has not been attained, there has been progress toward economic desalting and certainly we now have a better understanding of the magnitude of the problem. One measure of progress in this endeavor to develop low-cost desalting processes is the application of the technology attributable to the program. Primarily as a result of this Federal research program, a new and rapidly growing industry has been born. More and more commercial plants are being built each year not only in this country but in other nations around the world. During 1966 alone, U.S. manufacturers sold desalting equipment sufficient to produce an additional 22½ million gallons of fresh water daily. Development progress for one process—the multistage distillation process—has advanced to the point where it will be tested in a large-scale plant in the expectation of showing water production costs of around 22 cents per thousand gallons. This is the metropolitan water district plant which this body approved a couple of weeks ago. We anticipate that, as this new industry expands and new technology is acquired, we will reach the point where the activities of the Office of Saline Water can be phased out until eventually this federally sponsored research program can be terminated.

Mr. Speaker, the Committee on Interior and Insular Affairs has thoroughly examined the program involved in this legislation and I urge approval of H.R. 6133 as amended by the committee.

Mr. SAYLOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 6133, a bill to authorize appropriations for the saline water conversion program, to extend the program, and for other purposes.

The purpose of H.R. 6133, is to increase the amount authorized to be appropriated for fiscal 1968, which will make available for 1968, a total of $26,782,000, the amount requested in the President's budget. H.R. 6133, also expands the changes the saline water conversion program by authorizing the construction of "test bed" and "prototype" plants and integrates the demonstration plant program into the regular research and development program.

Mr. Speaker, it is amusing to note that on April 20, 1967, this body passed H.R. 207, a bill to provide for the participation of the Department of the Interior in the construction and operation of a large prototype desalting plant. Now, we are here amending the basic act to provide the Department of the Interior with the authority to participate in the construction and operation of "prototype" plants. This "legislation leapfrogging" has already created chaos in the saline water conversion program. And I should like to remind my colleagues that the supposedly related legislation passed by this body less than 2 weeks ago was a grant-in-aid to the Metropolitan Water District of California, which should not have been considered or passed until this bill, H.R. 6133, was considered and passed by this House. If such a procedure had been followed, I think that legislation would have been considered in a much different light by the Members of this House. Such action was a deviation from the saline water conversion program as previously approved by the Congress.

The legislation now before this House, amends the saline water conversion program previously approved by the Congress. I have supported that program and will continue to do so, in the hope that there will be a real breakthrough in the desalting processes to produce potable water at reasonable costs. At the same time, I would ask my colleagues to pay close attention to the saline water conversion program to determine what progress, if any, is being made. After 15 years of research and development and the expenditure of $110 million, it becomes our responsibility to carefully scrutinize the progress of the saline water conversion program.

Because of the House action on the 20th day of April, the House stated we did not need to worry about any planned program of research and development in the saline water conversion program; that we should just "leapfrog" all over everything that had been previously outlined by the Office of Saline Water, and go right ahead and spend $72 million as a gift to the MWD and the people of Los Angeles, and produce 150 million gallons of water a day.

I tried to make the House realize on April 20 that passage of H.R. 207 was the wrong procedure. As I said then and as I reiterate today—the Office of Saline Water has never built a plant to produce 1 million gallons of water per day on a sustained basis. Several Members from California came forward and said there were plants in existence that had produced more than 1 million gallons of water a day—and I do not deny that—but the Office of Saline Water, on whom we have spent $110 million in research and development, has yet to construct a plant which will produce 1 million gallons of water per day on a continuous basis of 365 days.

The only people who should vote for this bill are the 32 Members who voted against the bill on April 20, and the 80 Members who were absent.

This bill H.R. 6133 should be passed. I would hope the President would veto the other one we passed on April 20. H.R. 6133 provides the procedure which the Director of the Office of Saline Water and the Assistant Secretary of the Interior asked for. H.R. 6133, expands the authority of the Office of Saline Water, and the saline water conversion program, by authorizing the construction of test beds and prototype plants, and allows the demonstration plant program to be integrated into the regular research and development program.

This is the bill that should have been brought up first and passed, since it is a good bill and since it says to the Office of Saline Water "we have hope for you—you are taking in this bill the right approach."

The bill provides the money for 1 year, and requires the Office of Saline Water to come back each year to the respective committees of the House of Representatives and submit a progress report.

On the basis of these reports, we may give them additional authorization if they show progress under the program that has been approved. If they do, then I am sure the next year, and in the several years to follow, we will again come before the House asking for additional authorization.

There is great hope that the Office of Saline Water can either use one of the three methods they are working on now, or we hope come up with a new method which will produce large quantities of potable water either from sea water, from brackish water, or minerally charged water in some sections of our country. That is the challenge I think exists for the Office of Saline Water.

Mr. Speaker, once again this legislation provides the authority, flexibility, and changes requested by the Department of the Interior and the Office of Saline Water to accomplish the purposes for which it was established. I support the bill and urge its passage.

The SPEAKER. The question is on the motion of the gentleman from Colorado that the House suspend the rules and pass the bill H.R. 6133, as amended.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

MANPOWER REPORT TO THE CONGRESS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 116)

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

To the Congress of the United States:

In January 1966, 14 young men—high school dropouts—enrolled in a Baltimore Neighborhood Youth Corps program. Eight months later, most of them had returned to school, helped by part-time work and wages received through job training.

Last February in the same city, 29 women—all on relief rolls—graduated from a federally sponsored course to train nurses' aids. Today they are off welfare, working in hospitals. As they help themselves and their families, they are helping the Nation meet its critical shortage of health workers.

In Chicago last summer, six employment offices were set up for teenagers under the Manpower Development and Training Act—and run by the young people themselves. Through these centers, 750 young men and women got jobs. What might have been empty summers became, for them, a satisfying, productive time.

These examples of progress are the result of programs begun only a few years ago—programs which reflect the Nation's commitment to a positive manpower policy.

By bringing new skills to thousands of Americans, these programs are fueling the ambitions and fulfilling the hopes of many who might otherwise have been condemned to idleness—not by choice but by lack of opportunity.

This manpower report to the Congress, submitted under the Manpower Development and Training Act, surveys the progress we have made in the last year. It also points up the troubling and persistent problems of unemployment in a prosperous economy—and the steps we must take to overcome those problems.

1966—A YEAR OF PROGRESS

An effective manpower policy depends on a healthy economy. In 1966, this Nation's unemployment rate dropped below 4 percent—reaching a 13-year low. Seventy-four million people were working, nearly 2 million more than when the year began.

The total production of goods and services in America increased to a historic $740 billion—$58 billion more than in 1965. On the whole, jobs were paying better than ever and were more regular and secure than they had been in many years. More than 98 percent of men in the labor force with families to support were at work. The after-tax income of American families increased, after allowing for price increases, by 3.5 percent.

This economic progress did not occur by chance. It was the achievement of business and labor. It was the result of gradually improving education. Much of it also came from careful efforts by Government to encourage and sustain economic growth—and to carry out humane and positive manpower programs.

Those efforts—even the newest of them—have been remarkably fruitful. Through the Economic Opportunity Act of 1964, the Elementary and Secondary Education Act of 1965, the Higher Education Act of 1965, the Manpower Development and Training Act of 1962, strengthened by the 1965 and 1966 amendments, and through other progressive measures, we have taken vital steps to assure opportunity to all our citizens.

By the end of last year, for example, under the Manpower Development and Training Act programs:

About 600,000 unemployed and underemployed workers had been enrolled in training;

Three out of four trainees who completed their classroom work had gone on to regular employment;

Nearly nine out of 10 citizens who had completed on-the-job training were gainfully employed;

Thousands of citizens most in need of help—Negroes, Puerto Ricans, Mexican-Americans, and other disadvantaged young Americans—had received training;

Workers by the thousands were being trained to relieve acute manpower shortages in the health fields and in a variety of other occupations.

By late 1966, under the Economic Opportunity Act:

More than 800,000 young people had received a new start through the Neighborhood Youth Corps.

Thousands of poor boys and girls, many who were at less than a fourth-grade literacy level, had gotten training and jobs through the Job Corps.

Two hundred thousand young men and women, who might have been forced to leave college because of financial difficulties, had continued their education through the college work-study program.

One hundred and thirty-eight thousand needy family breadwinners were given new skills through the work experience and training program.

These programs are helping more than a million Americans each year to gain the knowledge and skills needed for steady productive employment.

THE PARADOX OF PROSPERITY

Our manpower programs have accomplished much. They must be continued—and their momentum increased. For the year 1966 reminded us that expansion of the economy will not, by itself, eliminate all unemployment and underemployment.

Last year the overall unemployment rate dropped to 3.8 percent and the rate for married men to below 2 percent, an impressively low figure. But we have no reason to be complacent. The tragedy of joblessness is not only in the amount of unemployment—but in the kind of unemployment.

Over 12 percent of our young people aged 16 to 19 were still looking for jobs at the year's end.

Among Negroes and other minority groups, the unemployment rate was almost double the overall rate.

In slums and depressed rural areas, joblessness ran close to 10 percent. And one out of every three people in those areas who are or ought to be working today faces some severe employment problem.

Much of this unemployment occurred not because jobs were unavailable, but because people were unable to fill jobs, or, for various reasons, unwilling to fill them.

Often the job is in one place—but the worker in another.

Or the job calls for a special skill—a skill the unemployed person does not have.

The employer insists on a high school diploma—but the job seeker quit school without this qualification.

An employer demands a "clean record"—but the applicant has a record marred by a juvenile arrest.

A job offers 1 day's work a week—but

the worker needs 5 days' pay to support his family.

All these problems have long been with us. In the past, however, they were often obscured by general unemployment: when thousands of skilled experienced workers were searching for work, scant attention was paid to the jobless high school dropout.

Today, illuminated by prosperity, these problems stand out more clearly.

At the end of 1966, about 2.9 million workers were unemployed. But it is estimated that during the course of the year, about 10.5 million workers suffered some unemployment.

About three-quarters of the 10.5 million workers were only temporarily out of jobs—and soon found work. The young worker just entering the labor force belongs to this group; the bank teller who has left his job to seek a better one; the lathe operator who has been laid off while adjustments are made in the production schedule.

We cannot eliminate all temporary unemployment. In a free and mobile society, people must be able to change jobs and get better ones; workers must be able to leave and enter the labor force at will; and the rate of production of particular firms and industries must be free to respond to market forces.

We must seek, however, to minimize the hardships of temporary unemployment—

By making it unnecessary for young men and women to spend long weeks job hunting after they leave school;

By providing greater year-round opportunities to seasonal workers;

By improving job referral services to bring jobs and workers closer together.

Our manpower programs seek to do just those things—and to reduce the waste and frustration that result from even short spells of unemployment.

But our manpower programs must do more. They must reach the workers who are unemployed for long periods and those who are frequently out of work.

Preliminary estimates from our labor force survey show that during 1966 there were 2.5 million American workers who were jobless for 15 weeks or more during the year. Of those, about 700,000 were out of work during more than half of the year. Another one-half to 1 million potential workers had abandoned the search for a job, at least temporarily, and were not even counted as unemployed. Still another 500,000 unemployed were probably missed by the labor force survey. Others were employed at part-time jobs when they needed full-time work.

Some of these workers should not be in the labor force at all, including those too old or too ill to hold steady jobs. These people can be helped by improvements in our health, public assistance, and social security programs.

Others in this group have the skill and experience to find and hold good jobs. They can be helped by improvements in our employment services, and by actions to reduce seasonal unemployment.

But there are many who need special manpower services before they can become fully adequate workers and earners. Precise measurement of the magnitude of the task ahead is difficult—indeed, impossible. But we can estimate that there are roughly 2 million potential workers who can be helped and are willing to help themselves.

These are the dropouts—young men and women who have left school with inadequate education and without skills. Lacking experience, they cannot find work; lacking work, they can never get experience.

They are older workers whose obsolete skills are useless in today's job market.

They are Negroes, Mexican-Americans, Puerto Ricans, and others barred from jobs by other people's prejudice.

They are the illiterate, the migrants, the mentally and physically handicapped, the young men rejected as unfit for military service.

This is the effort that has to be made—to reduce unemployment to the point where all that remains is the result of inevitable movements within the work force, irreducible seasonal factors, and a small number of people whose disadvantages or circumstances preclude their satisfactory employment.

The remaining problem is formidable, and its solution will take time. But it is of manageable proportions.

Never before have we had so great an opportunity—or so urgent an obligation—to bring training and skills to people willing to help themselves.

These Americans need hope, not handouts. They want, and deserve, work and training, not welfare.

NEW DIRECTIONS IN MANPOWER POLICY

If we are to proceed in practical ways to assist the unemployed, we must pursue five new directions in manpower policy.

1. WE MUST BRIDGE THE GAP BETWEEN EDUCATION AND WORK

Few nations—perhaps none—can match the achievements of our educational system. None equals the record of our economy. Yet our youth unemployment rate is the highest of any modern nation.

We pay too little attention to the two out of three young people who do not go to college and the many others who do not finish college. As citizens and supporters of public education, we should be as concerned about assisting them in their transition from school to job as we are about preparing others for college.

Too many young men and women face long and bitter months of job hunting or marginal work after leaving school. Our society has not yet established satisfactory ways to bridge the gap between school and work. If we fail to deal energetically with this problem, thousands of young people will continue to lapse into years of intermittent, unrewarding and menial labor.

Our interest in a young person should not stop when he finishes—or drops out of—school. Our concern should become even greater then. It should extend to the point at which every young person becomes self-sufficient. Any other view would not only lack humanity—it would be false economy.

Other nations have developed broad industry training and internship programs, offering education and experience to young people entering a trade or profession. Still others have established close ties between educational institutions and employment agencies at all levels.

We can profit by these examples if we:

Build into our employment system a broader concept of apprenticeship and work experience;

Establish in our educational programs opportunities for students to learn more about the world of work;

Build a system in which education and work experience are brought together to provide the kind of preparation that fits the needs of our society.

To achieve these ends, I am directing the Secretary of Labor and the Secretary of Health, Education, and Welfare to make a thorough study of the relationship between our educational programs and our manpower programs, between learning and earning in America. By more closely relating the two we can reduce the high unemployment rate among young Americans.

In this task, the Secretaries will consult State education and employment agencies, local boards of education, business, and labor leaders, and the special Committee on Administration of Training Programs which Congress recently authorized. They will also review such related problems as the difference between laws relating to the school-leaving age and those governing the age for entering certain occupations, and any applications of minimum wage agreements, laws or practices which inhibit experimentation in adding a work content to educational programs.

2. WE MUST CONCENTRATE OUR EFFORTS

Six years ago, general unemployment plagued the country. Nearly 7 percent of our workers could not find jobs. Every State and almost every city suffered. The situation was far worse in slums and depressed rural areas than in the suburbs—but unemployment was so widespread that it had to be fought everywhere.

The Nation's employment map shows 150 major labor areas. In March and April of 1961, unemployment in 101 of these areas exceeded 6 percent. At the end of 1963, 38 of these 150 areas still suffered high unemployment.

By the end of 1966, only eight of the major labor areas had an unemployment rate above 6 percent. An expanding economy, strengthened educational programs, and public and private manpower training efforts, had created jobs and trained men to fill them.

But 2 million Americans needing employment assistance still remained—Americans who could be helped and who were willing to help themselves. Education, training, swift economic advances somehow had passed them by.

Last year, to develop a body of detailed information about these unemployed citizens and their problems the Secretary of Labor surveyed unemployment in selected slums throughout the country.

This survey concluded that:

Unemployment in the city slums is three times higher than the national average.

One out of three potential workers in those areas is not adequately employed—including those who could be working but are not; those who are working part-time but want full-time jobs, and those who are working full-time but earning substandard wages.

The results of this study show not only where the unemployed are but why they are jobless. The study concluded that despite the spectacular growth of our economy, despite improvements in the human and social conditions of American life, the unemployment rate in many of these depressed areas is as high as it was 6 years ago.

To the extent that the remaining unemployment is concentrated in these areas, our programs also must be concentrated. To scatter our effort now is to waste it.

I have asked Congress to provide an additional $135 million in fiscal 1968 under the Economic Opportunity Act for a new manpower program to provide special assistance to our most disadvantaged citizens.

With these funds, we can:

Focus our services more sharply upon areas and individuals in greatest need.

Tailor these services to the requirements of each individual—counseling, health services, training, and followup assistance on a case-by-case basis.

Enlist the support of local business and labor organizations—the key to any successful employment program.

But the need was too urgent to permit delay. Accordingly, I asked the Secretary of Labor and the Director of the Office of Economic Opportunity, in cooperation with the heads of other Federal agencies, to begin this special manpower program immediately with all available resources.

Our manpower programs also must be specially aimed at two other groups: seasonally employed workers and the handicapped.

Thousands of seasonally employed workers lead hard, uncertain lives. For them, employment is determined not by their abilities or opportunities but by the calendar. Among them are construction workers and hired farm laborers—especially migrant farmworkers, who pick a meager living from the soil, "traveling everywhere but living nowhere."

To help these workers, I have asked the Secretary of Labor in cooperation with the Secretary of Agriculture and the Acting Secretary of Commerce to make a detailed survey of seasonal unemployment and underemployment—and to find ways to deal with these problems.

This study should seek methods by which Federal, State, and local governments, through their contracting procedures and other activities, can reduce seasonal lags in employment, especially in the construction industry. It should explore the feasibility of a migrant manpower corporation and other ways to help regularize the employment of hired farmworkers, particularly migratory farmworkers.

For thousands of mentally and physically handicapped Americans, employment has too long been considered an exclusive concern of "charity." Yet, we know that many handicapped citizens can learn important skills, and can become effective workers.

I am directing the Secretary of Labor and the Secretary of Health, Education, and Welfare to explore additional ways in which business, industry, and government can provide more meaningful employment opportunities to handicapped citizens.

3. WE MUST MAKE OUR OVERALL MANPOWER EFFORT MORE EFFICIENT

Our major commitment to an affirmative manpower policy is relatively recent. Many of our manpower programs are new, and we are still building the machinery to carry them out. By a combination of law and delegation of authority, the Department of Labor has primary operating responsibility for manpower programs.

But the problems of manpower development cut across organizational lines. They are closely intertwined with problems of social, economic, and educational development. Accordingly, the Department of Labor has established close working ties with the Department of Health, Education, and Welfare, Office of Economic Opportunity, and other Federal agencies having responsibilities in these areas.

Perhaps the most important of these new working ties is the recent delegation of several OEO adult work and training programs to the Department of Labor. These arrangements link the Labor Department's responsibility in the manpower area with OEO's responsibility for coordinating antipoverty programs. They provide local initiative by the carrying out of local programs through Community Action Agencies wherever this is practicable.

We are working to strengthen those ties: to centralize, consolidate, and streamline our operations.

The task of manpower development, of course, cannot be a Federal task alone. Recognizing this, we are placing greater emphasis on on-the-job training programs conducted by private employers.

As the demand increases for workers with special skills, we should take positive steps particularly to encourage private job training efforts:

First. We must obtain reliable information on which to base our plans. I have asked Congress to provide funds for a systematic study by the Secretary of Labor to answer these questions: What public and private job training programs are now available? Whom do they serve? What needs remain unmet?

Second. I am directing the Secretary of Labor and the Acting Secretary of Commerce, in cooperation with other Federal agencies, to establish a task force on occupational training. This task force, with members drawn from business, labor, agriculture and the general public, will survey training programs operated by private industry, and will recommend ways that the Federal Government can promote and assist private training programs.

Third. I have recommended that Congress provide an additional $5.6 million to enable the Secretary of Labor to aid private industry in experimental projects providing a wide range of services and training to seriously disadvantaged workers.

Fourth. I am asking the Secretaries of Labor and Agriculture to conduct a study to determine both short-term and future manpower needs and the supply of workers in rural America. With this information, we will be able to plan to meet the needs of our workers and of our rural economy.

4. WE MUST MAKE MILITARY SERVICE A PATH TO PRODUCTIVE CAREERS

Members of the Armed Forces have an opportunity to perform vital military service. They can also acquire knowledge and experience to prepare them for civilian careers after their service.

In fiscal 1966, 750,000 servicemen completed specialized training programs. In almost 2,000 different courses, from automobile repair to aerospace technology, these young citizens have gained skills and experience which help them to obtain civilian jobs.

The armed services have also made educational growth possible for thousands of servicemen through the U.S. Armed Forces Institute and other educational programs. Nearly 80,000 servicemen earned the equivalent of a high school diploma last year.

In addition, the Secretary of Defense has launched Project 100,000 to accept and train thousands of young men who were previously rejected as unfit for military service. Under this program, 40,000 young men are joining the Armed Forces this year; 100,000 will join next year. All will receive specialized training to help them become good soldiers—and later, productive citizens.

There are, of course, some military specialists whose training does not lead directly to civilian employment.

To help them, I have asked the Secretary of Defense to make available, to the maximum extent possible, in-service training and educational opportunities which will increase their chances for employment in civilian life.

5. WE MUST WORK TOWARD A MORE COMPREHENSIVE MANPOWER PROGRAM

If our manpower programs are to reach as many workers as they must, we should strengthen the Federal-State employment service so that it can improve job placement, provide better training and job information, and offer guidance and counseling to all those who need these vital services.

A sound economic and manpower policy also requires effective measures for maintaining the income of the worker and his family when working patterns change.

I urge the Congress to amend the unemployment insurance laws to provide training, guidance, or other services in conjunction with extended benefits to the long-term unemployed. I urge Congress also to extend the protection of the system to additional workers, to establish a more realistic level of benefits, and to correct the abuses which occur within the present system.

Along with the improvements I have proposed in the social security system and our public assistance programs, these steps will enhance the lives of millions

of poor families and give them incentives to improve their education and their job potential. Further, I have proposed under the Economic Opportunity Act that Job Corpsmen, Neighborhood Youth Corpsmen, and others engaged in work and training under that act should be given greater incentives to work, by allowing them to earn more without a corresponding loss of welfare assistance to their families.

Our economic system must have adequate "manpower"—but manpower is not enough. The economic system is a means. Its end is the individual.

To better serve the deeper purpose of our manpower programs, we must seek answers to the most fundamental questions about unemployment.

I therefore urge the Congress to provide $20 million for a special census of 3 million households in America.

Among other data, this population census will give us vitally needed manpower information about unemployed Americans. It will provide for us a more complete profile of the jobless worker. Where does he live? How much education and training does he have? What are his health and economic problems? What other obstacles must be overcome to find and hold a job?

CONCLUSION

We know that a vigorous economy and an effective educational system are the bedrock of an effective manpower policy.

Our economy is healthy, and our unemployment rate is low. We work with constant vigilance to keep that rate low.

The 18 landmark educational measures I proposed and you in the Congress enacted are symbols of our belief that education is the most important investment we can make in the Nation's future.

Thus, on these foundations—a thriving economy and educational progress—we can shape our manpower policies to—

Prevent the misuse, and nonuse, of our youth.

Meet squarely the problems of the 2 million Americans who need employment assistance and who stand ready to help themselves.

Meet the needs of a burgeoning economy for skilled workers.

Help workers with special employment problems—the handicapped, the migrant worker, the armed services rejectee.

Bring workers to jobs as well as jobs to workers.

Develop a closer partnership with business and private agencies.

We are heartened by the progress of our manpower programs over the past years. This progress is not material for bold headlines: quiet victors seldom are.

One man's struggle to improve himself, to learn new skills and discard old habits, is deeply personal and often painful.

But each day victories are being won—in dozens of neighborhood youth centers, in scores of Job Corps camps, in thousands of training projects under the Manpower Development and Training Act.

Often our progress is measured not by what happened but by what has been avoided. The high school dropout whose name might have been recorded on a police blotter—but was not because he learned a skill and got a good job. The father of five who might have waited in line for his relief check—but did not because he was trained and went on to steady employment.

The yardstick we must use is not what we have accomplished in the past—but what we must do in the future.

We will do our best. We will try and try again. We will never lose sight of our goal—to guarantee to every man an opportunity to unlock his own potential; to earn the satisfaction of standing on his own two feet.

Our goal, in short, is to offer to every citizen one of the greatest blessings: a sure sense of his own usefulness.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *May 1, 1967.*

EXTENSION OF AUTHORITY OF THE POSTMASTER GENERAL TO ENTER INTO LEASES OF REAL PROPERTY FOR PERIODS NOT EXCEEDING 30 YEARS

Mr. DULSKI. Mr. Speaker, the bill, H.R. 8553, to extend the authority of the Postmaster General to enter the authority of the Postmaster General to enter into leases of real property for periods not exceeding 30 years, and for other purposes, is on the Suspension Calendar for today. However, an identical bill, S. 1039, passed the other body earlier today, and is now on the Speaker's table. Therefore, in lieu of calling up H.R. 8553, I move to suspend the rules and pass the bill, S. 1039, to extend the authority of the Postmaster General to enter into leases of real property for periods not exceeding 30 years, and for other purposes.

The Clerk read as follows:

S. 1039

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the portion of section 2103(a), title 39, United States Code, which precedes paragraph (2) thereof is amended to read as follows:

"(a) Whenever the Postmaster General determines after consultation with the Administration of General Services, that it is not desirable or feasible to construct a postal facility under the provisions of the Public Buildings Act of 1959, as amended (40 U.S.C. 601–615), the Postmaster General, in addition to the authority conferred upon him by section 2102 of this title may—

"(1) negotiate and enter into lease agreements which do not bind the Government for periods exceeding thirty years, on such terms as the Postmaster General deems to be in the best interest of the United States, for the erection by the lessor of special-purpose post office buildings on lands sold, leased, or otherwise disposed of by the Postmaster General to or otherwise acquired by, the lessor;"

(b) Section 2103, title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) As used in this section the term 'special purpose post office buildings' means a building which has the following characteristics:

"(1) it is situated in a particular geographical location to make it convenient for processing mail;

"(2) it is designed in a particular configuration to make it convenient for processing mail; and

"(3) At least thirty days prior to entering into a lease agreement under this section or under section 2102 of this title for a special-purpose post office building having gross floor space exceeding twenty thousand square feet, the Postmaster General shall transmit to the Committee on Public Works of the Senate and the Committee on Post Office and Civil Service of the House of Representatives a report which includes a full and complete statement concerning the need for such an agreement and the facts relating to the proposed transaction.

"(f) A statement in the lease agreement that the requirements of subsections (d) and (e) have been met, or that the lease agreement is not subject to these subsections, is conclusive."

(c) The text of section 2109, title 39, United States Code, is amended to read as follows: "Agreements may not be entered into under sections 2104 and 2105 of this title after July 22, 1964, and under section 2103 after June 30, 1972."

The SPEAKER. Is a second demanded?

Mr. CORBETT. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from New York is recognized for 20 minutes.

Mr. DULSKI. Mr. Speaker, H.R. 8553 is extremely important legislation. The bill was favorably reported by unanimous vote of my committee and only after receiving very careful consideration.

The Postmaster General's 30-year leasing authority for acquiring new postal facilities, along with his authority to condemn, purchase, and dispose of land for the purpose of carrying out this leasing program, expired at midnight last night, April 30. Prompt enactment of H.R. 8553 is absolutely essential to the Post Office Department's continued ability to do its job. In fact, the Department has testified that unless this legislation is enacted, the "Postmaster General's all-out effort to avoid catastrophe in handling the mail explosion will suffer a damaging and even a dangerous setback."

Today we have a mail volume that exceeds the mail volume of the rest of the world—over 80 billion pieces a year—but we still have basically the same postal facilities that Postmaster General Jim Farley had back in the late 1930's, when the postal service had only one-third as much mail to carry. According to Postmaster General O'Brien, this is the important factor that has set the stage for "catastrophe."

I would like to emphasize that H.R. 8553 provides for no new authorities. It simply extends for another 5-year period, to June 30, 1972, and subject to certain new restrictions, the authority that the Postmaster General has had since 1954 to enter into long-term leases for postal facilities.

At this point I would like to yield such time as he may require to the distinguished gentleman from New Jersey [Mr. DANIELS] who will discuss the legislation in full detail.

Mr. DANIELS. Mr. Speaker, as the chairman has stated, H.R. 8553 a bill identical to S. 1039, was reported unanimously by the Post Office and Civil Service Committee. It was also reported to the full committee by the Subcommittee on Postal Facilities and Modernization by unanimous vote.

Every Member of this House is aware of the crisis that exists in the postal service today. Mail volume will have increased to 83 billion pieces a year by 1968, up 23 percent since 1963. In order to handle the ever-increasing volume of mail, the Post Office Department must acquire 7 to 10 million square feet of additional space each year.

The Department acquires new space three ways:

The lease construction program administered by the Post Office Department;

The Federal construction program administered by General Services Administration; and

The postal building program carried on by the Department under delegation of authority from General Services Administration.

S. 1039 will continue the authority of the Postmaster General tc lease space for up to 30 years and create three restrictions not contained in the act which expired yesterday.

This is the third time in as many Congresses that we have considered this type of legislation. In the 88th Congress the Postmaster General's authority to acquire and dispose of sites and to enter into leases for periods up to 30 years was due to expire on July 22, 1964, and by enactment of Public Law 88–480 we extended this authority until December 31, 1966. In the last Congress, by enactment of Public Law 89–637, the authority was further extended to April 30, 1967.

S. 1039 would extend for an additional 5-year period, through June 30, 1972, the authority of the Postmaster General to acquire and dispose of sites and to enter into leases for periods up to 30 years. In addition, and most significantly, the bills, unlike any previous legislation on the subject, contain three important restrictions not provided in existing law, that are directed at certain criticisms that have been leveled against the leasing program in the past few years. These new restrictions are:

First, as a condition precedent to the construction of a leased building under the terms of the new legislation, the Postmaster General is required to consult with the Administrator of the General Services Administration and thereafter to determine that it is not desirable or feasible to construct a postal facility under the provisions of the Public Buildings Act of 1959;

Second, that the construction under this bill will be only for special-purpose post office buildings. The bill defines a special-purpose building as being one which is situated in a particular geographical location to make it convenient for mail processing, is designed in a particular configuration to make it convenient for processing mail, and is not readily usable or convertible to use as a general-purpose office building; and

Third, that the Postmaster General submit a statement explaining all aspects of the lease for each special-purpose postal facility with a gross floor space exceeding 20,000 square feet to the Committee on Public Works of the Senate and the Committee on Post Office and Civil Service of the House of Representatives at least 30 days prior to executing the lease.

Under the lease construction program, the Department contracts for a building of certain specifications. Usually the land is either under option to or owned by the Department, and depending upon the size of the building, plans may be drawn by a POD-hired architect for buildings over 50,000 square feet, or merely outlined in a document of specifications. Buildings ranging in size from 4,000 to 50,000 square feet are bid on tentative drawings and firm construction requirements. The successful bidder is then required to retain an architectural engineering firm and submit detailed drawings to the Department for approval.

The length of the desired lease term is determined on the basis of foreseeable occupancy needs. Generally this is related to the size and cost of the facility, with a 30-year term being used on the larger facilities, a 20-year term in the medium-size category, and less than 20 years on the smaller buildings. Five-year renewal options are required as follows: four on a 10-year basic term; five on a 15-year basic term; six on a 20-year basic term; eight on a 30-year basic term.

Bidders agree to construct the building called for by the design data and rent it to the Department for the term and the renewal options in the bidding documents. Funds expended by the Department for sites and AE fees are repaid to the Department by the successful bidder so that the project is fully financed by the successful bidder.

Where leasing is desirable and where long-term occupancy can be foreseen, the 30-year lease term is more economical than the shorter 20-year term that the Department would be required to use if this bill is not passed. The larger leased facilities, where the Department needs are firm for 30 years or more and where we have used the 30-year lease term, are special-purpose buildings. They have built-in features, such as abnormally high ceilings for mechanization that severely limit their use for purposes other than mail handling. If the Department is forced to reduce the basic lease term on this type of facility to 20 years, it will increase the annual rental very significantly because the cost of the building must be amortized over a shorter period.

To summarize, Mr. Speaker, the 30-year leasing authority contained in this bill should be continued because—

First. It is the most economical method of procuring space where long-term occupancy is projected and leasing is appropriate.

Second. The 30-year term enables the Department to more evenly match space costs and revenue; thus minimizing Treasury financing.

Third. Even though the Department intends to greatly enlarge its Federal construction program, continued 30-year leasing authority is essential to the development of facilities where Federal ownership is inappropriate.

The land acquisition and disposition authority contained in this bill, including the all-important condemnation authority, should be continued because—

First. It is basic to a competitive lease construction program irrespective of the length of the lease terms.

Second. The condemnation authority protects the Post Office Department against excessive land costs, and its very existence enables the Department to obtain options at fair prices which would not otherwise be obtainable.

Mr. Speaker, I urge the passage of S. 1039.

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. DANIELS. I am glad to yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. When there is an opportunity for the Post Office Department to use land which a local community owns and is willing to offer to the Post Office Department, and, through an authority, to build a post office, why is priority not given by the U.S. Post Office Department to such an offer?

As an example, I have objected to a post office being built on private land, and to private land being condemned, when, in one community, the local community, by its governmental authority, is willing to give the land free for the period of the term of the lease, at no cost. Instead of that, the Post Office Department spent $50,000 to $100,000 to buy and condemn land at a place where the local community objected to the post office being. I could not stop it.

How do we get around that? I believe the local community should have an opportunity to say where the post office should go, when it has a civic center and wants it to go in its own civic center.

Mr. DANIELS. There may be many reasons why the Department may reject an offer of land, even if given free to the Post Office Department. Today there is a great increase in the volume of mail. I indicated in my statement only a few moments ago that the volume of mail has increased by 23 percent over the past 5 years. It is estimated that the volume of mail will continue to increase, conservatively, at a rate of about 3 percent or more per year.

The Post Office Department faces a crisis today. Therefore, it is necessary for the Post Office Department to resolve, "How are we going to give American business and American taxpayers better service?"

They propose to erect special-purpose and Federal buildings. These buildings are of tremendous size.

Mr. FULTON of Pennsylvania. Let me just pose the policy question. When the local community objects to the location of a post office in that community, not only by citizens' petitions but also by local government action, which shall prevail, the national policy or the policy of the local community?

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

Mr. DANIELS. I shall be glad to yield to the gentleman, but I wish to make one further statement, since I did not finish my previous statement.

The Department is the best judge as to its needs. I believe it is a question of need. The question is, What is best for the Post Office Department and the American public?

I am glad to yield to the gentleman from Pennsylvania.

Mr. CORBETT. I should like to point out to the gentleman that today I cannot—nor can he—know what the thinking of the Post Office Department was in this particular instance.

However, I would point out to the gentleman that the bill, as it is advocated today, has a provision for oversight of all these leases. Hence, if the people of a community—or my distinguished colleague from Pennsylvania—have a complaint to make, it would be possible to do so under the new restrictions which are included in this legislation.

Mr. DANIELS. That is absolutely correct. I thank the gentleman for his comment.

Mr. FULTON of Pennsylvania. The point I am making is, the local community decides it wants a civic center, and it wants the U.S. post office put in that civic center.

However, the U.S. Post Office Department, in order to serve certain businesses or certain driveins or certain supermarkets, decides it would rather have a box, which is simply a store front with no decoration and no civic improvements whatever, near those particularly favored businesses. I would not even want to infer how those businesses get so favored. Here is the point: The civic community, the citizens and the government, all want it to go in a civic center, and the businesses then say, "No, just put it over near us in a little box." Of course, that makes this particular supermarket or supermarkets the possessors of a tremendous advantage over the others, which I think is wrong. I have objected to it strongly. So much so that I said do not build the post office at all, and I was very quickly overruled by the U.S. Post Office Department.

Mr. POOL. Mr. Speaker, would the gentleman yield?

Mr. DANIELS. I yield to the chairman of the subcommittee.

Mr. POOL. We had a similar situation in Dallas with technicalities and a hassle about the price of the property. The property being considered for the post office site would cost about $5 million. This went on for 6 or 8 months with nothing being done. Of course, I had originally proposed the post office when I first came to the Congress, and I had been waiting 4 years to get some action. They could not arrive at a proper price for the property and would not pay $5 million for it. I did the very same thing that you are talking about here. I got the city council to resolve to sell to the Federal Government 40 acres at $1 a square foot. Now, that is a real cheap price. Downtown the price has been $18 to $30 a square foot, which was out of the question in this case. Also, this is on an expressway which connects with all of the other expressways and will allow fast transit of the mail from Fort Worth and Dallas and all of the northwest Texas places.

Some of the city fellows there objected to the fact that I was not putting it downtown and that I was putting it out in a community called Oak Cliff, where I was born and raised, which was a part of my district. The fact is, though, I saved the Federal Government $4 million. It is now located on a better facility, and the Post Office Department in this particular case overruled some of the city fellows, you might say. But who is going to determine what the local community wants and who is going to do what?

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield further?

Mr. DANIELS. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. I think the gentleman is making a very good point, but here is a case where the U.S. Post Office Department was going to get the land free in a civic center for putting up a post office even to the point where the local community would establish an authority and rent the building to the post office with no profit. Instead of that the Post Office Department goes in and condemns it and does exactly the opposite; that is, paying the highest price. I wish I was either in the gentleman's party or had his magnetism so I could say myself, as the gentleman did, how you overruled the Post Office Department, and they did what you wanted. They certainly do not do what I want, because I objected to the post office completely, and, boy, that post office is right where they put it.

Mr. DANIELS. I will say to the gentleman from Pennsylvania that there has been criticism leveled at this program. I have already stated to the House that we have proposed by this bill something new. We are proposing three new restrictions, one of which requires the Post Office Department, before they enter into a 30-year lease on a special purpose building, to file something in the nature of a prospectus outlining all of the details of the lease, not only with this Subcommittee on Post Office but also on the Senate side with the Public Works Committee there, at least 30 days prior to entering into the lease so that we have an opportunity to examine the details. I do not think that the Post Office Department dare ride roughshod over any objections of the Members of this House. As a matter of fact, I asked that question of Mr. Coffman, who represented the Post Office Department at the hearing, and he indicated they would be very reluctant to override the wishes of the Members of this House or the subcommittee which would have jurisdiction of this legislation.

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield further?

Mr. DANIELS. Yes, I yield further to the distinguished gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Speaker, I hope the author of this bill will show and indicate the legislative intent, that where there is a civic center in the community and the community seeks to protect the civic center, that the U.S. Post Office Department shall not choose between or be affected by the large supermarkets and that one does not have advantage over the other but that the local areas affected shall be consulted.

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

Mr. DANIELS. I yield to the distinguished gentleman from Texas.

Mr. POOL. Also, let the legislative intent show that the Post Office Department should make the surveys and perform the work necessary in order to determine the flow of traffic and the ease of handling large trucks and other necessary equipment used by the Post Office Department, and that the community recognize the necessity of the Department getting the mail out.

Mr. Speaker, the problem with which we are confronted today is a bogged up situation because of too many people wanting special favors from the Post Office Department.

Mr. Speaker, all we can hope to do is to try to help the Post Office Department get the mail delivered and to obtain for it the necessary access roads with which to accommodate these large trucks, and get them out onto the large roads in order to deliver the mail.

Mr. DANIELS. Your subcommittee of the Committee on Post Office and Civil Service does not intend that the local community considerations should be overriden by our Government in Washington, if they decide they want a post office in a civic-type community center or have that judgment overruled by the Post Office Department. It is not my opinion that this is the intent and purpose of this legislation.

The SPEAKER. The time of the gentleman from New Jersey [Mr. DANIELS] has expired.

Mr. CORBETT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I simply wish to point out the fact that the gentleman from New Jersey [Mr. DANIELS] has very accurately described the points contained in this proposed bill.

Mr. Speaker, it is my opinion that the restrictions provided in the bill will take care of any legitimate objections such as were just voiced during the recent colloquy.

Therefore, Mr. Speaker, I believe that the bill, S. 1039, should pass unanimously, as the companion bill, H.R. 8553, which bill was reported out of the House Committee on Post Office and Civil Service unanimously.

However, Mr. Speaker, I would just like to take 1 minute to point out the fact that our new chairman, the distinguished gentleman from New York [Mr. DULSKI], should be congratulated for having brought this bill here to the floor of the House for consideration, with the unanimous backing of the gentleman's committee, which backing has frequently been true in this committee. This reflects the fact that the committee has done its work well and has ironed out the differences as contained in the bill as proposed by the other body and as is presented over here to the Members of the House, which has the unanimous endorsement of the House Committee on Post Office and Civil Service.

I now yield such time as he may consume to the distinguished gentleman from Georgia [Mr. THOMPSON].

Mr. THOMPSON of Georgia. Mr. Speaker, as a member of the subcommittee which had jurisdiction over H.R. 8553, a bill identical to S. 1039 now under

consideration, I want only to reaffirm my support of the bill and the support of the the other minority members of the Committee on Post Office and Civil Service.

A review of the testimony submitted to the Committee on Post Office and Civil Service and to the subcommittee thereof, convinced me and the other members of the subcommittee of its value and need.

I urge my colleagues to act favorably upon the legislation now pending before us.

In additional views to the report on H.R. 8553, a bill which is identical to S. 1039, the gentleman from Illinois and I sought to draw attention to the fact that a continuous review of the longtime leasing program of the Post Office Department is necessary, if we are to provide the efficient and professional postal service which the American public demands and deserves.

The legislation now before us provides a measure of congressional oversight, and though it is not as great as I would like, I feel it is a useful and important feature of the bill.

Mr. Speaker, this bill had the unanimous approval of both the subcommittee and the full Committee on Post Office and Civil Service, and I recommend its passage, as reported.

Mr. CORBETT. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. WILLIAM D. FORD].

Mr. WILLIAM D. FORD. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, this is the first bill I have had the pleasure of working on since I joined the Committee on Post Office and Civil Service of the 90th Congress, and I want to pay my thanks to the chairman of the Subcommittee on Postal Facilities and Modernization, the gentleman from Texas, Mr. JOE POOL, who was taken away from us during part of the deliberations on this bill because of a bout of illness.

However, Mr. Speaker, notwithstanding the fact he was kept away from actually participating in the hearings the gentleman from Texas [Mr. POOL] kept his finger on the legislation at all times and kept control of it from the beginning to the end. I believe the House should take note this is his first piece of legislation as chairman of that very important subcommittee.

Mr. Speaker, I recently had the opportunity to visit the city of Dallas, where the gentleman from Texas [Mr. POOL] announced the construction of a $28 million post office. Following that experience, I feel this piece of legislation is certainly much needed to keep the rest of our country apace with JOE POOL's district in Dallas.

Mr. Speaker, all of us are aware that the Post Office Department is being inundated with mail. The U.S. Post Office Department handles more mail per annum than the rest of the world combined—a total of over 80 billion pieces.

We know also, Mr. Speaker, that in order to provide the American people with the postal service they need and deserve, we must modernize mail handling methods and equipment. This means developing fast automated mail distribution factories capable of moving the mountains of mail generated each day.

But before the Post Office Department can create modern mail handling centers, it is axiomatic that the space in which to install the machinery must be available. This is the importance of S. 1039 which we are considering today.

Most urban post offices were built in the time of Jim Farley, and are outmoded structures straddled over moribund rail centers. They are inadequate. They do not meet today's needs, and they must be replaced.

S. 1039 will extend the authority of the Postmaster General to enter into leases for special-purpose mail-handling facilities for periods up to 30 years. This bill will enable the Post Office Department's modernization program to continue and accelerate.

Mr. Speaker, this is not new authority; it is simply an extension of power the Postmaster General has had for over 10 years. And if the Department's annual requirements for over 7 million square feet of space are to be met, it is clear to me that S. 1039 must be passed today.

Before closing, Mr. Speaker, I wish to bring to the attention of the Members two issues involving S. 1039 which have received slight notice in the debate today.

The first is the economy involved in this bill. The Post Office Department has permanent authority to enter into 20-year leases. If this bill is not passed, the Department will be forced to use only its 20-year authority and this will cost the taxpayers money. Let me illustrate.

The 30-year lease is used for large postal facilities, where it is almost certain that the need for high volume service will continue. In such cases, the Post Office Department uses the 30-year lease rather than the 20 because the rent is cheaper. The reasonably new post office in Detroit, in my own Wayne County, is an example. The Government pays an annual rent of $1,370,743 under a 30-year lease; the same structure constructed under a 20-year lease would cost the Federal Government $1,518,500 a year, or an annual increase of 11 percent.

Mr. Speaker, another important aspect of this bill which should be emphasized is the authority to condemn land, which this bill will continue.

The fact that S. 1039 will continue condemnation authority now contained in 39 U.S.C. 2103 is very important to the Post Office Department's modernization program, because it frees the Post Office Department from the threat of speculation with land on which they hope to lease a facility. And this condemnation authority applies to the 20-year leases as well as the 30-year. Without the power of condemnation the Department will not be able to acquire much of the land it needs, or it will be subjected to speculation-inflated costs. This alone is reason enough to pass this bill today.

As a member of the House Post Office and Civil Service Committee and the subcommittee which reported this bill, I support and urge its passage today. S. 1039 is identical with H.R. 8553.

Mr. CORBETT. Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. SCOTT].

Mr. SCOTT. Mr. Speaker, I rise to support the bill which is being considered by the House today. I would reiterate that it does have the unanimous recommendation of both the subcommittee and the full committee.

However, there were some questions that were raised in the subcommittee hearings that perhaps should be mentioned here today.

One of the questions was the length of time the Post Office gives to the committees having congressional oversight so we may consider the proposals of the Post Office Department. There was some question whether it should be 60 days rather than the 30 days provided in the bill. We were assured, however, by the majority members of the committee that the Post Office Department would give us as much time as possible with a minimum of 30 days.

There was also some question as to whether this bill should be extended for a 5-year period rather than perhaps to 1970.

A question was raised as to whether the Post Office Department should be doing this leasing or whether it should be done under the general authority of the General Services Administration.

The bill was brought up after it had been passed by the Senate Committee on Public Works. We were somewhat under the gun on this. However, the subcommittee unanimously felt that the suggestions that were made should not delay the reporting of the bill to the House for passage, and I urge the passage of this bill.

However, Mr. Speaker, I did wish to mention these reservations.

Mr. CORBETT. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I was interested in this so-called legislative history which I heard discussed here a moment ago. I am not on this subcommittee, although I am on the full committee. I was on the subcommittee during the last session when we passed this legislation which was changed in the Senate, and that is the reason it is back here today.

Mr. Speaker, I have had good relationships with the Division of Facilities. They are very cooperative. This bill certainly ought to pass without any trouble whatsoever, but the matter of the legislative history should not be left as it is at the moment.

The gentleman from Pennsylvania [Mr. FULTON], seems to indicate that if they have a civic center then they should dictate to the Post Office Department that the Post Office Department should locate the post office at the civic center.

Mr. Speaker, this suggestion is simply unreasonable to me. The Post Office Department has always been cooperative. They will listen to the civic leaders, but after all they have the responsibility to determine in their own minds the best location for a post office. Indeed, that is their responsibility and their duty.

They have to make up their own minds to determine where location of the post office should be to best serve the public. We cannot build post offices to take care of civic centers and to bring or to attract business into the civic center or the

shopping center. We have to build post offices where they will best serve the people.

We have a new post office in my district. It is one of the most modern in the country. It is down in the railroad area. That is where the mail comes in and that is where the mail goes out. For many years this post office was in the downtown business district but with our modern means of transportation that have changed so much, that was an illogical place for it to be. It was an old building. So now we have a new post office, but it is way down in the center of our railroad area because that is where they can most efficiently handle the mail that is coming in and the mail that is going out from my district which includes Omaha which is one of the major mail centers in the country.

I do not want to have the so-called legislative history previously mentioned to stand unchallenged—that local leaders shall dictate to the Post Office Department where a post office should be. Again I say they have been very cooperative. They are going to listen to the local leaders but they are going to make the final choice and they are going to determine what location will best serve the people that that post office is built to serve.

I wonder if that would not be the same view that the gentleman from New Jersey and the chairman of the subcommittee, and the gentleman from Texas would hold?

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

Mr. CUNNINGHAM. I yield to the gentleman.

Mr. DANIELS. I agree wholeheartedly with the view expressed here today. Before the Department chooses a site we have a new Department, which this Congress created last year, which is known as the Department of Research and Engineering, which will go out and make an investigation and find a place or at least try to find a place which will best serve the needs of the Post Office today. It is necessary to do that today in building a large facility and that is the reason we are asking for this 30-year authority to build a special purpose building.

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

Mr. CUNNINGHAM. I yield to the gentleman.

Mr. POOL. Mr. Speaker, the gentleman from Nebraska asked me a question and I want to say I agree with him wholeheartedly and congratulate him on the statement that he has made. I would like the record to so show.

Mr. CORBETT. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion of the gentleman from New York that the House suspend the rules and pass the bill, S. 1039.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

A similar House bill, H.R. 8553, was laid on the table.

CERTIFICATE OF ELECTION OF ADAM CLAYTON POWELL, JR.

The SPEAKER. The Chair lays before the House a communication which the Clerk will read.

The Clerk read as follows:

MAY 1, 1967.

The Honorable the SPEAKER,
House of Representatives.

DEAR SIR: A certificate of election showing the election of ADAM CLAYTON POWELL, JR., as a Representative-elect to the Ninetieth Congress from the Eighteenth Congressional District of the State of New York, to fill the vacancy occurring as a result of the adoption of House Resolution 278, 90th Congress, first session, is on file in this office.

In accordance with 2 U.S.C. 26 and rule III, section 637, Rules of the House of Representatives, this matter is submitted.

Respectfully yours,
W. PAT JENNINGS,
Clerk, U.S. House of Representatives.

PARLIAMENTARY INQUIRY

Mr. LENNON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. LENNON. Mr. Speaker, if I may with your permission preface my parliamentary inquiry with a very brief statement.

The SPEAKER. The gentleman may do so.

Mr. LENNON. Mr. Speaker, I have read with a great deal of interest, as I am sure other Members have, the record of the colloquy that took place between you, Mr. Speaker, and the gentleman from Iowa [Mr. GROSS] and our distinguished majority leader and I would like to read this concluding statement of the distinguished Speaker:

> I can say to the gentleman that from the leadership's angle my present impression is that the next move is up to Mr. Powell.

Mr. Speaker, my parliamentary inquiry is, Will the House of Representatives have to take affirmative action in view of the resolution that was passed by the House on March 1 of this year with regard to the possible admission to this body of the gentleman from New York [Mr. Powell]?

The SPEAKER. When the Member appears, if he is challenged, it will be a matter for the House to decide and for the House to express its will.

Mr. LENNON. The House membership will be duly notified before such consideration is given the gentleman from New York [Mr. Powell]?

The SPEAKER. The Chair stated on Friday last in the colloquy that took place on that occasion that I can assure the gentleman that the majority leader, the minority leader, and myself have been in constant touch with one another, and we will do everything within our power to see that the House is given adequate notice, and if it is left within the control of the leadership, the House will be given notice.

Mr. LENNON. I thank the Speaker for his interest in the integrity and reputation of the House.

REMOVING PROMOTION RESTRICTIONS ON WOMEN IN THE ARMED FORCES, AND FOR OTHER PURPOSES

Mr. PHILBIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5894) to amend titles 10, 32, and 37, United States Code, to remove restrictions on the careers of female officers in the Army, Navy, Air Force, and Marine Corps, and for other purposes.

The Clerk read as follows:

H.R. 5894

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 10, United States Code, is amended as follows:

(1) Section 123(a) is amended by striking out "3391,".

(2) Section 510(c) is amended by striking out "for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, and Coast Guard Reserve".

(3) Section 591(c) is amended by striking out "as nurses or medical specialists".

(4) Section 1006(e) is amended by striking out "3847," and "8847,".

(5) Section 1164 is amended by striking out "male" in subsection (a), all of subsection (b), and "or (b)" in subsection (c).

(6) Chapter 63 is amended by repealing section 1255, striking out the corresponding item in the analysis, and by striking out "1255 or" in section 1263(a).

(7) Section 1405 is amended by striking out "6399(c) (2),".

(8) Chapter 307 is amended by—

(A) amending section 3069 to read as follows:

"§ 3069. Army Nurse Corps: composition; Chief and assistant chief; appointment

"(a) The Army Nurse Corps consists of the Chief and assistant chief of that corps and other officers in grades prescribed by the Secretary of the Army.

"(b) The Secretary of the Army shall appoint the Chief from the officers of the Regular Army in that corps whose regular grade is above major and who are recommended by the Surgeon General. The Chief serves during the pleasure of the Secretary, but not for more than four years, and may not be reappointed.

"(c) The Surgeon General shall appoint the assistant chief from the officers of the Regular Army in that corps whose regular grade is above major. The assistant chief serves during the pleasure of the Surgeon General, but not for more than four years and may not be reappointed to the same position.";

(B) amending the text of section 3070 to read as follows:

"(a) The Army Medical Specialist Corps consists of the Chief and assistant chiefs of that corps, other officers in grades prescribed by the Secretary of the Army, and the following sections—

"(1) the Dietitian Section;

"(2) the Physical Therapist Section; and

"(3) the Occupational Therapist Section.

"(b) The Secretary of the Army shall appoint the Chief from the officers of the Regular Army in that corps whose regular grade is above captain and who are recommended by the Surgeon General. The Chief serves during the pleasure of the Secretary, but not for more than four years, and may not be reappointed.

"(c) The Surgeon General shall appoint three assistant chiefs from officers of the Regular Army in that corps whose regular grade is above captain. Each assistant chief is the chief of a section of that corps. An assistant chief serves during the pleasure of the Surgeon General, but not for more than

four years, and may not be reappointed to the same position.";

(C) amending the text of section 3071 to read as follows:

"(a) The Women's Army Corps consists of the Director and Deputy Director, other officers in grades prescribed by the Secretary of the Army, and enlisted members.

"(b) The Secretary of the Army shall appoint the Director from the officers of the Regular Army in that corps whose regular grade is above major. The Director is the adviser to the Secretary on Women's Army Corps matters and serves during his pleasure, but normally not for more than four years.

"(c) The Secretary of the Army shall appoint the Deputy Director from the officers of the Regular Army in that corps whose regular grade is above major. She serves during the pleasure of the Secretary, but normally not for more than four years.

"(d) The Secretary of the Army shall designate the positions that he finds necessary for the training and administration of the Women's Army Corps. He shall fill those positions from officers of that corps who are on active duty and whose Regular or Reserve grade is above captain. An officer holding such a position serves during the pleasure of the Secretary."; and

(D) amending the item in the analysis relating to section 3069 to read as follows:

"3069. Army Nurse Corps: composition; chief and assistant chief; appointment."

(9) Chapter 331 is amended by—

(A) striking out the designation "(a)" in the first sentence of section 3206, and the words "2,500." and adding the words "such numbers as may be prescribed by the Secretary.";

(B) striking out section 3206(b);

(C) striking out the designation "(a)" in the first sentence of section 3207, and the words "350." and adding the words "such numbers as may be prescribed by the Secretary.";

(D) striking out section 3207(b);

(E) striking out the second sentence of section 3209(b);

(F) striking out column 2 and footnote 3 of the table in section 3211(b) and redesignating column 3 as "Column 2";

(G) striking out "3304," in section 3212; and

(H) striking out the second sentence of sections 3215(a) and 3215(b);

(10) Chapter 335 is amended by—

(A) striking out "Except for officers of the Army Nurse Corps and the Army Medical Specialist Corps, vacancies" in section 3298 (b) and inserting in place thereof "Vacancies";

(B) amending section 3299 by striking out ", except as provided in subsections (f) and (g)," in subsection (a), the last sentence of subsection (c), subsections (f) and (g), and the last sentence of subsection (h);

(C) repealing section 3304 and striking out the corresponding item in the analysis;

(D) striking out the last sentence of section 3305(a); and

(E) striking out "other than officers in Army Nurse Corps and Army Medical Specialists Corps" in the catchline of section 3305 and in the corresponding item in the analysis.

(11) Chapter 337 is amended by—

(A) striking out subsection (g) in section 3366;

(B) striking out subsection (d) in section 3367;

(C) striking out the dash and clauses (1)–(3) in section 3370(a) and inserting in place thereof "colonel,";

(D) striking out "field grade in certain cases" in the catchline of section 3370 and in the corresponding item in the analysis and inserting in place thereof in each case "grade of colonel to fill vacancies";

(E) striking out "in a reserve grade below colonel is one that" in the second sentence of section 3383(b); and

(F) repealing section 3391 and striking out the corresponding item in the analysis.

(12) Chapter 362 is amended by—

(A) repealing section 3847 and striking out the corresponding item in the analysis; and

(B) striking out "except as provided in section 3847 of this title," and ", and each officer in the reserve grade of major who is assigned to the Army Nurse Corps, Army Medical Specialist Corps, or the Women's Army Corps, who has been recommended for promotion to the reserve grade of lieutenant colonel who is not a member of the Retired Reserve, and who has remained in an active status since that recommendation," in section 3848(a).

(13) Chapter 367 is amended by repealing section 3915 and striking out the corresponding item in the analysis.

(14) Chapter 513 is amended by—

(A) striking out the last two sentences of section 5140(a) and inserting in place thereof the following: "An officer of the Navy, while serving as Director of the Nurse Corps, has the rank of captain unless otherwise entitled to a higher rank or grade. An appointment as Director does not disturb an officer's permanent status as a commissioned officer in the Nurse Corps.";

(B) amending the second sentence of section 5143(a) to read as follows: "While so serving, she has the rank of captain in the Navy unless otherwise entitled to a higher rank or grade."; and

(C) striking out subsections (b), (c), (e), and (f) in section 5143.

(15) Section 5206 is amended by—

(A) amending the second sentence of subsection (a) to read as follows: "While so serving, she has the rank of colonel unless otherwise entitled to a higher rank or grade."; and

(B) striking out subsections (b), (c), (e), and (f).

(16) Chapter 531 is amended by repealing sections 5410 and 5411 and striking out the corresponding items in the analysis.

(17) Chapter 533 is amended by—

(A) striking out subsection (b) in section 5444;

(B) amending section 5444(c) to read as follows:

"(c) The Secretary of the Navy, whenever the needs of the service require but at least once annually, shall compute the number of rear admirals authorized under this section for each corps. The numbers so computed are the numbers of officers serving on active duty prescribed for the grade of rear admiral in the corps concerned. However, if the Secretary determines at the time of making any computation under this section that the number of officers required to meet the needs of the service in the grade of rear admiral in any of these corps is less than the prescribed number as computed, the lesser number becomes the prescribed number for the grade of rear admirals in the corps concerned.";

(C) striking out subsection (c) in section 5449;

(D) striking out the second sentence of section 5449(d);

(E) amending section 5452 to read as follows:

"§ 5452. Navy: women line officers on active duty; Marine Corps: women officers on active duty

"The Secretary of the Navy shall prescribe the number of women officers serving on active duty in the line of the Navy who may hold appointments in each grade above lieutenant (junior grade) and the number of women officers serving on active duty in the Marine Corps who may hold appointments in each grade above first lieutenant.";

(F) repealing section 5453 and striking out the corresponding item in the analysis;

(G) striking out "or 5453" in section 5455 and inserting in place thereof "or 5452"; and

(H) amending the item in the analysis relating to section 5452 to read as follows:

"5452. Navy: women line officers on active duty; Marine Corps: women officers on active duty."

(18) Chapter 543 is amended by—

(A) amending clause (1) of section 5702 (a) to read as follows:

"(1) A board for each corps, other than the Medical Service Corps, to recommend captains in each corps and commanders in the Nurse Corps for continuation on the active list or to recommend captains in each corps, other than the Medical Service Corps and the Nurse Corps, for promotion to the grade of rear admiral, each consisting of not less than three or more than nine officers serving in the grade of rear admiral or above.";

(B) striking out "and the Nurse Corps" in section 5702(a)(2);

(C) striking out "captain" in section 5702 (a)(2) and inserting in place thereof "commander";

(D) striking out "and a board for the Nurse Corps to recommend captains and commanders for continuation on the active list, each" in section 5702(a)(3);

(E) striking out clauses (5) and (6) in section 5702(a);

(F) amending the first sentence of section 5702(b) to read as follows: "Each board convened under this section to consider officers in the Medical Corps, the Supply Corps, the Chaplain Corps, the Civil Engineer Corps, the Dental Corps, or the Nurse Corps shall consist of officers in the corps concerned, and each board convened under this section to consider officers in the Medical Service Corps shall consist of officers in the corps indicated in subsection (a).";

(G) adding the following at the end of section 5702(c): "However, in the case of boards considering officers in the Nurse Corps, the Secretary may complete the minimum required membership by appointing as members of the board officers on the active list of the Navy in the Medical Corps serving in the prescribed grades.";

(H) striking out the last sentence in section 5702(e);

(I) amending the first sentence of section 5704(a) to read as follows: "At least once each year and at such time as he directs, the Secretary of the Navy shall convene selection boards to recommend women officers in the line of the Navy for promotion to the grades of captain, commander, lieutenant commander, and lieutenant.";

(J) amending the first sentence of section 5704(b) to read as follows: "The Secretary shall convene selection boards, for each staff corps in which there are women officers appointed under section 5590 in this title, to recommend women officers for promotion to the grades of captain, commander, lieutenant commander, and lieutenant.";

(K) amending the first sentence of section 5704(c) to read as follows: "At least once each year and at such times as he directs, the Secretary shall convene selection boards to recommend women officers in the Marine Corps for promotion to the grades of colonel, lieutenant colonel, major, and captain.";

(L) inserting "captain (Navy)," before "commander" and "colonel," before "lieutenant colonel" in section 5707(a)(4); and

(M) striking out clause (1) in section 5711(c).

(19) Chapter 545 is amended by—

(A) striking out "Regular" in the catchline of section 5752 and in the corresponding item of the analysis;

(B) striking out "on the active list" wherever those words appear in section 5752(a);

(C) renumbering clauses (1), (2), and (3) in section 5752(a) as clauses "(2)", "(3)"

and "(4)", respectively, and inserting the following new clause:

"(1) Four years in the grade of commander in the Navy or lieutenant colonel in the Marine Corps.";

(D) amending section 5753 by striking out "subsections (b) and (c)" in subsection (a) and inserting in place thereof "subsection (b)" and by striking out subsection (c);

(E) amending the first sentence of section 5760(a) to read as follows: "The Secretary of the Navy shall furnish the appropriate selection board convened under chapter 543 of this title with the number of women officers in the line of the Navy that may be recommended for promotion to the grade of captain, commander, or lieutenant commander or the number of women officers of the Marine Corps that may be recommended for promotion to the grade of colonel, lieutenant colonel, or major.";

(F) striking out "on the active list" wherever those words appear in section 5760(b);

(G) striking out "or the Medical Service Corps" in section 5762(a) and inserting in place thereof "the Medical Service Corps, or the Nurse Corps";

(H) striking out subsection (e) in section 5762;

(I) amending the first two sentences of section 5763 to read as follows: "The Secretary of the Navy shall furnish the appropriate selection board convened under chapter 543 of this title with the number of women officers of the Navy in a staff corps, other than officers of the Nurse Corps and women officers appointed under section 5574, 5578, 5579, or 5581 of this title, that may be recommended for promotion to the grade of captain, commander, or lieutenant commander. This number is the product of—

"(1) the number of such women staff corps officers in the promotion zone for the grade and corps concerned; and

"(2) a fraction, of which the numerator is the number of women line officers who are placed on the promotion list pursuant to the report of the comparable board for the selection of women line officers convened in the same fiscal year, and the denominator is the number of women line officers in the promotion zone considered by that board.";

(J) amending the catchlines of sections 5764 and 5765 and the corresponding items in the analysis by striking out in each case "male";

(K) adding the following new subsection in section 5764:

"(d) The Secretary shall establish a promotion zone in each grade for women officers in the line of the Navy in the manner prescribed in this section for the establishment of promotion zones for male line officers.";

(L) adding the following new subsection in section 5765:

"(d) The Secretary shall establish a promotion zone in each grade for women officers of the Marine Corps in the manner prescribed in this section for the establishment of promotion zones for male officers.";

(M) amending section 5766(a) by striking out ", other than women officers appointed under section 5590 of this title," and inserting before the period at the end "or for women line officers, as the case may be";

(N) adding the following new subsection in section 5767:

"(c) Whenever the Secretary determines that there is a position of sufficient importance and responsibility to require an incumbent in the grade of rear admiral or brigadier general, and that there is a woman officer of the Navy or the Marine Corps who is best qualified to perform the duties of the position, he may designate that women officer to hold that position. A woman officer so designated may be appointed by the President, by and with the advice and consent of the Senate, to the grade of rear admiral or brigadier general. Such an appointment is effective on the date the officer reports for the designated duty and terminates on the date she is detached.";

(O) striking out "Regular" in the catchline of section 5771 and in the corresponding item of the analysis;

(P) amending section 5771 by striking out "on the active list" wherever those words appear in subsections (a) and (c) and amending subsection (b) to read as follows:

"(b) Women officers in the line of the Navy and women officers of the Marine Corps who are on a promotion list for any grade above lieutenant (junior grade) in the Navy or first lieutenant in the Marine Corps are, in the order in which their names appear, eligible for promotion to the grade concerned as vacancies occur in that grade.";

(Q) striking out ", other than women officers appointed under section 5590 of this title," in section 5773(a);

(R) striking out "Except as provided in subsection (c), each" in section 5773(b) and inserting in place thereof "Each";

(S) striking out subsection (c) in section 5773;

(T) repealing section 5774 and striking out the corresponding item in the analysis;

(U) striking out "a male" wherever those words appear in section 5776(a) and inserting in place thereof "An";

(V) striking out "subject to subsections (d) and (e), an" in section 5776(c) and inserting in place thereof "An";

(W) striking out subsections (d) and (e) in section 5776;

(X) striking out "appointed under section 5590" in section 5778 and inserting in place thereof "selected by boards convened under section 5704";

(Y) striking out subsection (d) in section 5782; and

(Z) striking out clause (1) in section 5786(a). (20) chapter 549 is amended by—

(A) adding the following new subsection in section 5891:

"(g) For the purpose of this section, a woman officer who is eligible for consideration for promotion by a selection board convened under chapter 543 of this title shall be considered to be on a lineal list.";

(B) striking out "commander or lieutenant commander" and "lieutenant colonel or major" in section 5896(a)(7) and inserting in place thereof "captain, commander, or lieutenant commander" and "colonel, lieutenant colonel, or major", respectively;

(C) amending subsections (c) and (d) of section 5899 to read as follows:

"(c) A woman officer of the Naval Reserve, other than an officer in the Nurse Corps or an officer appointed under section 5581 of this title, is in the promotion zone and is eligible for consideration for promotion to the next higher grade by a selection board convened under this chapter when any woman officer of the Naval Reserve who is junior to her is in or above the promotion zone established for her grade under section 5764 of this title or when her running mate is in or above that zone.

"(d) A woman officer of the Marine Corps Reserve is in the promotion zone and is eligible for consideration for promotion to the next higher grade by a selection board convened under this chapter when any woman officer of the Marine Corps Reserve who is junior to her is in or above the promotion zone established for her grade under section 5765 of this title or when her running mate is in or above that zone."; and

(D) amending the text of section 5903 to read as follows:

"(a) An officer of the Naval Reserve or the Marine Corps Reserve is considered as having failed of selection for promotion if—

"(1) he is in a promotion zone established under this chapter;

"(2) his name is furnished to the appropriate selection board; and

"(3) he is not selected for promotion.

"(b) An officer of the Naval Reserve or the Marine Corps Reserve whose name is withheld by the Secretary of the Navy, under section 5899(g) of this title, from consideration by two selection boards for promotion to the same higher grade is considered as having twice failed of selection for promotion to that grade."

(21) Section 5945 is amended by striking out the second sentence.

(22) Chapter 555 is amended by repealing section 6030 and striking out the corresponding item in the analysis.

(23) Chapter 571 is amended by—

(A) amending section 6324 to read as follows:

"§ 6324. Officers: creditable service

"For the purpose of this chapter, service as a nurse in the armed forces before April 16, 1947, is considered as commissioned service."; and

(B) amending the item in the analysis relating to section 6324 to read as follows:

"6324. Officers: creditable service."

(24) Chapter 573 is amended by—

(A) amending section 6376 by inserting "(a)" at the beginning and adding the following new subsection:

"(b) This section does not apply to women officers appointed under section 5590 of this title.";

(B) amending the catchline of section 6377 and the corresponding item in the analysis by striking out in each case "or for age";

(C) amending section 6377 by striking out "except the Nurse Corps" in subsection (b), striking out subsection (c), and amending subsection (d) to read as follows:

"(d) If not on a promotion list and if not continued on the active list under section 6378 of this title, each officer serving in the grade of commander on the active list of the Navy in the Nurse Corps shall be retired on June 30 of the fiscal year in which the officer is considered as having twice failed of selection for promotion to the grade of captain and has completed at least twenty-six years of active commissioned service as computed under section 6388 of this title.";

(D) inserting "women officers appointed under section 5590 of this title or" in section 6379(b) after "apply to";

(E) amending section 6396 to read as follows:

"§ 6396. Regular Navy; officers in Nurse Corps in grades below commander: retirement or discharge

"(a) An officer on the active list of the Navy serving in the grade of lieutenant commander in the Nurse Corps shall, subject to the provisions of section 5777 of this title, be retired on June 30 of the fiscal year in which the officer

"(1) is not on a promotion list;

"(2) is considered as having twice failed of selection for promotion to the grade of commander; and

"(3) has completed at least twenty years of active commissioned service as computed under section 6388 of this title.

"(b) An officer retired under this section shall be retired—

"(1) in the highest grade satisfactorily held by her on active duty as determined by the Secretary, but not lower than her permanent grade; and

"(2) with retired pay at the rate of 2½ per centum of the basic pay of the grade in which retired multiplied by the number of years of service that may be credited to her under section 1405 of this title, but the retired pay may not be more than 75 per centum or less than 50 per centum of the basic pay upon which the computation of retired pay is based.

"(c) An officer on the active list of the Navy serving in the grade of lieutenant in the Nurse Corps shall be honorably discharged on June 30 of the fiscal year in which the officer

"(1) is not on a promotion list; and

"(2) has completed thirteen years of ac-

tive commissioned service as computed under section 6388 of this title.

However, if she so requests she may be honorably discharged at any time during that fiscal year.

"(d) An officer on the active list of the Navy serving in the grade of lieutenant (junior grade) in the Nurse Corps shall be honorably discharged on June 30 of the fiscal year in which the officer—

"(1) is not on a promotion list; and

"(2) has completed seven years of active commissioned service as computed under section 6388 of this title.

However, if she so requests, she may be honorably discharged at any time during that fiscal year.

"(e) Each officer discharged under this section is entitled to a lump-sum payment equal to two months' basic pay at the time of discharge multiplied by the number of years of active commissioned service as computed under section 6388 of this title, but the payment may not be more than two years' basic pay or more than $15,000.";

(F) amending section 6398 to read as follows:

"§ 6398. Regular Navy; women captains and commanders; Regular Marine Corps, women colonels and lieutenant colonels: retirement for length of service; retired grade and pay

"(a) Each woman officer on the active list of the Navy, appointed under section 5590 of this title, who holds a permanent appointment in the grade of captain and each woman officer on the active list of the Marine Corps who holds a permanent appointment in the grade of colonel shall be retired by the President on the first day of the month following the month in which she completes thirty years of active commissioned service in the Navy or the Marine Corps.

"(b) Each woman officer on the active list of the Navy, appointed under section 5590 of this title, who holds a permanent appointment in the grade of commander and is not on a promotion list for a higher permanent grade and each woman officer on the active list of the Marine Corps who holds a permanent appointment in the grade of lieutenant colonel and is not on a promotion list for a higher permanent grade shall be retired by the President on the first day of the month following the month in which she completes twenty-six years of active commissioned service in the Navy or the Marine Corps.

"(c) Each officer retired under this section—

"(1) unless otherwise entitled to a higher grade shall be retired in the permanent grade held by her at the time of retirement; and

"(2) is entitled to retired pay at the rate of 2½ per centum of the basic pay of the grade in which retired multiplied by the number of years of service that may be credited to her under section 1405 of this title, but the retired pay may not be more than 75 per centum or less than 50 per centum of the basic pay upon which the computation of retired pay is based.";

(G) repealing section 6399 and striking out the corresponding item in the analysis; and

(H) amending the items in the analysis relating to sections 6396 and 6398 to read as follows:

"6396. Regular Navy; officers in Nurse Corps in grades below commander: retirement or discharge.

* * * * *

"6398. Regular Navy; women captains and commanders; Regular Marine Corps; women colonels and lieutenant colonels: retirement for length of service; retired grade and pay."

(25) Chapter 807 is amended by repealing section 8071 and striking out the corresponding item in the analysis.

(26) Chapter 831 is amended by—

(A) striking out subsection (b) in section 8206;

(B) striking out subsection (b) in section 8207;

(c) striking out all of section 8208 after the first sentence;

(D) striking out "Except for Air Force nurses and medical specialists, the" in section 8209 and inserting in place thereof "The";

(E) striking out all of section 8215 after the first sentence; and

(F) amending the catchline for section 8215 and the corresponding item in the analysis by striking out in each case "; female enlisted members on active duty".

(27) Chapter 835 is amended by—

(A) amending section 8299 by striking out ", except as provided in subsection (f) or (g)," wherever those words appear in subsection (a) and striking out the last sentence of subsection (c), subsections (f) and (g), and the last sentence of subsection (h);

(B) striking out subsection (d) in section 8300;

(C) striking out subsection (b) in section 8301;

(D) striking out subsection (f) in section 8303; and

(E) striking out subsections (g) and (h) in section 8305.

(28) Chapter 837 is amended by—

(A) striking out subsection (f) in section 8366;

(B) inserting a period after "major" in clause (2) of section 8368(a) and striking out the remainder of that clause; and

(C) repealing section 8370 and striking out the corresponding item in the analysis.

(29) Chapter 841 is amended by—

(A) striking out subsection (b) in section 8504;

(B) amending the catchline of section 8504 and the corresponding item in the analysis by striking out in each case ": limitations; grade".

(30) Chapter 845 is amended by repealing section 8580 and striking out the corresponding item in the analysis.

(31) Chapter 863 is amended by—

(A) repealing section 8847 and striking out the corresponding item in the analysis; and

(B) striking out ", except an officer covered by section 8847 of this title," in section 8848(a).

(32) Chapter 867 is amended by—

(A) amending section 8915 to read as follows:

"§ 8915. Twenty-eight years: deferred retirement of nurses and medical specialists in regular grade of major

"The Secretary of the Air Force may defer the retirement of any Air Force nurse or medical specialist in the regular grade of major until the thirtieth day after the officer completes twenty-eight years of service computed under section 8927(a) of this title.";

(B) amending section 8916 (b) to read as follows:

"(b) The Secretary of the Air Force may defer the retirement under this section of any promotion list officer in the regular grade of lieutenant colonel who is a medical, dental, veterinary, or medical service officer, a medical specialist, or a chaplain, but not later than the date on which he becomes sixty years of age."; and

(C) amending the item in the analysis relating to section 8915 to read as follows:

"8915. Twenty-eight years: deferred retirement of nurses and medical specialists in regular grade of major."

SEC. 2. Title 32, United States Code, is amended as follows:

(1) Section 305 is amended by—

(A) striking out "Except as provided in subsection (b), only male persons selected from the" and inserting in place thereof "The" in subsection (a);

(B) striking out the first sentence of subsection (b); and

(C) striking out "However, to" and "woman" in the second sentence of subsection (b) and inserting in place thereof "To" and "person", respectively.

(2) Section 313(b) is amended by inserting "and" after the semicolon in clause (1), striking out "; and" at the end of clause (2) and inserting a period in place thereof, and striking out clause (3).

SEC. 3. Title 37, United States Code, is amended as follows:

(1) Section 202 is amended by adding the following new subsection at the end thereof:

"(k) While serving under an appointment under section 5767(c) of title 10, a woman officer of the Navy is entitled to the pay of a rear admiral of the lower half."

(2) Section 904 is amended—

(A) by striking out "5774" in subsections (a), (b), and (d) and inserting "5773" in place thereof;

(B) by amending clauses (5) and (10) of subsection (a) to read as follows:

"(5) women line officers of the Navy;

* * * * *

"(10) women officers of the Marine Corps;";

(C) by striking out subsections (c) and (e); and

(D) by striking out "Except as provided by subsection (e) of this section, a" in subsection (d) and inserting in place thereof "A".

SEC. 4. (a) For five years following the effective date of this Act, the Secretary of the Army may suspend the operation of any provision of law pertaining to the mandatory retirement, discharge, separation, or transfer from an active status of an officer of the Army Nurse Corps, Army Medical Specialist Corps, or Women's Army Corps.

(b) The amendments made by this Act to section 6396 of title 10, United States Code, do not become effective with respect to officers of the Regular Navy in the Nurse Corps serving in the grade of lieutenant commander until June 30 of the second fiscal year following the fiscal year in which this Act is approved.

(c) Notwithstanding section 6396 of title 10, United States Code, as amended by this Act, an officer of the Regular Navy in the Nurse Corps who is serving in the grade of lieutenant (junior grade) on the effective date of this Act may not be discharged under that section until June 30 of the second fiscal year following the fiscal year in which this Act is approved.

(d) Notwithstanding any other provision of law, an officer of the Regular Navy in the Nurse Corps who is serving in the grade of lieutenant on the effective date of this Act and who on that date has completed more than thirteen years of active commissioned service may not be involuntarily discharged under section 6396 of title 10, United States Code, as amended by this Act but shall, unless sooner selected for promotion to the grade of lieutenant commander, be retired on June 30 of the fiscal year in which she completes at least twenty years of active commissioned service. Each officer retired under this subsection shall be retired with the retired grade and pay prescribed in section 6396(c) of title 10, United States Code, as it existed before the enactment of this Act.

(e) For five years following the effective date of this Act, the Secretary of the Air Force may suspend the operation of any provision of law pertaining to the mandatory retirement, discharge, separation, or transfer from an active status of an Air Force female officer, except an officer designated under section 8067, title 10, United States Code, to perform professional functions other than as an Air Force nurse or as an Air Force medical specialist.

(f) Until July 1, 1972, when the needs of

the service require, the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force may convene annually boards of officers to consider officers of the Army Nurse Corps, officers of the Navy Nurse Corps, or Air Force nurses, respectively, who otherwise would be required to be retired or separated under this Act within the calendar or fiscal year in which the board is convened. Upon the recommendation of such a board, the Secretary concerned may defer the separation or retirement of such an officer for a term of not more than five years, unless recommended for further deferment by a subsequent board of officers, and in any case not beyond the month following her attaining age sixty or July 1, 1976, whichever may be earlier. Officers whose separation or retirement is so deferred shall be additional to the numbers of officers authorized by sections 3202, 3211, 8202, and 8211, title 10, United States Code.

The SPEAKER. Is a second demanded?

Mr. GUBSER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Massachusetts is recognized for 20 minutes.

Mr. PHILBIN. Mr. Speaker, I am very proud, in behalf of our great House Committee on Armed Services, to present this bill, H.R. 5894, to the House.

It constitutes a noteworthy landmark in the history of military, personnel legislation, since for the first time, it affords to women officers in our Armed Forces the opportunity that they have sought and deserved for a long time to rid themselves of onerous, inequitable restrictions on their careers.

For the first time, this bill would permit them, by virtue of demonstrated ability, superlative character traits, attributes of leadership, and faithful, devoted, creditable service, to make their way laboriously up through the ranks of our military forces until they reach the top.

In the sense that restrictions have prevented this result in the past for many worthy, outstanding officers, this bill has been long delayed.

As in civilian life, and indeed in all walks of life, women in the armed services have made truly significant, glorious contributions in adding to the strength, the morale, and the efficiency of our military defense organizations, of which they are such an important part.

Not only in terms of intellectuality, alert mentality, rare, personal qualifications, fidelity to duty, and purposeful, total adaptation to the tasks at hand have women left a deep impress upon our armed services.

Their presence, their eagerness to give of their maximum talents, training, and fitness have brought beneficial results to the armed services in terms of creative zeal, ready response to the stern disciplines involved, and real accomplishment of most exacting duties.

Women have also brought a fine, perceptive graciousness, courtesy, good manners, and consideration for others that have left a deep mark on the entire, overall organization of our military services, wherever they serve.

Our committee feels indebted to those who assisted us in our deliberations. Even though there was never much doubt that we would reach the very favorable results attained by this bill, I think it is appropriate that I should make it officially and publicly known to the House, that officials of the Department of Defense, high ranking officers of the various services, and particularly women leaders of the services and their staffs and their organizations, have gone all out in assisting our committee to try to shape up a satisfactory measure to signalize the emergence of women to fuller opportunities and a far more meaningful, well-rounded role in our armed services.

I am most grateful also, not only to members of our committee, but to Members of the House, for their indulgence, generous, prompt consideration and unfaltering support of this meritorious bill.

Last year, though the House passed the bill, it was late in the session, and there was hardly time for its enactment in the other body.

Since we are enacting the bill this year relatively early in the session, the other body should have ample opportunity now, and I trust that the results will be salutary, speedily arrived at and favorable to the cause of all women in our armed services, who are so worthy of our attention, consideration, and efforts to elevate their status, and provide them with opportunities commensurate with their skills, abilities, and enduring contributions.

I trust that our very able distinguished friend from the great State of Georgia, Senator RICHARD B. RUSSELL, chairman of the Armed Services Committee of the other body, one of the truly great national leaders of our times, and his outstanding committee, will give this measure early attention, to the end that the aims of military women for total recognition within their high mandate may be fulfilled.

I sincerely hope and vigorously urge that early favorable action be taken by the entire Congress in this vital matter and that the bill be enacted and written into law at the earliest possible time.

Mr. Speaker, H.R. 5894 will remove the arbitrary restrictions presently in law which limit the promotion opportunities and career tenure of women officers. As a result of the removal of these restrictions, women officers will be subject to the same laws applicable to male officers.

Mr. Speaker, H.R. 5894 is the same legislation that was passed by the House on October 7, 1966, as H.R. 16000. It received no action in the other body and was resubmitted by the Department of Defense again this year.

This is not a promotion bill. It does not guarantee anyone a promotion. The committee received firm assurance from the Department of Defense that the bill would not be used as an excuse for upgrading positions held by women officers. The bill's only purpose is to provide equality of treatment for women in recognizing merit and performance.

The bill makes women officers eligible for the first time for flag and general officer rank. There is no guarantee a woman will be given such rank but if found most qualified for a specific star billet, she will be eligible for selection. The bill contemplates that a woman promoted to flag rank would be advanced to fill a specific billet and would hold the rank only while filling that billet—in other words, what is known in the military as a spot promotion.

In reporting this legislation in the 89th Congress, our committee added one substantive amendment to prevent the forced attrition of military nurses. We did this because the present national shortage and the added requirements of the Vietnam involvement have made it difficult for the services to secure an adequate number of nurses. In submitting the bill again this year, the Department of Defense included this committee amendment of last year and it is part of the present bill.

Mr. Speaker, the women in the armed services have proved that they can make a lasting significant contribution to the Armed Forces. They have proven they deserve equality of opportunity. In his recent message to the Congress, the President noted that the Department of Defense intended to increase the use of women in the military service. The Department presently has plans to increase the number of women in the line components of the Armed Forces by 6,500 including 600 additional officers. The number of nurses in the Armed Forces has increased more than 2,000 in the last year.

Mr. Speaker, I urge the House to approve this bill.

The SPEAKER. The gentleman from California is recognized for 20 minutes.

Mr. GUBSER. Mr. Speaker, tomorrow morning the House Committee on Armed Services will begin its hearings on the renewal of the selective service law. I believe it should be pointed out at this time that it is a foregone conclusion by all knowledgeable persons that a continuation of selective service is necessary to the national security. Under that system we shall be taking young men out of civilian life and telling them that in the best interests of this country and the national security they must assume a military life. So it stands to reason that the greater the extent of civilian contribution to the military, the smaller the number that will have to be drafted.

It has been proven in recent years that many of the functions of the military cannot only be performed as well by members of the fair sex, but in many instances better. So it is a safe prediction that in the future women will be making ever-increasing contributions to the military services. If they are to do so, then it follows that there must be an increase in the number of women officers.

This bill is a realistic approach to the more important role to be played by women in the armed services. For that reason, Mr. Speaker, I rise in support of the pending legislation.

This is the second time this legislation has been brought before the House by our committee.

The bill was approved by the House last October. It is a legislative proposal of the Department of Defense. It has the support of numerous military organizations. I know of no opposition to it.

Since World War II, women officers in

all our Armed Forces have proven their ability to make a meaningful, long-term contribution to the services, but they continue to be restricted by arbitrary limits placed in the law 20 years ago. We had examples presented to our committee where women officers holding billets normally assigned to a male colonel could only be given the rank of lieutenant colonel because of the restrictions in the law. While this bill takes the restrictions off promotions for women officers, it does not automatically give anybody an advancement. There will not be any widespread upgrading of positions held by women. They will compete for promotions in the normal way that male officers do and will only be promoted to those positions for which they are qualified.

I would like to emphasize something pointed out by the committee in its report:

> The Committee on Armed Services is aware that there cannot be complete equality between men and women in the matter of military careers. The stern demands of combat, sea duty, and other types of assignments directly related to combat are not placed upon women in our society. The Defense Department assured the Committee that there would be no attempt to remove restrictions on the kind of military duties women will be expected to perform. Within the framework of this understanding, the Committee believes that women officers should be given equality of promotion opportunity consistent with the needs of the service.

In summary, Mr. Speaker, the bill has widespread support. It provides deserved equality of treatment for women officers and it is not in any sense a promotion give-away bill.

I urge the House to support this legislation.

Mr. RIVERS. I would like to voice my wholehearted support of this legislation which removes the arbitrary restrictions placed on women officers. This legislation is past due. The women careerists in the Armed Forces are professionals who have proven they can do many jobs equally as well as men. Our nurses are performing magnificently in Vietnam.

The women's components are growing and the President has called for increased utilization of women in the Armed Forces. If we expect women to make a career of the service we must be prepared to offer them equal advancement opportunity.

This bill does not give advancement to anyone automatically. It is not taking anything away from male officers. All it does is assure that women have an opportunity to compete fairly for promotion and have the same tenure as male officers of the same grade.

Mr. PHILBIN's subcommittee has done an outstanding job, as it always does, in clarifying this legislation and bringing forth a fair bill. This bill makes women eligible for flag rank for the first time. But a women will only be promoted to a flag billet if it is found she is better qualified for that billet than any other officer available. If she is so qualified, she deserves the star.

I support the legislation and I urge the House to do likewise.

Mr. SCHWEIKER. Mr. Speaker, I rise in strong support of H.R. 5894 to remove promotion restrictions on women in the Armed Forces.

I was a sponsor of such legislation in the 89th Congress when the House passed H.R. 16000. I have introduced H.R. 1274 in the present Congress to accomplish this purpose and our distinguished chairman, the gentleman from South Carolina [Mr. RIVERS], has introduced H.R. 5894, which is before us today.

Since World War II, the contribution of women officers to all our armed services has increased and the number of women officers seeking long-term careers in uniform has grown. But the ceilings on advancement of women officers have remained built into our laws until now they seem highly unrealistic.

A woman Army officer may not rise higher today than the rank of colonel. If she is serving in the Navy, her advancement is limited to commander, and if in the Marine Corps, to lieutenant colonel. The numbers of women officers who may serve at each rank are kept down by discriminatory formulas that resemble those applied to specialists like chaplains and judge advocates.

Women are also given an earlier age for mandatory retirement in some officer categories. The result of all these double standards, now that women are staying longer in the service and pulling their weight in many administrative positions along with men, can only be sagging morale in a still small but nevertheless important part of the Armed Forces.

The Defense Department, by its recommendation of this bill, is recognizing a problem of unequal treatment of women officers that has occupied numerous women's rights and veterans' groups for some years.

Even if there were no hindrance to Armed Forces morale at stake by treating women officers unequally in their advancement opportunities, it would still be a necessary piece of legislation, strictly because it eliminates one more pattern of discrimination against women in American government and national life. As a persistent cosponsor of the proposed constitutional amendment guaranteeing equal rights for women in both State and Federal law, I firmly believe in the merits of this legislation on moral grounds as well.

I would like to conclude by clearing up one more important point about this bill. Although it takes off the ceiling now holding down women officers, it does not automatically move up any woman officer to a higher floor. Some critics feel the bill will open the door, for example, to widespread upgrading of all existing WAC colonels to brigadier generals—upgrading in rank without any increase in responsibility. They argue this could deprive male officers doing "a man's job" in "a man's army" of higher rank. But this bill says nothing of the kind. This bill makes no guarantees of higher ranks, or higher officer numerical quotas, for women. Women officers, like male officers, will continue to get their promotions in the normal way. This bill merely removes limits on women's advancement that may have looked like reasonable long-range objectives in 1947 but act like shackles in 1966.

I urge the adoption of this important legislation.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts that the House suspend the rules and pass the bill H.R. 5894.

The question was taken and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

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

There was no objection.

SPEAKER AUTHORIZED TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until tomorrow, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions passed by the two Houses and found truly enrolled.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE SMALL BUSINESS ADMINISTRATION

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. ASPINALL. Mr. Speaker, President Johnson has repeatedly stated that the economy can only prosper to the extent that the individuals in our country prosper. In his annual budget message to Congress in 1966, the President stated that government "must always be responsive to human needs."

The President and Congress have endeavored, when requested by the people, to provide services needed to reach these objectives.

One such service is provided by the Small Business Administration—an agency that has as its purpose the finding of ways to assist persons in middle- and low-income brackets who seek to make new careers, or to obtain help with problems in existing businesses.

Colorado alone has benefited from 96 loans from this agency during 1967.

Mr. Bernard L. Boutin, Administrator of the SBA, has related to me the following success story from my home area, and I believe it is worth repeating.

The Tri-State Tool Co., of Grand Junction, was formed in 1954 under the man-

agement of Charles H. Dyer. The corporation has been engaged primarily in constructing tractor undercarriages. They also sell parts for tractors and tools to contractors and oil field workers.

The firm faced certain financial problems in 1964 and Mr. Dyer made application for a SBA loan. He had been unable to obtain private financing to expand his business and repay short-term debts.

One local bank offered to participate with the Small Business Administration in loaning Dyer $125,000. Proceeds of the loan were used to pay debts, acquire land and buildings for additional space, increase inventory, purchase machinery and equipment, and increase working capital.

Since the SBA loan was granted, the firm has progressed. The number of employees increased from nine in 1964 to 15 in 1966. Sales more than doubled. The company sustained a loss of $202 in 1964, but a net profit of $56,700 in 1966.

Within 2 years, Tri-State Tool Co. had accomplished the goals which they had projected for themselves. Retained earnings have almost doubled since 1964 and the working capital ratio has markedly improved.

The additional employees completed a training program which ultimately contributes to the high morale found at Tri-State Tool Co., eliminates wasted time and materials, and decreases overhead.

Mr. Speaker, we have here a good example of how a Federal agency—the Small Business Administration—under favorable conditions, can work in partnership with our citizenship for the kind of development and progress that has been the hallmark of America.

LETTER FROM VIETNAM

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

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

There was no objection.

Mr. TEAGUE of California. Mr. Speaker, on Monday, March 20, 1967, we were notified that Lt. Dennis John Breda, U.S. Army, age 24, was killed in combat in Vietnam on March 19, 1967. On March 13, 1967, Lt. Dennis Breda wrote the following letter to his parents, Mr. and Mrs. John A. Breda, in California, excerpts of which are as follows:

Now we are still on the Cambodian Border right in the middle of the Ho Chi Minh trail. We have been here for about a month and one-half. We take our tracks through even the thickest jungle. There are all types of missions: search and destroy, ambushes, blocking forces, convoy security, landing your security, and many others. Most of the time the VC avoid contact with us. We are known to them as the killers. General Westmoreland says we are the best mechanized infantry unit in Vietnam today. Most of the generals are trying to get us attached to their units.

We have been kept pretty busy. After being in the field for so long, we are tired and dirty. I have been wounded twice. Once from a command detonated mine, detonated from Cambodia. Another time from a VC machine gun. The day I was wounded from a VC machine gun, I lost 14 of my men. One was killed instantly, another died later in the hospital. The rest were only wounded.

My biggest gripe is that my platoon is so under-strength. It is a rare day when I go to the field with 30 men. The rest are on Rest and Recreation (R&R) or traveling to or from R&R, and on details for the First Sergeant. I'm getting tired of being under-strength. It is hard on the men because they have to pull twice their normal duty. These things can kill us all.

There are few real fighting units here. Most of the people here are used in a support unit. We need a lot of fighting units here, not people who sit in Saigon with stockpiles of equipment we need and never see, who don't even know that a war is going on.

To win this war they either have to saturate this country with bombs and troops, block the border completely so the VC could not resupply, then start at one end and sweep to the other. Then bomb the hell out of North Vietnam.

We are losing too many good soldiers clearing an area, then moving out only to let the VC move back in. That is what happened to the Iron Triangle. When a truce comes, or the monsoon, the VC move back in and resupply. After that we have to go back and do the job again, only this time we run into the mines and booby traps that the VC put in.

Lieutenant Breda met death in Vietnam, according to the statement from a telegram sent to us by Kenneth G. Wickham, major general, Adjutant General, while on a combat operation and being hit by fragments from a hostile command detonated mine. The letter continues:

On my latest combat mission, my men and I were without a radio in our track because none were available. I'll be real happy when my 8 months I have left here ends. When I get back I'm going to start job hunting. The way this war is going, it may never end.

I think when one man dies in war that suddenly there should be no half-way effort to end the killing. When anyone dies it is a war and should be crushed with all the ability we have to do so. People, soldiers' lives should cost a hell of a price. With our country's great strength, it is a face-losing thing when we must take so long to crush such a weak, poorly equipped enemy. Well, I've put my two cents worth in your ears. I guess I'll stop screaming into the mighty winds that just blow.

Did this man die in vain? Yes.

As long as we, the U.S. public, do not voice our inner feelings and convictions, our husbands and sons will continue to go into this war understrength, with insufficient supplies, fighting a war with many restrictions, fighting communism overseas while it flourishes on our shores, and with supplies that are mailed but do not reach their destination.

Become aware of the facts, form your opinions, speak out, and let every voice be heard. Only then can we say a life given in this conflict was with cause.

CONGRESSMAN HORTON INTRODUCES THE "AL SKINNER BILL" TO EXTEND SOCIAL SECURITY BENEFITS TO LOW-INCOME PERSONS OVER 72

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

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

There was no objection.

Mr. HORTON. Mr. Speaker, one of the most rewarding privileges of a Member of Congress is the privilege of translating the ideas of citizens directly into legislative proposals.

One of the most distinguished public servants I know, and one who is himself a devoted public servant, is Sheriff Albert Skinner, of Monroe County, N.Y.

Two weekends ago, Sheriff Skinner informed me of a serious problem that is faced by many aged citizens over 72 years of age. These people find themselves ineligible for the $35 monthly payment which the 89th Congress authorized for persons over 72, because they are recipients of State or local government pension payments. Under the present provisions of section 228 of the Social Security Act, benefits are reduced based on the amount of other government pensions received by the potential recipient, while some other forms of income are not counted in the benefit reduction formula. Thus, many persons receiving very small amounts of government pension, say $1,000 or less per year, receive reduced social security payments, while others with substantially greater sources of nonpension income continue to receive the full $35 per month.

I have already introduced legislation which would effectively remove the retirement test from social security payments under title II of the act. Instead of the present earned income limitation, I have substituted a $7,000 per year limitation on income from all sources, thus removing the penalty unjustly placed on aged citizens who do not have large investment income to draw on during retirement.

The bill which I propose today would seek to apply the same theory to section 228 benefits. Instead of penalizing low-income recipients of government pensions, my bill would reduce the over-72 benefits only where the recipient has yearly income exceeding $2,500—$3750 for a couple.

This would mean that persons whose government pension income is inadequate to provide a decent level of support would be eligible for the full $35 monthly payment. Those who have adequate income from nonpension sources would not receive the special over-72 benefit, which is paid to persons who have little or no social security covered employment.

Mr. Speaker, Al Skinner, although he serves the people of Monroe County as sheriff, is alert to their problems in many areas outside the realm of his law-enforcement duties. I should like to thank him publicly for communicating this particular problem to me. I know that my colleagues will give this bill full and prompt consideration.

BACK-DOOR AID DERIVED BY ENEMIES OF SOUTH VIETNAM FROM CAMBODIA

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the

House for 1 minute, to revise and extend my remarks, and to include two newspaper articles.

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

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, last Wednesday, April 26, I again reported to the House my concern over the problem of the back-door aid derived by the enemies of South Vietnam from Cambodia. Since then two news stories have appeared which give alarming new evidence of the nature and extent of this assistance.

One story in New York Times, April 28, 1967, entitled "Sihanouk Trail Big Supply Line," states that:

The "so-called Sihanouk Trail, a sixty mile truck road from Cambodia eastward across southern Laos to the Ho Chi Minh Trail, has become a major supply route for enemy forces in South Vietnam.

It is reported that some 60 trucks, 2,000 bicycles and 40 Mekong River boats are used to move rice, truck fuel, and ammunition.

The other dispatch in the Washington Post, April 30, 1967, tells of another "gigantic pipeline through Cambodia supplying the Vietcong with arms, ammunition, food, and medicine—operated with the cooperation of senior Cambodian officials." This report states that:

Intelligence sources have evidence that small and medium arms for 50,000 troops entered Cambodia in the past two and a half years and were diverted to the Viet Cong. In addition to those arms, openly landed in Sihanoukville on the Gulf of Siam as Chinese Communist arms aid for the Royal Cambodian Army, ammunition was smuggled wholesale in coal shipments from Hanoi, and tens of thousands of tons of rice supplied through overseas Chinese and Vietnamese merchants who control that trade.

Mr. Speaker, for a year I have urged that some action be taken to prompt Cambodia to live up to its alleged policy of strict neutrality. Instead our policy has been one of "do nothing" with the result that our troops in the field have had to suffer the consequences.

The time has come for us to use some of the political and economic weapons in our arsenal, such as the closing of the Mekong River to Cambodian traffic, if we are to keep faith with our fighting men.

The news stories follow:

[From the New York Times, Apr. 28, 1967]

SIHANOUK TRAIL BIG SUPPLY LINK—U.S. AIDES SAY IT IS MAJOR SUPPLY ROUTE FOR ENEMY

(By Peter Braestrup)

PAKSE, LAOS, April 26.—United States specialists think that the so-called Sihanouk Trail, a 60-mile truck road from Cambodia eastward across southern Laos to the Ho Chi Minh Trail, has become a major supply route for enemy forces in South Vietnam.

Until this month these sources tended to consider the Sihanouk Trail had a minor role as a slow-traffic rice route. Along with reports of increased traffic, Royal Laotian Air Force pilots have found that the Communists now attach some importance to this supply line; newly installed 12.7-mm. antiaircraft guns have shot down one Laotian T-28 fighter-bomber and hit two more in the last 10 days as they attacked the Sihanouk Trail.

In the past, pilots strafing and bombing this route met only small-arms fire from the ground.

Although he has pledged "diplomatic and political" support to North Vietnam and the Vietcong in the war, Prince Norodom Sihanouk, head of state of Cambodia, has long denied assertions that their supplies moved out of Cambodia along the Sihanouk Trail.

A three-hour air reconnaissance today showed plainly the link between a web of trails and truck roads on the Cambodian side of the border and the newer Sihanouk Trail road in Communist-controlled Laotian territory south of the Mekong River.

Map in hand, an observer was able easily to identify the bend in the Mekong where the border leaves the river to go south as well as the Cambodian guardpost on the Mekong 10 miles to the west. Unlike other sections of Cambodia's borders, there were many landmarks.

TRAIL-BUILDING LEVELS OFF

No specialist in this regional military headquarters nor in Vientiane contends he has the exact statistics on either the Ho Chi Minh Trail or the Sihanouk route running across southern Laos. But it is believed in Vientiane that after a major building and maintenance effort in 1965 and 1966, the North Vietnamese activity along the dirt tracks of the south-bound Ho Chi Minh Trail has leveled off in the dry season, which ends next month. On the other hand, similar effort on the Sihanouk Trail has increased, according to competent sources.

According to these sources, the two trails appear to be developing distinct functions. The Ho Chi Minh Trail is used for moving light weapons, weapons parts and ammunition and infiltrating personnel across the demilitarized zone that divides North and South Vietnam, while the Sihanouk Trail is used to move rice, truck fuel and some ammunition, United States sources have received apparently reliable reports that about 60 trucks, 2,000 bicycles and 40 Mekong riverboats are involved on the Sihanouk Trail supply line. The trucks, it is said, take one night to go over the winding 60-mile dirt road from Cambodia along the south side of the Mekong River Valley to link up wtih Route 96, a north-south branch of the Ho Chi Minh Trail. But the rainy season makes large stretches of both trails impassable to trucks.

Today, from a 4,000-feet altitude, there was no discernible activity on bomb-pocked Route 96, as it wound through the narrow western-most gorges of the mile-high Annamite Range. Nor was there any sign of life on the Sihanouk Trail, as it left the tangle of roads and tracks on the Cambodia side and slashed through patchy scrub forest to the east. Craters and charred trees marked a T-28 attack on a truck park and other attacks on fords, ridge crossings, and bypasses.

Although the enemy is apparently installing more antiaircraft guns, including 37-mm. automatic cannon, air attacks will continue, if only to harass and slow the nightly traffic flow until the rainy season takes a hand.

[From the Washington Post, Apr. 30, 1967]

CAMBODIANS SENT ARMS TO VIETCONG

(By Robert S. Elegant)

HONG KONG.—A gigantic pipeline through Cambodia supplying the Vietcong with arms, ammunition, food and medicine—operated with the cooperation of senior Cambodian officials—appears to be blowing up into a major political crisis in the Cambodian kingdom.

Recent events, combined with analyses by Western intelligence specialists, offer a picture of intrigue and smuggling of quantities of contraband which would do credit to a suspense thriller.

But the specialists make a most convincing case of their reconstruction of the manner in which Vietcong in South Vietnam and Cambodian rebels have been supplied through Cambodia.

FOR 50,000 TROOPS

Intelligence sources have evidence that small and medium arms for 50,000 troops entered Cambodia in the past two and a half years and were diverted to the Vietcong. In addition to those arms, openly landed in Sihanoukville on the Gulf of Siam as Chinese Communist arms aid for the Royal Cambodian Army, ammunition was smuggled wholesale in coal shipments from Hanoi, and tens of thousands of tons of rice supplied through overseas Chinese and Vietnamese merchants who control that trade.

Prince Norodom Sihanouk, Prime Minister of the kingdom, has arrested five Cambodian officials and closed the country even more tightly than usual to foreign correspondents. One of the men arrested is Chao Seng, a leftist who virtually controlled the Cambodian economy until late last year, and observers believe Sihanouk is striving to solve a major internal crisis as quietly as possible.

Although information is scant, it appears that Sihanouk is in political difficulties, having gone too far with leftists both within and without the government. He may now be seeking to recoup his position.

MINISTERS INVOLVED

The supply to the Vietcong may be at the heart of Sihanouk's difficulties, since it involves a large part of the Cambodian power structure. Chao Seng, who returned only a month or so ago from semi-exile since November, 1966, in Paris, appears a key figure in the scandal. He was arrested with four others, all of them also former Ministers.

Phnompenh never denied that the Vietcong received food and medicine from Cambodian sources. Sihanouk has in recent months declared that he would like reinforcement of the Polish, Indian and Canadian teams of the International Control Commission, whose function is to investigate allegations that Cambodian neutrality is being violated.

ADMITS UNCERTAINTY

He has admitted that he cannot be certain the Vietcong do not take shelter on Cambodian territory or receive supplies through Cambodia. He has, however, always said that the port of Sihanoukville was open to inspection to prove that no large-scale shipments of Communist arms were entering the country.

It has been apparent that the Vietcong could be supplied across the waterways and jungle which cover most of the Vietnam-Cambodian border. The question was how the supplies entered Cambodia.

Intelligence specialists now are sure they have the answer.

Since 1967, according to Sihanouk, the Chinese Communists agreed to supply the Cambodian army with arms and equipment of various categories, including aircraft and trucks, sufficient to supply 49,000 men. The Cambodian army numbers no more than this.

SHIPMENTS PADDED

As the routes have been reconstructed, there was no covert smuggling. Instead, additional small arms—and a sprinkling of mortars and recoilless rifles adequate for at least 50,000 men were included in the Chinese arms shipments. With the connivance of senior Cambodian officials, those arms were diverted to the Vietcong and to Cambodian rebels who cooperate with them.

Ammunition and smaller items entered Sihanoukville concealed in coal cargoes from North Vietnam. Once within the country the ammunition entered the same supply net which handles the arms openly imported.

An operation of the size projected must

have created a whole new apparatus of power, in addition to involving a substantial segment of the conventional power structure. Specialists believe Sihanouk may now feel himself directly threatened by the expanded influence the Communists wield in Cambodia within and without the normal state apparatus.

PARALYSIS THREATENED BY NATIONWIDE RAILROAD STRIKE

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

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

There was no objection.

Mr. THOMPSON of Georgia. Mr. Speaker, our Nation is threatened with paralysis by a nationwide railroad strike. Some are asking Congress to step in and require both the unions and the railroads to submit their dispute to binding arbitration—something which no other union or industry is presently required to do.

We all believe in arbitration, as well as collective bargaining. We recognize these acts as fundamental principles of labor-management relations. But forced arbitration and forced settlements are repugnant to the free society in which we live.

At best, forced arbitration can only be a stopgap measure, for it does not reach the roots of the problem. The national transportation tieup which faces America each time the railroad unions cannot reach agreement with management, illustrates that the problem is not the failure to reach agreement but the fact that the labor contracts within one industry are increasingly being designed to expire simultaneously. This can cause nationwide strangulation, brought about by industrywide strikes.

It has been my belief for a long time, Mr. Speaker, that the national interest is not served by allowing so many of the contracts between the various transportation companies and unions to expire simultaneously. It is not beyond the realm of possibility for the labor contracts of all of our major transportation companies—rail, truck and air—as well as our communication companies to expire almost at once, thus completely crippling the country.

This, Mr. Speaker, is what must be corrected. It will not be corrected by legislation requiring binding arbitration and settlement between one union and one industry.

The right to strike is, in my judgment, one of the basic rights of the workers of this country. It is one of the few means they have of demonstrating that a grievance exists between them and the management of their company. Yet, I do not believe that this right should be exercised in such a way that an entire country is paralyzed and placed in peril, as will exist with an industrywide strike.

My judgment, Mr. Speaker, is that in the public interest, we should not allow industrywide strikes in the transportation and communication industries. For that reason I am carefully considering legislation which would prohibit the simultaneous expiration of labor contracts with the various companies in any particular segment of industry in the fields of transportation and communications. I believe this is the kind of legislation we need to protect the overall public interest, rather than the one-shot, one-industry proposal for binding arbitration which we can expect to come before the Congress at any time. Let us work for a solution to the problem and not be content to just treat one symptom.

RETURN OF JUNK MAIL TO SENDER

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

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

There was no objection.

Mr. HECHLER of West Virginia. Mr. Speaker, I am today introducing a bill to enable those who receive unwanted junk mail to return it to the sender at the sender's cost.

Under present regulations, if someone wants to refuse receipt of third-class mail, it is simply hauled off and destroyed by the Post Office. If the sender now marks "return requested" on third-class mail, it is returned to the sender at a charge of 8 cents for return postage. But most third-class mail simply flows on, despite the wishes of the recipient. Even death does not stem the tide of junk mail which keeps on coming long after some people are dead and gone.

My bill has been drafted in response to numerous suggestions and requests from people all over the country who are irritated at the constant bombardment and duplication of unwanted, unread, and unpaid-for junk mail. The taxpayer is already subsidizing a large part of the cost of this mail, and he must pay again for the time of the postal employees who now have to destroy it when it is marked "refused." My bill will require third-class mailers to place their return address on all material, and will empower the Postmaster General to set the return postage rate high enough to pay for the cost of returning the material.

THIRD-CLASS MAIL

Mr. HECHLER of West Virginia. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. MEEDS] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. MEEDS. Mr. Speaker, today I am pleased to join with my colleague, the Honorable KEN HECHLER, of West Virginia, in a proposal we hope will do much to improve present third-class mail operations. The bill I am introducing would provide for the refusal by addressees of unwanted and unsolicited third-class mail. This follows a bill I introduced last week to raise the rates for third-class mail.

Third-class mail is not paying its own way. And the bulk of third-class mail is in the "junk mail" category which individual citizens should not have to put up with unless they so desire.

In seeking to remedy what I believe is an unrealistic postal rate for third-class mail and to stem the tide of unsolicited mail to those who oppose it, I am joining in this concern with my colleague, the gentleman from West Virginia [Mr. HECHLER]. Each of us, and I am certain others of this body, have received angry complaints from citizens in our widely separated States about the flood of unwanted mail which increases every year.

Criticism of total Post Office operations, of course, has been sounded session after session. I am particularly concerned now with this specific phase. The third-class mail classification primarily covers the direct mail advertising industry—a large and legitimate business segment. However, the third-class postal rates come far from being high enough to meet the cost of delivery. This not only is illogical from a financial standpoint, but it appears to be an unfair subsidy to one facet of the advertising industry not enjoyed by the many others.

My bill would help increase Post Office revenues and maybe lessen the amount of red ink used for so many years on postal ledgers. It would put direct-mail advertisers on more of a par with their competitors.

And, most importantly, it would give individual citizens the opportunity to determine if unsolicited matter in their mail boxes is desired or not. No act of censorship is involved here.

What one person believes to be unwanted mail, another believes to be valid.

While we cannot legislate mailing morals nor manners, we certainly need not subsidize such things as the bulk mailing of pornographic circulars. And further, we can hit directly at the mailing of pornography by allowing citizens themselves to repudiate it by refusing it.

Third-class-mail senders have only to decide if they still want to use blanket mailing techniques and risk the added cost of returned mail from irritated citizens or if they want to use selective mailing lists of more probable customers.

My bill today provides in essence that citizens may refuse unwanted or unsolicited third-class bulk mail by marking on the envelope a request for the return of such mail to the sender. It shall be done at a cost—not less than the cost of handling the return of the matter—to be set by the Postmaster General.

PROPOSED AIR QUALITY ACT OF 1967

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

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

There was no objection.

Mr. STAGGERS. Mr. Speaker, at the request of the administration I intro-

duced H.R. 4279, the proposed Air Quality Act of 1967. Since the introduction of that bill, the Department of Health, Education, and Welfare has issued a report entitled "Air Quality Criteria for Sulfur Oxides." As a result of discussions of problems involving the technology of minimizing the sulfur oxide problem between the Department of Health, Education, and Welfare and representatives of the coal and oil industries and other interested Federal agencies, it has been determined that the research program for control of sulfur emissions should be accelerated and the administration has, therefore, asked that I introduce a revised bill increasing the authorization for fiscal 1968 by $15 million to be used for accelerated research. I have, therefore, today introduced a revised bill carrying out this recommendation.

I enclose as part of my remarks the letter and enclosures I received from the Department of Health, Education, and Welfare.

DEPARTMENT OE HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., April 24, 1967.

Hon. HARLEY O. STAGGERS,
Chairman, Interstate and Foreign Commerce Committee, House of Representatives, Washington, D.C.

DEAR MR. STAGGERS: Please find attached the proposed Amendment to the "Air Quality Act of 1967," along with a copy of Secretary Gardner's letter to the Speaker of the House which explains the reasons for the proposed amendment.

We would be most appreciative if you would introduce this amendment.

If you or your staff desire any assistance with regard to the bill, please call us.

Sincerely yours,

RALPH K. HUITT,
Assistant Secretary for Legislation.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,

Hon. JOHN W. MCCORMACK,
Speaker of the House, of Representatives, Washington, D.C.

DEAR MR. SPEAKER: The Air Quality Act of 1967, transmitted to the Congress on January 30, 1967 and now being considered by the Congress, is a matter of highest priority, if we are to continue the battle for clean air. It represents our concern for the serious threat to American health caused by polluted air.

Since the transmittal of the President's Message on "Protecting Our National Hertiage," several events have occurred which make it necesary to accelerate the attack on one of the major air contaminants requiring more complete control—sulfur oxide.

The recently published "Air Quality Criteria for Sulfur Oxides," the recommendations of the conferees in the New York-New Jersey abatement action, and other findings and conclusions of prominent scientists, lead us to the inescapable conclusion that we must move more rapidly and effectively in reducing the levels of sulfur now present in the atmosphere over many of our metropolitan areas.

At the same time, it has become obvious that present technology is inadequate to deal fully with all aspects of the sulfur problem.

While it is true that selection of low-sulfur fuels for use in certain critical areas will offer a temporary solution, it is clear that we must substantially accelerate our research and development activities in three major areas: 1) Removal of sulfur from fuels, 2) process removal of sulfur from burning fuels, and 3) control of sulfur gases in the stack. Several promising approaches are available, and more rapid development to full-scale application is necessary.

We have discussed this problem with representatives of the coal and oil industries and with interested Federal agencies. We are all in agreement with the vital importance of an expanded and accelerated research and development program.

I am therefore recommending that the proposed Air Quality Act of 1967 be amended to increase the authorization for the fiscal year ending June 30, 1968, from $84 million to $99 million; the additional $15 million would be made available for research and development in control of sulfur emissions from fuels.

Enclosed is an amendment to the proposed Air Quality Act of 1967 to carry out this recommendation.

We are advised by the Bureau of the Budget that enactment of the Air Quality Act of 1967 with this amendment would be in accord with the program of the President.

Sincerely,

———— ————,
Secretary.

AMENDMENT TO DRAFT BILL, THE AIR QUALITY ACT OF 1967

In section 7, strike out "$84,000,000" and insert in lieu thereof "$99,000,000".

MUTUAL SECURITIES LEGISLATION

Mr. STAGGERS. Mr. Speaker, I am introducing the legislative proposal which today was forwarded to the Speaker by the Securities and Exchange Commission with the unanimous recommendation for the enactment of this legislation providing additional protection for mutual funds shareholders in areas where the tremendous growth of the industry since enactment of the Investment Company Act of 1940 has created needs which were unanticipated or of secondary importance at that time 27 years ago.

I request that there be included at this place in the RECORD the letter of Chairman Manuel F. Cohen to the Speaker, dated May 1, 1967.

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C., May 1, 1967.

The PRESIDENT OF THE SENATE,
The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit legislative proposals unanimously recommended by the Securities and Exchange Commission with the hope that they will be introduced and enacted in this first session of the 90th Congress. They would provide additional protection for mutual fund shareholders in areas where the tremendous growth of the industry since enactment of the Investment Company Act of 1940 has created needs which were either unanticipated or of secondary importance at that time. Between the end of 1940 and June 30, 1966, investment company assets increased from about $2.1 billion to $46.4 billion. Most of this growth was accounted for by mutual funds, whose net assets increased from $450 million at the end of 1940 to about $38.2 billion at June 30, 1966. By the end of 1965 there were more than 3,500,000 mutual fund investors as compared with less than 300,000 in 1940.

The Commission's proposals are the outgrowth of studies made by or for the Commission pursuant to Congressional direction, primarily that contained in Section 14(b) of the Investment Company Act of 1940 which authorizes the Commission if it finds "that any substantial further increase in the size of investment companies creates any problem involving the protection of investors or the public interest, to make a study and investigation" and to report the results to the Congress.

The first of these studies, which commenced in 1958 pursuant to Commission direction, was made by the Wharton School of Finance and Commerce of the University of Pennsylvania. That report submitted to the Congress in August of 1962 found that the more important current problems in the mutual fund industry involved potential conflicts of interest between the fund management and shareholders and the impact of fund growth and purchases on stock prices. The Wharton School Report was followed by the Report of the staff of the Commission's Special Study of the Securities Markets, which, insofar as mutual funds were concerned, examined sales of mutual fund shares including sales practices and the special problems raised by the so-called front-end load in the sale of periodic payment plans for the accumulation of such shares.

Neither the Special Study nor the Wharton Report was a report by the Commission. Following publication of these reports the Commission undertook to evaluate the public policy questions that they raised as part of an extensive study of its own and to report its recommendations to the Congress. The results of that study are found in the Commission's Report on the Public Policy Implications of Investment Company Growth which was transmitted to the Congress on December 2, 1966 and published as House Report No. 2337, 89th Cong., 2d Sess. The legislative proposals transmitted herewith are designed to carry out the recommendations contained in that report.

Areas of primary concern in the report included the costs of management and sales charges. Mutual funds, although ordinarily organized either as corporations or as business trusts, usually are managed and operated not by their own officers and employees but by separate entities which provide management and advisory services under contract with the fund. Traditionally these contracts have provided for compensation on the basis of a percentage of the assets of the fund. As the funds have grown in size the amounts of management fees have likewise grown and the Commission's report concluded that economies of scale in the costs of managing large pools of assets have seldom been shared equitably with investment company shareholders. The proposed legislation would expressly require that management fees be reasonable and make this standard enforceable in the courts. However, any person attacking the reasonableness of a management fee which had been approved by the fund's directors as required by the Investment Company Act would have the burden of proving that the fee was unreasonable. A requirement that the fee be reasonable would appear inherent in the fiduciary relationship between investment company shareholders and an investment advisory organization which is in effective control of the fund. The existing provisions of the Investment Company Act, however, provide no adequate means by which such a requirement may be enforced.

The proposed legislation would also place a 5% ceiling on charges for mutual fund sales, subject to a power in the Commission to grant exceptions where appropriate. This proposed maximum charge would still be substantially greater than the sales charges generally prevailing in the securities markets such as stock exchange commissions or over-the-counter markups for securities of comparable quality. As a result, in part, of the resale price maintenance scheme provided in Section 22(d) of the Investment Company Act, which the mutual fund industry regards as important for the preservation of the existing pattern of distribution of such shares, competition has not operated to reduce sales loads. Rather the sales charges paid by average or small investor have tended

to increase as investment companies competed for the favor of dealers and their salesmen.

Of particular concern are the sales charges paid by those investors, generally small investors, who accumulate mutual fund shares by monthly payments over a period of years. Under the existing provisions of the statute, up to 50% of the first year's payments may be deducted for sales charges. The Commission's study as well as the Special Study showed that a substantial portion of such investors are unable or unwilling to complete their plans, with the result that up to half of the money that they pay in goes for sales costs. The proposed legislation would eliminate the front-end load feature and require that sales charges be spread equally over all payments, thus reducing the undue risk of loss suffered by those investors who do not complete their plans, as well as making sure that a greater proportion of the money paid by an investor is invested for his benefit.

The proposed legislation would also contain other provisions which are designed primarily to facilitate the administration and enforcement of the Investment Company Act, to eliminate certain anomalous situations, and to update and correct certain provisions.

These legislative proposals recognize as did the Commission's report that on the whole the investment company industry reflects diligent management by competent persons, that the industry has provided a useful and desirable means for investors to obtain diversification of investment risks and professional investment management and that drastic changes in the Investment Company Act of 1940 are not required. We believe, however, that enactment of these proposals would assure fairer treatment for the millions of Americans, including many of modest means, who have chosen to invest many billions of dollars in investment company securities.

The Bureau of the Budget advises that enactment of legislation along the lines of this Bill would be in accord with the program of the President.

By direction of the Commission,
MANUEL F. COHEN,
Chairman.

MOVE OF 5TH ARMY HEADQUARTERS FROM CHICAGO TO FORT SHERIDAN

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

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

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, it is my painful and embarrassing duty to inform my colleagues who voted to move the 5th Army Headquarters from Hyde Park in Chicago to Fort Sheridan as an economy move that someone in uniform took them for a ride. Charles Mount, an honorable and highly respected staff writer, tells the story in the Chicago Tribune of April 30, 1967.

My colleagues, I think, will recall that in my vain effort to save the Army from the folly that Mr. Mount's recital makes clear and dramatic I predicted in full detail everything that has come to pass. I did succeed, and for that I am grateful to my colleagues, in postponing the removal for 2 years, but after that 2 years the forces of folly, extravagance, and stubborn vanity could not be stopped.

Mr. Mount points out that improvements at Fort Sheridan to accommodate the 5th Army Headquarters will reach $6.3 million. Improvements already made include installation of underground communications cables, extensive remodeling of eight office buildings, erection of 250 more living quarters, new electrical wiring system and heating plant and many other facilities, all of which I predicted and all of which the Army laughed off as fairy dreams.

Mr. Mount says that at least one-third of the civilian force will quit their jobs rather than move into a locality where homes run between $25,000 to $45,000, as reported by Mr. Mount. Mr. Mount quotes Colonel Baldy as saying that among the civilian workers quitting the headquarters are top-rated management and supervisory personnel. I understand it is all but impossible to find qualified and experienced successors.

Mr. Mount, commenting on possible discrimination against Negro personnel, reports "a salesman for one of the largest Waukegan realtors told the Tribune he could not handle any transactions in the move because of the no-discrimination stipulation by the Army."

By unanimous consent I am extending my remarks to include the full text of Mr. Mount's revealing article in the Chicago Tribune of April 30, 1967, as follows:

[From the Chicago Tribune, Apr. 30, 1967]

THE 5TH ARMY GEARED FOR FORT SHERIDAN MOVE

(By Charles Mount)

The biggest military campaign in the Chicago area in recent years will begin May 9, most of it under cover of darkness.

After more than 2 years of planning, the nation's second largest army headquarters, 5th army, will move from 1660 E. Hyde Park blvd. to Fort Sheridan, adjacent to Highland Park. The move, which military officials say will cost $2.6 million, will mean relocating, over a 12-year period, the work of 945 military personnel, about 500 civilians, and 500 tons of equipment.

MOVE TO REDUCE COSTS

It also will mean that civilians will be working in a complete military setting for the first time. The headquarters, in a move to reduce defense department costs, will relocate from a former hotel and military hospital to an ex-cavalry post. Many civilians will be leaving a place they have worked for 20 years.

Relocating their homes will be 325 civilians and 140 military families who have found or still are seeking off post housing on the north shore. Most of the personnel are moving from scattered locations on the south side.

Some 136 personnel, 126 of them civilians, plan to commute to the fort on special military buses which will stop daily at the Hyde Park building and at Howard and Paulina streets. Another 80 personnel are seeking car pool partners.

RUN SPECIAL BUSES

The special buses will run for a three-month trial period to accommodate personnel who don't want to move while their children are in school and to encourage civilians who want to work at Fort Sheridan but don't want to move their homes. The army is trying to persuade private bus companies to take up the routes.

About one-third of the civilians are quitting their jobs rather than make the move, said Col. Paul A. Baldy, coordinator of the move as special assistant to the 5th army chief of staff. Other military sources said as many as one-half of the civilians will not make the move. Most are going to other federal jobs.

In order to avoid massive traffic jams, five commercial moving companies will load furniture and other equipment onto about 27 vans after work hours. The vans, to conform with police requests, will leave one at a time at night for the fort, where they will be unloaded shortly after dawn.

DEVISE TRAFFIC PLAN

Military police, on orders of Col. Victor G. Conley, Fort Sheridan post commander, have devised traffic flow plans and special parking areas to avoid confusion.

Each of the 24 sections will move half of their operations at one time, thus leaving the other half to maintain emergency facilities.

Col. Baldy said some of the civilians quitting the headquarters are top-rated management and supervisory personnel. The others are spread thruout the other civil service levels. The army, in order to fill vacancies, has hired 283 people from the north shore in the last two months, he said.

MOST BUYING HOMES

The hiring of local people and the movement of 465 personnel into the area is expected to have a considerable effect on the north shore economy, particularly the housing market. Most of the personnel are buying homes in the $25,000 to $45,000 bracket in the Deerfield-Highland Park, Libertyville-Mundelein, and Palatine-Arlington Heights areas, Col. Baldy said.

The army has conducted housing tours and contacted real estate brokers to help personnel, but many of them still will end up paying from 25 to 100 per cent more in property taxes than on the south side, he said.

IMPROVE FORT SHERIDAN

In a move to help reduce possible discrimination against Negro personnel, the army has held consultations with Negroes stationed at Fort Sheridan who live off post. Col. Baldy said no problems have been reported, but a salesman for one of the largest Waukegan realtors told The Tribune he could not handle any transactions in the move because of the no-discrimination stipulation by the army.

Col. Baldy said the present headquarters building will be turned over to the Federal General Services administration.

Improvements made at Fort Sheridan prior to the move include installation of underground communiciations cables; remodeling of eight buildings to house the headquarters; completion of 250 more living quarters, a new electrical wiring system, heating plant, medical and dental facility, and restaurant; and expansion of the library and enlisted men's barracks. Expansion of the officer's club is under way. Improvements at the fort will total about 6.3 million dollars.

SPEECH OF THE DISTINGUISHED JUNIOR SENATOR FROM GEORGIA, THE HONORABLE HERMAN TALMADGE

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

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

There was no objection.

Mr. LANDRUM. Mr. Speaker, on April 21 Georgia's distinguished young junior Senator, the Honorable HERMAN TALMADGE, spoke to the Georgia Association of Student Councils at Rock Eagle

State Park at which several hundred Georgia high school students were present.

His speech is one that I believe all Members of Congress would enjoy reading and one from which I believe could come a better understanding of the contributions our young people are making and the responsibilities they will be called upon to meet in the future.

I include Senator TALMADGE'S speech in my remarks:

It is always a pleasure to meet with young people of Georgia, and it is especially a high honor for me to visit with student council representatives of Georgia's high schools.

You are leaders now at your respective schools, and the State and the nation looks to you for an even bigger leadership role in the future, to help build and shape our State in the years that lie ahead.

Each time I come to a gathering of Georgia young people, of high school or college age, I am exceedingly proud of what I see. I see quality everywhere I go on our campuses. I see it in the many fine young men and women who come by my office in Washington during their vacations. I see it in the Governor's Honors Program, where I have had the pleasure to speak in the last two years, and in all the other programs in the State that encourage scholastic excellence.

Georgia is truly a growing state. It is growing in every respect—economically, socially, and culturally. Our greatest resource is people, and especially young adults like yourselves.

Since the 1960 Census, the State's population has increased to just under 4½ million people. This is a gain of more than half a million in just the past six years.

It is interested to note that of the total Georgia population, almost 2 million are under age 18. And out of every 100 Georgians, 27 are between 5 and 17 years of age.

The fact is, ours is a young nation. The average age is now 33, but next year it will be 25. It is expected that by 1970 ours will be the youngest nation in the Free World with some 50 per cent of our citizens under 26 years of age. To give you a good idea of what I am talking about, 12 per cent of our population today was not alive when John F. Kennedy was inaugurated in 1961.

More than one-fourth of all the population of the United States are in school classrooms. Thus, it is plain to see that when we contemplate the future of Georgia and America, we look to youth.

Youth is exciting. It is naturally full of life, anxious to grow and be doing things. This excitement and exhuberance can work wonders. It can accomplish things not even dreamed of by my father's generation. However, by the same token, if it is misdirected, it can be catastrophic.

American youth is very much in the news today. Perhaps never before in our history have young people, particularly teenagers and college students, been so widely discussed, analyzed, and laid open for public examination. Their manners, morals, and dedication to God and country are subjects for great journalistic and philosophical debates.

I for one try not to set too much store by what we read and hear. All this would have us believe that the young men and women of today are foot-loose and irresponsible and virtually another Lost Generation.

This is not to say I am not concerned. I am concerned that last year arrests of young people increased 9 per cent. I am concerned about the rash of campus demonstrations and street marches which indicate a growing rebelliousness against authority and disrespect for law and order. I am concerned when I read of kids who get their kicks from L.S.D., alcohol and fast cars.

And speaking strictly from a personal standpoint, I am concerned about so-called non-conformity which leads to hair that is too long and dresses that are too short.

Certainly, some of the behavior and customs of young people today leave something to be desired. And in some respects there is much to be deplored.

However, I do not feel that this is the true picture.

It is my feeling that the true story of American youth today is told by the great rank and file of our younger citizens who stand tall and walk straight . . . who believe in their country and all the things it stands for . . . who are unafraid of hard work . . . and who are ready and willing to assume the responsibilities of free citizens.

These are people who go very quietly about their business. They are not always outspoken, and they don't march in the streets, singing and chanting. But when they do speak, they command attention and respect.

These are young citizens who believe in respect for authority . . . in individual integrity and personal honor . . . in decent behavior . . . in constructive thought and responsible citizenship . . . and in loyalty to God and country.

These are people who are more interested in creating than tearing down. The quality of young citizens today is symbolized by the theme you have chosen for this meeting—"Deeds not Words."

So, I am optimistic.

I am convinced that in the young people of America lies the most abundant and promising source of strength we could have.

And this is particularly true in the State of Georgia.

Last February, our State observed the 234th anniversary of its founding. The colonial history of Georgia exemplifies what individual freedom, personal responsibility, honor and courage meant then, and what it means now to our State and nation.

The rich and colorful history of Georgia is a priceless legacy to all of our citizens. It is fitting to pay tribute to the past, for we can greatly profit from the example set by our forebearers.

Almost two-and-a-half centuries separate us from the founding fathers of Georgia. Looking back, we find more than two hundred years of hard work and often lean times. There was destructive war and Reconstruction, and there were years of economic depression.

But there were challenges and determination, and there was opportunity.

Just as there is today.

But most important there were vision and courage.

Just as there is today.

And there were bold men and women of ambition, who by strong will and able bodies were capable of turning temporary adversity into advantage.

And so it is today.

Times have changed. And they are changing still, at a very rapid pace. However, in spite of phenomenal scientific and technological advancement, and the industrial and urban transition taking place in our State—fundamental principles remain the same today as they were two-and-a-half centuries ago.

The same spirit guides Georgians today. Our State is still blessed with a wealth of human and natural resources.

We still need a society of creative individuals.

We still need men and women of vision for, as we are told in the Book of Proverbs:

"Where there is no vision, the people perish." There are still monumental challenges to be met. There are still dangerous problems to be solved. There is yet great opportunity for everyone.

I am reminded of the words of the renowned journalist, Henry W. Grady, when he spoke in New York City in the year 1886. He referred to "The New South" at a time when Georgia was busy rebuilding from the tragic War Between the States. Grady declared:

"The New South is enamored of her new work. Her soul is stirred with the breath of a new life. The light of a grander day is falling on her face. She is thrilling with the consciousness of growing power and prosperity."

These words are as meaningful to Georgia today as they were almost a century ago. And young citizens of our State should find them especially inspiring.

It has been said that this last third of the 20th Century belongs to Georgia and the South. I believe that. We are witnessing an economic boom in our State and region that is unprecedented.

It was only about three decades ago that the states of the South were regarded as the nation's number one economic problem. Today, our region is considered the number one land of opportunity and growth.

And Georgia is situated squarely in the middle of it all. And in many areas of endeavor, Georgia is setting the pace.

Georgia began its tremendous growth is earnest in the years following World War II, and really started moving forward about the time many of you were born. Today, our State, along with the rest of the Southeast, leads the nation in the rate of growth in almost all fields of economic and industrial endeavor.

This is not to say there is not a long way to go. This is where you will come in. And each of you should regard it as all the more challenging, for when we consider what has been accomplished already . . . how much room there is for more growth . . . the resources that are yet untapped . . . then the potential growth of Georgia becomes staggering to the imagination.

So—the last third of the 20th Century belongs to Georgia and the South. In the final analysis, the years ahead belong to you, the young men and women of Georgia.

What is achieved in Georgia between now and the turn of the Century—33 years hence—the gains and the progress that are made—will for the most part be done by people who today are in their teens.

The work ahead will be no easier for you than it was for your predecessors. In many respects, it will be a good deal more difficult. Our society is growing more and more troublesome and complex with the passing of each day. Our present population is around 200 million. By the year 2000, it is expected to be about 340 million. And in just the next few years, about 75 out of every 100 Americans will live and work in or near a large city.

It has been estimated that man's volume of knowledge is doubling every five years.

Material is being taught in colleges that was not even known when today's college professors were students themselves.

All this points to an overpowering need to be prepared for the years that lie ahead of you. It makes education a very big and important business. And it is a costly business, as your parents knew and as you will come to know. However, this is an investment we cannot afford *not* to make. As Poor Richard said in his Almanack:

"The only thing more expensive than education is ignorance."

I am convinced that education and training is now and will continue to be the greatest force in the continued future progress of Georgia. I have already pointed out the high percentage of young people in our country in relation to the total population. This means that whole new generations must be educated and made to understand and appreciate the American heritage and the fundamental principles that made our nation great.

The importance and necessity of education in today's complex world has not escaped our young citizens. The number of high school graduates has increased more than 100 per cent in the past 10 years. More and more each year are banging at the doors of universities and colleges. We are engaged in a race between modernization of industry and business . . . and modernization of manpower.

When I speak of education, I mean an investment that pays returns many times over in terms of increased earnings. Learning and training virtually guarantee the security of the individual and his family.

However, as you are well aware, education is far more than just a bread and butter affair. Education enriches the minds of individuals and enables them to make decisions and act intelligently on the great problems and issues of the day.

And it might be added that in this rapidly changing world, in time more perilous than mankind has ever known before, education has taken on new meaning and deeper significance.

An educated people are more vital to the economic and political security of America and the Free World than all the missiles, planes and bombs we can devise.

It is important to know and understand fully the American way of life.

It is imperative to know why our nation has grown and prospered, and why our people enjoy more liberty and opportunity than any other in the world.

It is vital to our continued prosperity that we know the value of our system of free enterprise.

And we must know the meaning of freedom.

Freedom is difficult to define, especially for a people who have enjoyed it and taken it for granted all their lives. But I can tell you *what freedom is not.*

It is not to be found in a system of government which guns down a man trying to slip over the Berlin Wall. It is not found in the villages of South Viet Nam where peasants are slaughtered by the Communist Viet Cong. It is not found in a totalitarian state where the people know only what the government wants them to know and where there is no recognition of human dignity. It is not found in strong-arm dictatorships where the government rules, not by the consent of the governed, but by armed military force.

Thus, to see and understand what is happening in many other parts of the world enables us to measure and appreciate the freedom that we enjoy—and why it is so important that we insure its preservation for all generations yet to come.

It might be said that the greatest challenge you will face is to leave a better world for your children than was left for you. Unfortunately, you have inherited the perils and problems of domestic strife. International tension and the threat of Communism grip the world. It is well that you feel the weight of the responsibilities that will soon be thrust upon your shoulders.

I am confident that you are up to the tasks that lie ahead. I am certain that each of you, as you complete your studies and go about your chosen professions, will continue your quest for knowledge and improvement. I am confident that you will keep on learning and keep on doing.

Young Georgians are endowed with a sense of responsibility. They are demonstrating a willingness to work hard and to make wise use of their God-given talents.

This is all the guarantee we need for a great and prosperous future for Georgia and the nation.

SILVER DOLLARS FOR HEALTH RESEARCH: PRESIDENT APPOINTS COINAGE COMMISSION

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, today, President Johnson announced appointment of the eight public members of the Joint Commission on the Coinage.

The Commission was authorized under the Coinage Act of 1965. With the completion of the membership, the Commission is expected to convene soon to start considering a variety of matters relating to coinage.

Following the President's announcement today, I introduced legislation which would authorize the Treasury to sell its supply of silver dollars to the American Cancer Society and the American Heart Association. The two health societies would be authorized to resell the coins with the proceeds earmarked for research into cancer and heart disease.

The Treasury currently has on hand about 3 million silver dollars, including 2,800,000 which were minted at the Carson City Mint in the late 1800's. The silver dollars are believed to have a numismatic value several times that of their face value. This means that the resale of the coins by the health societies would provide millions of dollars for badly needed medical research.

Mr. Speaker, I hope that the new Joint Commission on the Coinage will place this proposal on its agenda for early action.

I place in the RECORD a copy of the White House release announcing the appointments to the Coinage Commission:

The President today announced the appointment of the eight public members of the Joint Commission on the Coinage authorized by the Coinage Act of 1965. The Commission is expected to convene shortly.

Other members, previously designated, include six from the House of Representatives, six from the Senate and four officials of the Executive Branch.

The Coinage Act of 1965 empowered the Commission to advise the President, the Secretary of the Treasury and the Congress on: the implementation of the coinage program; the needs of the economy for coins; standards for coins; technological developments and other considerations relevant to maintaining an adequate coinage system; minting of silver dollars and official maintenance of the price of silver.

The eight public members named by the President to the 24-member Commission are:

Julian Braden Baird, St. Paul, Minnesota, former Under Secretary of the Treasury;

Amon G. Carter, Jr., Fort Worth, Texas, publisher of the Fort Worth Star Telegram;

William C. Decker, New York, New York, business executive former president of Corning Glass Works;

Samuel M. Fleming, Nashville, Tennessee, president, 3rd National Bank of Nashville, former president of American Bankers Association;

Edward H. Foley, Washington, D.C., attorney, former Under Secretary of the Treasury;

Harry Harrington, St. Louis, Missouri, chairman of the board and president of the Boatmen's National Bank of St. Louis;

H. E. Rainbolt, Shawnee, Oklahoma, president of the Federal National Bank and Trust Company at Shawnee; and

Eugene Smith Pulliam, Indianapolis, Ind., assistant publisher of the Indianapolis Star and Indianapolis News.

The members serve without compensation.

Secretary of the Treasury Henry H. Fowler is Chairman of the Coinage Commission. The three other members from the Executive Branch are Acting Secretary of Commerce Alexander B. Trowbridge; Mr. Charles Schultze, Director, Bureau of the Budget; and Miss Eva Adams, Director, Bureau of the Mint.

Congressional members are Senator John Sparkman, Chairman of the Senate Banking and Currency Committee; Senator Wallace F. Bennett, ranking minority member, Senate Banking and Currency Committee; Representative Wright Patman, Chairman, House Banking and Currency Committee; Representative William B. Widnall, ranking minority member, House Banking and Currency Committee; Senators John O. Pastore, Alan Bible, Thomas H. Kuchel, and Peter H. Dominick, and Representatives Ed Edmondson, Robert N. Giaimo, Silvio O. Conte, and James F. Battin.

Prior to the enactment of the Coinage Act of 1965, U.S. dimes, quarters, half dollars and silver dollars all contained 90 percent silver. The 1965 Act eliminated silver from dimes and quarters and reduced the silver content of half dollars to 40 percent. The Act also prohibited manufacturing silver dollars for five years. It directed the Secretary of the Treasury to purchase newly minted silver at $1.25 a troy ounce, and authorized him to sell silver in excess of stocks required to be held as reserves against silver certificates, at not less than the monetary value of silver. It also authorized him to prohibit the export, melting or treating of U.S. coins.

The new dimes and quarters are made of clad material—a copper-nickel alloy bonded to a core of pure copper. Half dollars are also clad. They contain silver and copper throughout with a greater proportion of silver in the faces than in the core.

One of the duties of the newly appointed Commission will be to make recommendations for the disposal of some three million rare silver dollars still held by the Treasury. Hearings were held on this last July by the Committee on Banking and Currency of the House of Representatives.

WATER AND SEWER PROGRAM FUNDS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, unfortunately I had left the floor briefly last Tuesday when the distinguished Member, the gentleman from North Carolina [Mr. JONAS] the ranking minority member of the Subcommittee on Independent Offices and Department of Housing and Urban Development of the House Appropriations Committee, indicated his desire to raise certain questions concerning the need for H.R. 9066, which will increase the authorization under section 702 of the Housing and Urban Development Act of 1965 for basic water and sewage facilities from $200 million to $1 billion, becoming effective in the next fiscal year beginning July 1.

First, let me commend the gentleman for his recognition of the value of this fine program to the future growth of our great nation. Such early bipartisan

support for a program that has been in actual operation a little over a year is gratifying to our committee, and I know, to the administration that had the splendid foresight to propose it in 1965. I have no doubt that it will become as popular with Members on both sides of the aisle as Public Law 660, the sewer treatment plant program, commenced in 1956, and now administered by the Department of Interior. This program, beginning with a modest authorization in 1956, has increased to a $3½ billion authorization with the passage of the Clear Water Restoration Act of 1966.

Future growth of both urban and rural America is dependent upon the construction of combined comprehensively planned water and sewage distribution systems as provided by the section 702 program administered by HUD. HUD and Interior, working together with State and local governments with these two programs, will provide the basic structures for our growth for decades to come, the skeleton, if you will, of new developments and even new cities. If we fail to recognize the magnitude of the problem and do not provide adequate authorizations, we perpetuate the construction of competing, inadequate, archaic systems by each unit of government and even worse, actually encourage continued use of "wet" septic tanks, which while serving a present need, make future growth almost economically impossible and in some cases contributes to a dangerous pollution problem.

HUD is indeed to be commended for its prudent administration of the program thus far. The concept of comprehensive water planning, as required by the law for the first time, is now firmly established, with a growing understanding by local communities that combined facilities are necessary, both distribution and treatment. The ultimate savings by the construction of facilities with adequate growth capacity serving an area, rather than a jurisdiction, is now recognized by all. Cities and counties, towns and villages, are now planning together and they are working cooperatively with State and Federal officials. Many of these program are administered by the Assistant Secretary for Metropolitan Development in HUD with an eye to the special needs of the small community.

The gentleman from North Carolina must indeed be proud of the fine example set by the officials of Charlotte and Mechlenberg County who have set an outstanding example of complete cooperation in the planning and development of the area's fine water resources. This spirit of cooperation which deservedly entitled Charlotte to one of the first grants under the "702" program, was, I know, in large part due to the leadership of their Congressman, the distinguished gentleman from North Carolina. Even with the relatively small amount authorized and appropriated in this beginning program, the story of Charlotte has been repeated throughout the Nation.

In my own district, comprehensive planning has become the rule rather than the exception. These plans are now being finalized, leading to the presentation of approval applications, not just letters of inquiry. HUD has completed its important interdepartmental agreements with Commerce, EDA, Interior, and HEW; all occurring while the Department completely reorganized to provide the coordinated leadership the Congress contemplated by the establishment of the Department of Housing and Urban Development.

Last fall when the President's budget was being considered and finalized, prudent concern was shown by the President over inflationary effects which led, for example, to a slowdown in the interstate highway program. Many Members on the other side of the aisle urged this type of action and even today, with evidence of a softening economy, continue to urge a domestic slowdown. The gentleman, I am sure, is familiar with my criticism of the actions of the Federal Reserve Board in raising interest rates that have contributed directly to our present situation. But is the gentleman familiar with the effect one of the worst "tight money" periods in our history has had on housing "new starts" and related municipal construction of water and sewer facilities? An already critical backlog of needed water and sewer facilities was greatly worsened by the inability of many communities, particularly small cities and towns, to obtain loans at a reasonable interest rate.

Should the House Appropriations Committee recommend an increase in the President's budget finalized last December for the water sewer program, I would support such action as a real act of constructive bipartisan statesmanship.

Communities all over America are planning together today, as we in Congress directed them to do, to qualify for "702" grant assistance. Let us acknowledge their faith by the enactment of H.R. 9066, so that the administration will have the opportunity to come back with a supplemental request in January, and an expanded request for fiscal year 1969, should economic conditions permit, as I predict will be the case, to move this extremely important program from the planning stage to the action state in every community, large and small, throughout the Nation.

MAKING THE NEXT VIETNAM PAUSE WORK

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

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

There was no objection.

Mr. YATES. Mr. Speaker, an article by Robert Kleiman in this morning's New York Times reviews the history for negotiations between North Vietnam and the United States since 1964. If the facts contained in the article are true, it is clear that on several occasions Washington and Hanoi were quite close to reaching an agreement for commencement of negotiations to end the war. Unfortunately, for one reason or another, apparently attributable to misunderstanding or mistrust more than anything else, the parties did not take the last step leading to the conference table. Meanwhile, the war goes on at an ever-increasing pace with the prospective commitment of more men and greater force on the part of both belligerents.

Mr. Speaker, one cannot escape the impression from the article that negotiations are within reach and an opportunity to test that conclusion is within reach as well. There will be an upcoming truce on May 23 in honor of the birthday of Buddha. It should be possible for skillful, perceptive diplomacy to bring the conflict on the battlefield to the conference table.

President Johnson said that we seek peace with honor in Vietnam. North Vietnam has indicated it will not agree to negotiate under terms which amount to an ultimatum, the converse of which raises the possibility that it would agree to terms other than an ultimatum. That possibility should be explored in connection with the forthcoming truce.

The alternative, Mr. Speaker, is well stated in the article which I have appended to my remarks.

The May 23 truce—

It says—

if it occurs, could provide another opportunity to return to the American position of a year ago. Otherwise the outlook is for continued deadlock, further escalation and the likelihood of a much longer—and perhaps a much wider—war.

[From the New York Times, May 1, 1967]

MAKING THE NEXT VIETNAM PAUSE WORK

(By Robert Kleiman)

The one or two-day truce and bombing pause now scheduled for the anniversary of Buddha's birth, May 23, could well set in motion another major attempt at peacemaking in Vietnam. For those who hope for such an attempt and want it to succeed, it is essential to be clear about what went wrong in the peacemaking efforts of the past.

The explanation the Administration is encouraging the world to believe is that Washington has been consistently seeking and Hanoi resisting negotiations. But the reality appears to be that both sides have been shifting position repeatedly over the past thirty-two months, alternately blowing hot and cold about peace talks.

Originally, Hanoi was willing to talk. In September 1964 it accepted Secretary General Thant's proposal, relayed by Moscow, for secret contacts with Washington. For four months the Johnson Administration failed to reply, then rejected Mr. Thant's follow-up suggestion of a meeting of the American and North Vietnamese Ambassadors in Rangoon.

Twenty-four hours after word of this rejection reached Hanoi in February 1965 American bombing of North Vietnam began, allegedly in retaliation for a major Vietcong attack on the American base at Pleiku. American marines began landing in South Vietnam a month later, followed by other combat troops. Hanoi responded by stepping up its infiltration, sending regular North Vietnamese Army troops to fight in the South as organized units for the first time.

THE BALTIMORE PROPOSAL

At Baltimore on April 7, 1965, Mr. Johnson suggested "unconditional discussions"—a proposal to talk while the bombing of North Vietnam and fighting in the South continued. Hanoi's response was that the bombing of North Vietnam had to stop first. Meanwhile, in reply to the peace aims Presi-

dent Johnson outlined at Baltimore, Hanoi on April 8 announced its own terms, the highly ambiguous Four Points.

The next shift in positions came on May 12, 1965, when President Johnson for the first time suspended the bombing of North Vietnam—for a "limited trial period." His secret message to Hanoi gave North Vietnam four to ten days to order "significant reductions" in Communist armed attacks in South Vietnam if it wanted the pause extended. A permanent end of the bombing, Mr. Johnson indicated, would require an end to all armed action by the Communists in the South.

Hanoi returned this letter twice, once symbolically unopened. It then rejected it publicly, denouncing the time limit, which gave the message the character of an ultimatum as well as the demand for a military *quid pro quo* in the South. The Soviet Union, active earlier in urging peace talks and forwarding messages, refused even to discuss this one. On May 18, six days after the suspension, bombing was resumed.

Through the next seven months the Johnson Administration resisted pressure for another, more prolonged, pause. Washington insisted on a "clear indication" in advance from Hanoi that there would be "commensurate actions in relation to the infiltration and military action in South Vietnam and the presence of North Vietnamese military personnel."

But in December 1965, with 190,000 American troops in South Vietnam, President Johnson ordered a second bombing pause, this time without setting a time limit or asking advance assurances of a reciprocal military step by the Communists. Washington made it clear that the pause would continue if Hanoi simply agreed to negotiate. The Soviet Union, which had privately suggested this American approach, sent a high-level mission to Hanoi. The Pope, Secretary General Thant and dozens of nonaligned nations urged North Vietnam to open talks.

HANOI'S REJECTION

But Hanoi, apparently believing it was winning the war, failed to return to the pro-negotiation position it had held only a year earlier. Hanoi now advanced demands for a permanent and unconditional halt to the bombing as well as acceptance of its Four Points, which remained wrapped in ambiguity. It remained unclear whether the Four Points were proposals for a settlement, open for bargaining, or preconditions for a negotiation—that had to be accepted before talks began. After 37 inconclusive days of truce in the air and diplomatic probes on the ground, American bombing of the North resumed at the end of January 1966.

TALKS IF BOMBING HALTS

Nine months later, in the fall of 1966, Hanoi's position began to change significantly. There were increasing indications from Russia and Eastern European countries, then Hanoi itself, that North Vietnam was prepared to accept what it had rejected in January—an undertaking to enter into negotiations if the bombing was halted.

Later Ho Chi Minh's letter to President Johnson (February 1967) confirmed that Hanoi was no longer insisting on a "permanent" cessation of the bombing; it was seeking an "unconditional" halt, one that would not commit North Vietnam in advance to reciprocal military measures in the South.

There was another important sign of a shift in Hanoi's position, also later confirmed in the Ho Chi Minh letter. Hanoi clearly was no longer asking acceptance of its Four Points as a precondition for talks. Thus there was no longer any question of a demand for withdrawal of American troops, recognition of the Vietcong or acceptance of the Vietcong program for South Vietnam before negotiations.

Most important, the Ho Chi Minh letter confirmed that Hanoi was not only prepared to defy Peking by opening talks but was proposing to negotiate bilaterally with the United States, leaving out the Vietcong.

These shifts—plus the demoralizing effect they presumably would have on the Vietcong guerrillas once negotiations opened—provided Washington with the opportunity, if it wanted to seize it, to test anew Hanoi's sincerity.

JOHNSON'S CONDITIONS

President Johnson's response in February was to revive a series of conditions similar to those he had proposed in 1965 but had put aside during the January 1966 bombing pause. Once again a brief time limit was attached to the bombing pause—it was to run four days—a period later extended by thirty-six hours because of the Wilson-Kosygin talks in London. The deadline imparted to this third cessation, as to the first in May 1965, the character of an ultimatum. Once again President Johnson called for reciprocal military measures by North Vietnam in the South as the price for prolonging the pause. And for the first time he asked Hanoi not only to agree to a reciprocal military move but to carry it out before the bombing stopped.

In his Feb. 8 letter to Ho Chi Minh, which rejected the suggestion of a bombing halt followed by bilateral negotiations, Mr. Johnson said his concern was that North Vietnam might "make use of such action by us to improve its military position." But he did not limit himself to this concern in making a counterproposal that seemed a step forward but actually was a step backward. He proposed a freeze of American force levels in the South to accompany the bombing halt in the North. But, in return, he asked North Vietnam not only to halt its own manpower build-up in the South, but to stop all infiltration of materiel. This amounted to seeking through a bombing pause what the bombing itself had failed to achieve: a halt in infiltration. And to the North Vietnamese, as Prime Minister Wilson pointed out at the time, it meant "they would be leaving perhaps 100,000 North Vietnamese (troops) at risk in the South, denuded of necessary supplies."

Mr. Wilson, in contact with Hanoi through Premier Kosygin's London visit, felt that a further extension of the pause by Washington and a secret pledge by Hanoi of almost any reciprocal military move would permit negotiations to be engaged. Neither Washington nor Hanoi was willing to make the first move to activate such a deal and the bombing resumed. But this concept still offers the the best chance to get peace talks going.

Other United States proposals apparently were made during the meetings in Moscow early this year between an American and a North Vietnamese diplomat. But this first sustained series of secret contacts led nowhere because Hanoi's representative was only prepared to listen, not talk, prior to cessation of the bombing. And all the American messages, including an inquiry about the agenda for a conference, seemed designed to induce Hanoi either to talk while the bombing went on or to agree in advance to pay a military price in the South in return for suspension of the bombing.

Washington is suspicious that North Vietnam is far more interested in halting the bombing than in genuinely negotiating and would drag out any talks to gain a military advantage. No one forgets Korea, where fighting went on for two years during the Panmunjom talks.

These concerns are legitimate. But there are other ways to satisfy them than to insist that Hanoi back down first on its two-year refusal to talk while being bombed.

TWO ROUTES TO TALKS

One way would be for Moscow, which provides Hanoi with much military and economic aid, to use this leverage to induce North Vietnam to negotiate in good faith and not step up its infiltration during a bombing suspension. But since Soviet action is highly unlikely, the United States could take the initiative. It could suspend the bombing but make it clear after talks open, that negotiations could not continue very long if either side substantially increased its force levels in South Vietnam or the flow of supplies to its troops or allies.

The Pentagon already has laid the groundwork for such a position in the projected May 23 truce. It has announced that it reserves the right to take appropriate military action against abnormally large efforts to resupply Communist troops. If no such abnormal resupply efforts are noted, there would be no reason not to extend the pause and test Hanoi's willingness to negotiate. It goes without saying that prolonged lack of progress in such negotiations just as increased Communist infiltration, could and probably would lead to a step-up in the war.

RISK TAKEN LAST YEAR

There undoubtedly are some military risks in such an approach. Mr. Johnson took such risks a year ago. He suspended bombing for 37 days at a time when neither the military nor the political situation in South Vietnam was as secure as today. Yet Hanoi gained no significant military advantage. He was prepared to open negotiations first, then ask assurances that Hanoi would not obtain a military advantage from further prolongation of the bombing pause.

The May 23 truce, if it occurs, could provide another opportunity to return to the American position of a year ago. Otherwise the outlook is for continued deadlock, further escalation and the likelihood of a much longer—and perhaps a much wider—war.

MAKING THE NEXT VIETNAM PAUSE WORK

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BINGHAM] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BINGHAM. Mr. Speaker, I rise to commend the New York Times for the extraordinarily interesting analysis by Mr. Robert Kleiman of the history of efforts to get peace negotiations started in Vietnam which appeared this morning and which the gentleman from Illinois [Mr. YATES] has had inserted in the RECORD.

The article reflects the great difficulty that exists in trying to generalize about the course of efforts to secure negotiations.

Mr. Kleiman makes a convincing case for the proposition that, at various times, Hanoi has been more amenable to negotiations than the United States, and that at other times the reverse has been true.

The article, therefore, can be construed as a challenge of the administration's version of the events that have transpired in recent months. I would, therefore, suggest to the administration that, if there are factual errors in Mr. Kleiman's account, the administration should come forth and identify them.

Mr. Kleiman also makes some suggestions with regard to the possibility of avoiding in the future the kind of situa-

tion which has prevented in the past all aproaches to negotiations from bearing fruit. These suggestions would seem to deserve careful consideration on the part of the administration.

EYEWITNESS ACCOUNT OF CHICAGO'S BIG TORNADO

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

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

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, so many of my colleagues have asked me the details of the recent tornado that ripped Oak Lawn, close to the district I have the honor to represent, that I am extending my remarks to include an article in the Beverly News, Ill., of April 27, 1967, with an eyewitness account. The article, which follows, is by Joe Martin, staff reporter and photographer, and well and widely known as the moving spirit in the American Veterans Press Association of Chicago:

EYEWITNESS ACCOUNTS OF STORM

(By Joe Martin)

Edward Fisher, who resides at 9121 S. Mayfield ave., was resting in a room of Fisher's Motel located at 95th street and Southwest highway and Austin avenue, Oak Lawn, listening to a radio announced broadcasting tornado warnings.

Suddenly, he noted a deep rumbling sound such as thousands of aircraft droning. The noise didn't seem to emanate from his radio so he rose from his chair and opened the door. What he had heard amplified. He saw a huge black cloud overhead and assorted objects including cars flying through the air. He knew it was a tornado and dashed back into his room slamming the door shut.

He crouched down into a corner as the building started to shake and the windows shattered. Rain was driven into the room by the velocity of the wind. In about 30 seconds, the noise receded and Mr. Fisher stood up. He looked at the shambles in the room and noted that the electric clock had stopped at exactly 5:25 p.m.

Unhurt, he opened the door and beheld the devastation of his property. His 12 unit Motel was all but demolished; walls, windows and roofs were missing. Plumbing was exposed and bedding strewn around.

He looked toward the place where his building which had housed a tavern and restaurant had stood. The entire structure was flattened.

The Sherwood Forest Restaurant and tavern were leased to Kenneth Shoot of Chicago Ridge. Some 20 customers were playing pool and listening to music at the juke box when the tornado crushed the building.

Mr. Fisher told this writer that he had operated businesses at this corner for 25 years. In less than half a minute, his little empire had vanished.

He told of the 50 teen-age boys who drove up in a truck shortly after the catastrophe and the help of many adults who within 30 minutes had freed the victims from the wreckage. Ambulances and Fire crews quickly dispatched the injured to hospitals. No lives were lost.

As darkness began to fall and the rain continued to pour down, the air became frigid with near-freezing temperature. Rescue work continued. Twelve persons huddled all night in the one unit of Fisher's Motel that miraculously retained it's ceiling and roof.

Mr. Fisher and his friend, Gregory Mondry of 9120 S. Mayfield ave. told of their work in assisting Mrs. Wilhelmina Dushop as she crawled on all fours from the wreckage of her home just 50 yards from the Fisher Motel.

Mrs. Dushop, age 79, had resided at 5940 W. 95th Street for the past 60 years. Her late mother owned the first farm in the Village of Oak Lawn. Mrs. Dushop, fondly called Minnie, is considered the oldest resident of Oak Lawn in terms of years of residence.

She was assisted by Mr. Fisher to the Motel and then conveyed to the Christ Community Hospital by ambulance. Her injuries included a broken ankle and face lacerations. She is in fair condition.

Her daughter, Mrs. Gladys Ott, 9310 S. McVickers ave. and grand-daughter, Mrs. Norman Nygaard, 8809 S. Melvina ave. accompanied by great-grandchildren Patricia and Gail Nygaard were present Saturday morning picking up papers and pictures in the wrecked home.

When they expressed concern over other valuables and especially Minnie Dushop's pet daschund, Charlie, they were cheered when Mr. Fisher and Mr. Mondry assured them that Charlie was safe in the Oak Lawn Firehouse. Also, that a strong-box had been given to the Oak Lawn Police for safe-keeping.

Mr. Mondry had arrived minutes after the tornado struck and had remained all night helping rescuers and salvaging valuables which were stored in Mr. Fisher's Motel room.

This writer-photographer toured the area afoot and noted firemen from Oak Lawn, Worth, Merrionette Park, Chicago, Evergreen Park, Midlothian, Chicago Heights, Harvey, Park Forest and many other villages hard at work cleaning up debris.

At the place where the Fairway Foods Supermarket had been, firemen were working rapidly, clawing at the muck looking for victims. The body of a teen-age boy was uncovered and taken to the temporary morgue in the Johnson-Phelps VFW Memorial Home.

Walking east on 95th st., my attention was drawn to the garage of the Suburban Transit System, 5800 W. 95th st. Firemen and workers were busy removing debris and wind-blown objects from the tops of damaged buses. 50 feet away, several buses were overturned and smashed.

At 9409 and 9411 S. Menard ave., two of the buses lay on top of each other. The tornado had carried them through the air on an unscheduled trip and smashed them against two houses, totally demolishing one building.

A freakishness was noted in the next block. The Metropolitan Insurance Company office-building at 5702 W. 95th street did not show any visible effects of the tornado, even the windows were intact. Immediately next to it at 5712, two stores were heavily damaged.

In a six foot areaway between the two buildings lay a U.S. Mail Depository box plus concrete blocks and other debris. This was evidence of the freaks of a tornado.

Security was tight to guard against looters. National Guardsmen, State Troopers, Village Police and even youngsters barred pedestrians and cars. Sheriff's Police in cars with amplifiers toured the streets admonishing people to get out of the area.

I wandered back to Fisher's corner and saw the area where Shoot's Tavern and the Sherwood Forest Restaurant wreckage had been. Bulldozers and workers from the Oak Lawn Street Department and the State of Illinois had all but cleaned up the debris.

In exactly 17 hours, all traces of the building had been wiped clean. Chester Kwiatkowski, 6927 W. 95th pl., a worker for the Oak Lawn Street Department informed me that Mayor Fred Dumke had issued orders to clean up the village as quickly as possible.

His orders were being carried out with speed by the hundreds of workers and volunteers, not only from Oak Lawn but from many other villages and cities.

Gerhard Hein, Village Police Chief said the volunteers were strangers. They came to help and their services were appreciated. Teen-agers by the hundreds volunteered and performed many duties. It was heartening to see these oft-maligned youngsters giving aid and assistance so willingly.

Everywhere, neighbors and people who escaped the ravages of the terrible tornado gave shelter, food and clothing to victim of the disaster. Units of the Salvation Army, the American Red Cross, Civil Defense groups and others gave invaluable assistance in this hour of need.

Insurance companies immediately set up centers to handle claims. Hundreds of adjusters worked to help their policy-holders.

As always, there are despicable vultures who prey on victims. Unscruplous individuals are offering to help settle claims for fees ranging from $100 to $450.

Officials issued warnings to people not to sign any contracts nor pay anybody for these services. Deal only with your agent, your Insurance Company and their representatives. There is no charge for adjusting services. Report the names of individuals who offer adjusting services for a price.

MILWAUKEE SENTINEL SUPPORTS REPUBLICAN PUPIL AID PROPOSAL

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. QUIE] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. QUIE. Mr. Speaker, the administration the past 10 days has launched an unprecedented attack on my proposed amendment to the Elementary and Secondary Education Act, to authorize block grants to the States for certain programs beginning July 1, 1968. This attack has dealt in misinformation and outright misrepresentation, as I have pointed out in the CONGRESSIONAL RECORD for April 26, 1967. However, a number of newspapers have taken a positive view of my amendment, including the Milwaukee Sentinel for April 27, 1967. As the editorial so aptly states:

There must be something mighty good about the Republican substitute for Federal aid to elementary and secondary education proposed by Rep. Quie of Minnesota . . . . for the Administration to stage such a sharp counterattack.

The editorial follows:

EDUCATION GRANTS: DOES PLAN WORRY HOWE?

Judging from the negative reaction of the national school commissioner, there must be something mighty good about the Republican substitute for federal aid to elementary and secondary education proposed by Rep. Quie of Minnesota.

In the morning's mail (postage and fees paid by the United States department of health, education and welfare) is a statement from Commissioner Howe raising "serious questions" and calling the proposal "a backward step."

Why stage such a sharp counterattack, particularly by going over the heads of congress to the public, as it were, if one is not worried by the appeal of the substitute? The answer to that question would seem to be that the Quie proposal must have merits

that could win it enough support, even in a Democrat controlled congress, to be adopted. What is the Quie proposal? Basically, it would substitute block grants to the states for the present complicated program of allocations to school districts under title I of the elementary and secondary education act of 1965.

The block grant approach would not take effect until July 1, 1968, giving time for the advance planning necessary to any program. For the first year, fiscal 1969, $3 billion would be authorized, about $200 million less than the maximum total authorizations of the program it would replace. However, it could prove to be a net gain, for, as Quie points out, "the block grant program would represent massive savings in administrative costs to the schools. . . ."

"Actually," Quie says, "the distribution of funds within each state would be far more responsive to the most urgent educational needs than under the existing act, which tends to scatter funds into every school district." Remember the fuss last May when affluent Whitefish Bay was found to be entitled to $25,000 in federal funds intended for disadvantaged children.

Under the amendment proposed by Quie, the state plan for the use of the funds would have to contain "assurances that the highest priority . . . will be given to local educational agencies which are experiencing the greatest educational difficulties because of such factors as: (A) heavy concentrations of economically and culturally deprived children, (B) rapid increases in school enrollment which overwhelm the financial resources of a local educational agency, and (C) geographic isolation and economic depression in particular areas.

In other words, in Wisconsin, for example, the federal school aid funds could be concentrated in districts where they are most needed, instead of being spread around according to an unrealistic formula that puts dollars needed in Milwaukee's inner core into an affluent suburb.

The promise of relief from bureaucratic red tape and a more sensible distribution of funds is not the only thing to commend the Republican substitute. Another of its appeals is that it would, as Quie says, "significantly reduce the power of the United States commissioner in local school decisions," which may explain Howe's negative reaction.

Mr. Speaker, I also wish to include another editorial, this one from the New York Times of April 20, 1967. Titled "School Aid Under Attack," the editorial took issue with my amendment to ESEA. I prepared an answer which was published on April 30, 1967. Because of space limitations the Times could not print the entire letter, which contained four points in answer to the editorial. Only two of the points were included in the abbreviated letter. To keep the record straight, I wish to place in the RECORD the Times editorial and my complete letter:

[From the New York Times, Apr. 26, 1967]

SCHOOL AID UNDER ATTACK

The House Republicans are playing a dangerous game with the program for Federal aid to elementary and secondary schools.

As worked out in the 1965 law, this program managed skillfully to steer around racial and religious antagonisms that had previously killed school-aid bills for a generation. Instead of general school aid, the law provides for assistance to individual school districts based upon the number of their children from families with annual incomes under $3,000. This provision funnels the aid to the districts that need it most.

Under this law the Federal funds remain under the control of public officials, but children in parochial schools are qualified to receive the same kind of supplementary assistance as those in public schools. In practice, such aid means providing them with the services of remedial reading teacher or a guidance counselor or with a hot breakfast program. No money goes directly to any private or parochial school. Naturally, the program involves some fairly detailed Federal requirements including racial equality, but it has worked well because it also elicits cooperation between public and parochial school administrators at the local district level.

In place of this intricate and ingenious compromise, the Republican minority on the House Education and Labor Committee under leadership of Representative Quie of Minnesota proposes the substitution of block grants to the states for educational purposes. The formula of the Quie bill would provide less money for the impoverished rural districts of the South, but it appeals to racist sentiment because state education commissioners in the South could more easily evade Federal desegregation requirements.

The Quie bill attempts to pacify parochial school supporters by including a proviso that one-half of the block grants would have to be used for special programs in which poor children in religious schools could participate, much as they do now. But most states have language in their constitutions forbidding the spending of public money for private schools, and this restrictive language might be held to apply if the states received any genuine discretion in the use of these Federal grants. Moreover, unfortunately, some states have a history of bitter ill-will between their state departments of education and parochial school systems.

If Republicans and Southern Democrats unite to substitute the Quie bill for the simple renewal of the existing law, the effect may be to kill school aid altogether. This is because most Catholic members are likely then to vote against the bill on final passage. In short, there is serious danger that the nasty quarrels of the past will be exacerbated.

It is possible that block grants to the states might usefully be substituted for some existing Federal programs, but such a change would have to be made on an extremely limited, experimental basis and with great caution. The highly charged school aid program is the least promising place to begin.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 27, 1967.

MR. JOHN B. OAKS,
Editor, Editorial Page,
The New York Times,
New York, N.Y.

DEAR MR. OAKS: The author of your April 20, 1967, editorial, "School Aid Under Attack" could not have read the amendment I have proposed to the pending bill (H.R. 7819) to extend the Elementary and Secondary Education Act. It seems to me that a great newspaper has fallen victim either to partisan prejudice or to the propaganda releases of a Federal agency. While there are legitimate issues for debate in my proposal, scarcely one was mentioned in the editorial.

The *Times* is mistaken in fact in the following respects:

(1). "The Formula of the Quie bill would provide less money for the impoverished rural districts of the South."

The facts are that the bulk of the funds in the existing Act are distributed on a basis which allots $393.14 for every child counted in New York, but only $129.64 for a child in Mississippi (a gross inequity which has not concerned the *Times*), which my formula is identical to that used for nine years in the National Defense Education Act, treating all children equally but weighing allotments in favor of low-income States. This is a version of the Hill-Burton formula which is in common use in Federal laws.

(2). ". . . but it appeals to racist sentiment because State education commissioners in the South could more easily evade Federal desegregation requirements."

Any implication that I have or would make such an appeal is untrue, and is an attempt to distort my strong Civil Rights record. The *Times* is also ignorant of the facts of Federal aid for elementary and secondary schools, almost all of which is administered through State plans approved by the U.S. Commissioner of Education and financed by a single lump-sum payment to the State educational agency. This is the pattern of the NDEA, the Vocational Education Acts, and Titles II, V, and VI of the present Elementary and Secondary Education Act. Title I (programs for deprived children) of ESEA does not require a State plan, but requires State approval of all local programs and is financed by a single lump-sum grant to the State educational agency. Can you explain *how* State education commissioners could more easily evade Federal desegregation requirements under my amendment than under identical provisions in existing law?

(3). "The Quie bill attempts to pacify parochial school supporters by including a provision that one-half of the block grants would have to be used for special programs in which poor children in religious schools could participate, much as they do now."

The fact is that my amendment (the first version available to you) continues every single form of participation for private school children, and expands the kinds of help they may receive by adding instructional equipment to textbooks and library materials now loaned to them under Title II of ESEA. I have since improved the language to extend dual enrollment and other possible arrangements for private school children beyond the present Act's requirements for such arrangements.

(4). "But most States have language in their constitutions forbidding the spending of public money for private schools, and this restrictive language might be held to apply if the States received any genuine discretion in the use of these Federal grants."

I must thank you for the inadvertent admission that the States have no genuine discretion in the use of funds under the present Act, but that is not the controlling distinction legally. The distinction which has been made is that State restrictions do not apply to Federal funds which are not treated as State funds. My original amendment authorizes Federal funds only for special programs and contains every single requirement for separate accounting for Federal funds contained in the existing Act, which means that the funds could not be commingled with State funds. However, after discussing this problem with counsel, I have decided to make this clear in the statute and require specifically that these funds will not be commingled with State funds.

In conclusion, I certainly do not agree that most Catholic Members of Congress are likely to vote against a bill containing my amendment. By the time this bill reaches the House Floor every Member will understand that my amendment is completely equitable to private school pupils, and your implication that Members of the Catholic faith are concerned solely with the welfare of private school children is both untrue and undeserved. I for one am confident of a vote on my amendment on its merits with every legitimate issue fully debated.

My amendment will improve the program of Federal aid to students in both private and public schools. Under the present Act, a school system has to draw up a separate application under each title of the Act. This

subjects local administrators to an almost incredible burden of forms and questionnaires and results in long delays. In fact, the final distribution of Title I funds for the current school year is just now reaching the classroom level in some states. The average school superintendent must, under the present Act, deal with perhaps a dozen separate Federal bureaucracies, administering separate funds under separate regulations, which change each year.

I am enclosing a copy of my amendment (H.R. 8983) which I sincerely hope your department will read.

Sincerely yours,

ALBERT H. QUIE,
Member of Congress.

FREEDOM OF PRESS

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. FINDLEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. FINDLEY. Mr. Speaker, the United Nations Universal Declaration of Human Rights, a badly neglected document, clearly sets forth worthy goals for our foreign aid program. It proclaims the universal rights of life, liberty, security of person, and the freedoms from arbitrary arrest, and of movement, speech, press, assembly, and worship. While the Declaration is not binding and is frequently ignored, it still is the ultimate guide and provides perspective for all nations concerned with aiding their less-developed neighbors.

In my view, freedom of the press is the most basic and essential of these rights. A well-prepared article by Raymon B. Nixon in the winter 1965 issue of Journalism Quarterly presents fascinating insights into the relationship between a free press and other factors in the development of free institutions. In his comparative analysis of the press of many less developed countries, Mr. Nixon found significant and direct relationship between the levels of press freedom, gross national product, per capita income, literacy, per capita number, and degree of press circulation. In his conclusion he stated:

> Furthermore, as the level of literacy and education goes up, and as communication among the peoples of the world increases, the difference between the symbol and reality should diminish. As people become more aware of reality, they seem to demand more of the characteristics of a free society—including both a free and responsible press.

I am inserting in the RECORD today, a tabulation in which I compare our aid commitment with the degree of press freedom in the host countries of Latin America and Africa. The first figure is the approximate percentage of our country's assistance program to gross national product. The adjacent figure is a press freedom rating on a scale developed by Mr. Nixon. A country with a number "1" ranking has a free press system. Conversely, a country with a number "9" rating has a completely controlled press system. Various degrees between are described on a scale of "2" through "8."

Name of country	Aid as a percent of GNP 1966	Rating of press freedom
Africa:		
Algeria	0.798	6
Cameroon	.300	6
Congo (Léopoldville)	3.091	5
Ethiopia	5.627	7
Ghana	.440	9
Guinea	2.705	8
Kenya	2.422	5
Libya	.294	5
Malagasy	.253	5
Mali	.888	9
Morocco	2.599	5
Niger	.739	4
Nigeria	.578	4
Latin America:		
Argentina	.215	3
Bolivia	6.123	5
Brazil	1.957	3
Chile	2.576	2
Colombia	2.085	2
Costa Rica	2.199	2
Ecuador	2.782	3
El Salvador	1.190	4
Guatemala	.333	
Haiti	1.837	8
Honduras	2.728	5
Mexico	.618	3
Nicaragua	3.424	4
Panama	2.075	2
Peru	1.171	3
Uruguay	.587	1

The questions involved in the modernization of less developed countries are more basic than in the ideological struggle of the cold war. Anticommunism is no guarantee of democracy. Basic freedoms such as the central one of the press are the best insurance that countries will not be torn by civil strife and insurrection or undertake aggression.

The findings in this chart are, at the same time, hopeful and dismaying. They are hopeful in that progress in those countries with higher ratings of press freedom is discernible. They are dismaying in that the governments of a number of countries where our aid involvement is great, dominate the press.

Countries, of course, rarely change significantly in short periods of time. To be successful, our foreign aid program must persevere through many frustrations. This does not mean that the administrators should lose sight of the more basic requirements of development. In title IX of the 1966 Foreign Assistance Act, Congress rendered an excellent service in reminding the Agency for International Development of the importance of a total approach to foreign assistance considering political and social as well as economic variables.

In the next few months I intend to watch carefully how our aid program is moving countries toward establishing and protecting the basic freedoms set forth in the United Nations Universal Declaration of Human Rights. I will try to be especially aware of how AID, under the aegis of title IX, has attempted to develop specific freedoms such as that of the press. Finally, I hope to keep my colleagues informed by placing in the RECORD analyses indicating to what degrees the basic freedoms are respected by countries to whom we extend great sums of economic assistance.

NEGOTIATE INTERSTATE COMPACTS

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. PELLY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PELLY. Mr. Speaker, last Friday I introduced H.R. 9476, which would authorize the States to negotiate interstate compacts, affording a measure of uniformity and regulation without violating the independence of the respective States. This bill is far superior to the Willis bill, H.R. 2158, which presently is in the House Rules Committee.

And, speaking of the Willis bill, Mr. Speaker, I am unalterably opposed to it for a number of reasons, but principally because of its adverse effect on the constitutional provisions which bar income tax in Washington State. My State relies heavily upon excise taxation, including a gross receipts tax and a retail sales tax. The productivity of both of these forms of taxation will be substantially restricted by the "business location" standards set out in H.R. 2158. It is estimated that the State of Washington will suffer a revenue loss of $66.5 million per biennium if H.R. 2158 becomes law.

On the other hand, my bill, H.R. 9476, would be a responsible answer for the States to the shortcomings of State tax laws as they affect multistate businesses. My bill is intended, by an interstate compact, to provide means of avoiding or settling multistate tax disputes while preserving intact the taxing jurisdiction of State and local government.

RUMANIA'S INDEPENDENCE DAY

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. KUPFERMAN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. KUPFERMAN. Mr. Speaker, after a long struggle against the Russian, Austrian, and Turkish Empires, on May 10, 1877, the principality of Rumania severed its bonds with the Ottoman Empire and proclaimed its independence. Four years later, Charles the First was crowned King of Rumania, and an independent nation took its place in the world. During World War II Rumania fell under Nazi domination and after the war under the totalitarian rule of the Soviet Union.

Because, here in America, we believe in freedom and self-determination, we join with those Rumanians who have achieved freedom in the United States in the celebration of their independence day on May 10, which helps to continue the flame for those who have been subjugated by a foreign power.

It is our hope that at some date in the not too distant future the Rumanian people, in a free and open election under democratic procedures, will be able to join with other democratic nations in celebration of true independence.

To celebrate this important event, the Rumanian National Committee is organizing a commemoration of the 10th day of May, the traditional national holiday of the Rumanian people, at the Carnegie Endowment International Center in my district in Manhattan on Wednesday, May 10, at 5:30 p.m., under the chairmanship of Constantin Visoianu, president, Rumanian National Committee and former Minister for Foreign Affairs of Rumania.

They have my best wishes for their meeting and for a future free Rumania.

EMERGENCY IN FARM ECONOMY

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentlewoman from Washington [Mrs. MAY] may extend her remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mrs. MAY. Mr. Speaker, it is of vital importance that national efforts be increased to rectify the intolerable economic situation currently faced by agricultural producers in this country.

It is a national disgrace that the best fed Nation in the world cannot see its way clear to assure those responsible for our great abundance a fair return for their efforts and investment.

Symptomatic of this blindness is a recent proposal by the New York Times that "impoverished dairy farmers" ought to be put in line with "impoverished slumdwellers" to receive Federal welfare aid through the administration's war on poverty.

It is almost beyond comprehension that a metropolitan, consumer-oriented newspaper such as the Times should fail to see the implications and logical consequences of such thinking. Putting farmers on welfare would do absolutely nothing to solve their problems, and would be an almost certain way to insure that U.S. consumers will someday be faced with real food shortages.

The Times chooses to ignore the fact that, unlike most industries, farmers have virtually no control over the prices they pay or receive. Unless attention is given to the serious price and income problems presently besetting U.S. agriculture, farmers will be forced from the land in ever-increasing numbers, and the efficiency and productive potential of our entire agricultural plant will be severely impaired.

The time for talking is long past. The Department of Agriculture has announced another sharp drop in the parity ratio—this time to a low of 72. I urge the administration to declare that a state of emergency exists in the agricultural economy of this Nation, and to take immediate corrective measures. It has been easy enough for the administration to use our farm program machinery to push farm prices down, but now they apparently cannot get it out of reverse gear.

A strong and healthy agriculture has contributed enormously to the strength of our Nation and to the increasing prosperity and well-being of its citizens. It is high time that some of these same benefits should be enjoyed by farmers—the people who have been making them available to everyone else for so many years now.

PLOWSHARE NUCLEAR EXPLOSIONS IN OTHER COUNTRIES UTILIZING U.S. DEVICES OK'D BY STATE DEPARTMENT LEGAL EAGLES

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HOSMER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. HOSMER. Mr. Speaker, the considerable economic potentialities of peaceful nuclear explosive techniques is not generally understood. Fortunately, some of the countries that might be pressured to sign a nuclear weapons nonproliferation pact are commencing to evidence some small awareness that this proposed treaty should not be permitted to bar them from the advantageous use of these techniques. The Johnson administration, under prodding from myself and others for some period of time, has yet to embrace Plowshare developments as a matter of strong policy. Although it instructed our NPT negotiators to offer Plowshare cooperation when the 18-Nation Disarmament Conference resumed sessions earlier this year, at the same time it canceled Project Cabriolet, an experiment at the Nevada testsite calculated to advance peaceful underground explosives know-how.

I renew my recommendations on this subject. First, that our Plowshare program be intensified, and that it not be turned on and off according to the State Department's treaty-negotiating whims. Second, that a clear and decisive offer be made to conduct Plowshare developments in other countries on a cost basis. The second recommendation should be backed up by definitive AEC procedures-and-cost schedules for the conduct of any and all peaceful nuclear explosive operations within its capabilities.

I also renew my recommendation that steps be taken forthwith to revise existing inhibitions found in the Limited Test Ban Treaty of 1963 hampering beneficial exploitation of Plowshare. These involve the strict interpretation of treaty clauses prohibiting release of radiation beyond national boundaries. There are many instances in which this arbitrary restriction is utterly pointless. The most glaring example is in connection with the nuclear construction of a second canal to relieve the overburdened, traffic-clogged Panama Canal. Satisfactory arrangements might be made with neighboring countries to accept small amounts of radiation temporarily in isolated locations in order to permit construction to go ahead. Furthermore, such small radiation releases as might emerge over nearby ocean areas beyond the 3-mile territorial limit can be reduced to amounts posing no danger to ocean life. The inhibition which is interpreted to exist by reason of LTBT clauses in this regard is particularly senseless and self-defeating.

There are two alternative means by which this particular situation can be corrected. The first is by formal amendment of the Limited Test Ban Treaty to account for Plowshare activity. The second is by a simple letter. Already the Soviet Union has, in its Plowshare experiments, caused releases of radioactivity beyond its borders. No one has been hurt. President Johnson should write a letter to the Kremlin stating the United States interprets the treaty as allowing what the Soviet's scientist did, congratulating them on their Plowshare progress, and stating that we intend henceforth to do likewise.

Meanwhile, at least, the legality of exploding U.S. Plowshare devices in other countries by cooperative arrangement has been spelled out definitely and clearly in the following State Department letter of April 25, together with its enclosure:

DEPARTMENT OF STATE,
Washington, D.C., April 25, 1967.

Hon. CRAIG HOSMER,
Joint Committee on Atomic Energy

DEAR CONGRESSMAN HOSMER: During the recent hearings before the Joint Committee on Atomic Energy concerning the new bilateral agreements with Australia and Colombia, you raised a question about the relationship between the Limited Test Ban Treaty and possible cooperation with other nations in the carrying out of peaceful nuclear explosions.

The Legal Adviser of the Department of State has prepared the attached Memorandum of Law in answer to that question and I am forwarding it for your information.

Please call upon me whenever you think the Department might be of help.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary for Congressional Relations.

MEMORANDUM OF LAW

During the recent hearings before the Joint Committee on Atomic Energy on the new bilateral agreements with Australia and Colombia, Congressman Hosmer asked whether it would be possible under the Limited Test Ban Treaty for the United States to make an arrangement with another country whereby we would take a nuclear device to that country and explode it in its territory, assuming the explosion occurred underground and no radioactive debris was caused to be present outside the territory of that country.

The answer is yes.

Article I of the Limited Test Ban Treaty provides:

"1. Each of the Parties to this Treaty undertakes to prohibit, to prevent, and not to carry out any nuclear weapon test explosion, or any other nuclear explosion, at any place under its jurisdiction or control:

"(a) in the atmosphere; beyond its limits, including outer space; or underwater, including territorial waters or high seas; or

"(b) in any other environment if such explosion causes radioactive debris to be present outside the territorial limits of the State under whose jurisdiction or control such explosion is conducted . . .".

Insofar as relevant, this language is the same as that contained in the U.S. draft treaty tabled at the Geneva Disarmament Conference on August 27, 1962. The manifest purpose of the prohibition on explosions which cause "radioactive debris to be present outside the territorial limits of the State under whose jurisdiction or control such ex-

plosion is conducted" is to provide a test for determining which underground explosions are permissible and which are not in terms of the radioactivity released into the atmosphere. There is nothing to indicate, either in the Treaty or in any of its negotiating history, any intention to interfere with cooperative arrangements between States for the carrying out of nuclear explosions that meet the criteria established for underground testing. Such an intention would be alien to the purposes of the Treaty. It is hardly conceivable that a treaty which permits the underground testing of nuclear weapons should be construed as prohibiting cooperative arrangements among countries for underground explosions of a peaceful character.

The one limitation which the Test Ban Treaty imposes on cooperation among States in the carrying out of explosions is found in Article I, paragraph 2. The Parties are there prohibited from "causing, encouraging, or in any way participating in, the carrying out of any nuclear weapon test explosion, or any other nuclear explosion, anywhere which would take place in any of the environments described, or have the effect referred to, in paragraph 1 of this Article."

Parties to the Treaty may thus not cooperate with one another, or with nonparties, in carrying out explosions prohibited by the Treaty, but there is no limitation on cooperation in carrying out underground explosions which meet the Treaty's standard on radioactive debris.

It is clear from the *legislative history* of the Treaty *before the Senate* that it was well understood that the language in question merely established a test for determining the permissibility of underground explosions, wherever they occurred, and did not prohibit a country from carrying out an underground nuclear explosion with the cooperation of another country in that country's territory. The President's message to the Senate transmitting the Treaty explained that its provisions permit "nuclear tests and explosions underground so long as all fallout is contained within the country where the test or explosion in conducted." (*Hearings Before the Committee on Foreign Relations,* U.S. Senate, 88th Cong., 1st Sess. on Executive M, p. 2 (1963)).

Similarly, Secretary Rusk explained:

"Underground explosions are permitted so long as the radioactive debris remains within the country where the explosion takes place." (*id.,* p. 13)

An Opinion of the Legal Adviser of August 14, 1963 stated that the Treaty "permits weapons tests and other explosions underground, so long as the radioactive debris is confined within the territorial limits of the State in which the explosion is conducted." (*id.,* p. 77) There is no suggestion anywhere in the legislative history that the State conducting the explosion must conduct it within its own territorial limits.

Chairman Seaborg, in explaining the restrictions on the Plowshare program which the Treaty imposed, referred to the US interest in digging a new trans-Isthmian canal by nuclear means. He stated, "it probably could not be done under the present treaty limitations because of the short distance to territorial boundaries." (*id.,* p. 210) There was no reference to any other inhibition that the Treaty might be thought to contain on the carrying out of underground explosions beyond the United States.

Finally, the report of the Committee on Foreign Relations stated flatly:

"The United States will also be able [under the Treaty] to explode nuclear devices underground for peaceful purposes in other countries at their request, provided, of course, that such an explosion does not cause debris to be issued beyond that country's territorial limits." (p. 21)

DO NOT SAY YOU WERE NOT TOLD

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ASHBROOK. Mr. Speaker, in testimony before the Senate Foreign Relations Committee concerning the Consular Convention with the Soviet Union on January 23, 1967, Secretary of State Dean Rusk stated that American tourists and visitors to the Soviet Union increased from 10,000 in 1962 to approximately 18,000 in 1966. As tourism between the United States and U.S.S.R. is evidently big business, consideration should be given to the possible treatment awaiting American visitors in the Soviet Union.

An eloquent testimonial to Soviet duplicity was provided by the Buel Ray Wortham case in which this ex-Army officer was detained on petty charges and asked if he would consent to be exchanged for a Soviet national, Igor A. Ivanov, now serving 20 years in the United States for violating espionage statutes. To Wortham's credit, he saw through the Soviet scheme to exchange a trained espionage agent for a casual American visitor.

The State Department warns possible visitors to the Soviet Union about the hazards of touring that country, and it is indeed ironic that on the other hand, our foreign policy is aimed at instilling confidence among American citizens toward the U.S.S.R. with an increase in trade and various agreements.

The New York Daily News made some wise observations and recommendations on this issue in its editorial of May 1, 1967, entitled, "Yankee, Stay Home." Anyone with even a casual idea of going to the Soviet Union should ponder the fate of some visitors to the Soviet Union in the past. I ask that the editorial be inserted in the RECORD at this point.

YANKEE, STAY HOME

—should be the lesson every American learns from the misadventures of Buel Ray Wortham in Russia, as detailed last week in stories appearing in THE NEWS. Whortham and Craddock Gilmour, discharged Army officers, made a spur-of-the-moment visit to the Communist police state and got hooked on a couple of petty charges.

The price, for Wortham, was about $10,000 in fines, fees and confiscations, along with almost three months in solitary. He narrowly missed three years in a slave labor camp.

Wortham makes a convincing case that the payment the Soviets really hoped to extort was the release of one of their own spies, Igor Ivanov.

Ivanov was caught buying a bale of hot electronic secrets from an American engineer two years ago and is now doing 20 years in a Federal pokey.

This prisoner exchange bit has become a favorite ploy with the Communists, and in the interests of snagging likely hostages they don't boggle at kidnaping or crude frame-ups.

For those who take at face value all the hokum about how the USSR is mellowing or relaxing its ruthless tyranny at home, here are examples of how some innocents abroad have fared in the—

LAND OF THE MIDNIGHT ROUST

British teacher Gerald Brooke was given a five-year term in 1965 for handing out "anti-Soviet" literature. He languishes in a labor camp on the Volga and has been dangled in front of the British government as bait for the release of a husband-wife spy team, Peter and Helen Kroger.

The late Newcomb Mott, an American, was driven to suicide (that's what the Soviets called it, at least) when he got 18 months for wandering into Russia across its hazy border with Norway.

Yale Prof. Federick Barghoorn was walking down a Moscow street in 1963 when someone shoved some papers in his pocket seconds before Red security agents "happened along." It took a personal appeal from the late President Kennedy to spring Barghoorn.

Czech-born Vladimir Kazan-Komarket, a naturalized American, was railroaded to the Czechs last fall on a 15-year-old charge of "anti-state activities." The Russians diverted a Soviet airliner to Prague so he could be arrested. He was given an eight-year sentence, but the U.S. raised such a howl he was released.

West German travel writer Martina Kischke wrote gushy articles about the good life in the USSR and even became engaged to a Soviet official. They repaid her on a visit last year by slipping her "espionage photos" (a la Prof. Barghoorn) and held her five months in solitary before using her as part of an exchange for a Red spy.

Our State Department already supplies would-be visitors to the Communist slave nations with a—

YARD-LONG LIST OF "DON'TS"

—but even these are not proof against bugged rooms and the charges Communists can trump up on demand.

To that point, the London Daily Telegraph commented recently on the Brooke case and the U.S. warnings to its citizens:

"Britain should do the same thing. At the moment, there would even be a case for starting with a 'don't go.'"

That should go double for all Americans. There are plenty of exciting and wondrous things to see in our own land—as well as in nations where individual freedom is still honored, and where tourists are treated as kings (and queens), not pawns.

AUTOMOBILE LIABILITY INSURANCE—CONGRESSIONAL RESPONSIBILITY

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. CAHILL] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. CAHILL. Mr. Speaker, I have continued to point out the failure of State regulation of the insurance industry to provide the Nation's drivers with adequate liability insurance. Similarly, the gentleman from Pennsylvania [Mr. GREEN] has brought to the attention of the House the numerous insurance company insolvencies and the arbitrary cancellation, rejection, and nonrenewal practices which have had disastrous consequence in Pennsylvania. The gentleman from Kentucky [Mr. SNYDER] has indicated that similar, if not worse,

industry conditions have had great impact on the people of Kentucky.

The volume of mail which I have received greatly indicates that automobile liability insurance presents a social problem of national dimensions. Subsequent to our comments directed to the House, Maryland's State insurance commissioner, Norman Polovoy, has stated the insurance problem to be common to the State of Maryland. Mr. Polovoy, whose term expires May 1, has accepted appointment as the head of Maryland's newly created office of consumer protection. The commissioner said that a half dozen Maryland insurance companies should be stripped of their licenses for "intolerable treatment of the public."

The insurance firms criticized "meet Maryland's capital surplus requirements" but "have not conducted themselves in the best interest of the public."

The commissioner stated that the companies "have failed to keep their promises to policyholders and claimants" and that "there is something wrong with a company that makes you eat your heart out to get your money on a legitimate claim." Mr. Polovoy said that the companies, including one which does about $500 million business in Maryland each year, issue policies of all types and are not restricted solely to automobile liability insurance. "These companies don't discriminate," added Polovoy, "they treat everybody badly."

I have written letters of inquiry to the State commissioners in all of the 50 States, and responses are nearing completion. As my analysis discloses meaningful and significant aspects of automobile insurance regulation, I shall continue to bring these responses and their import to the attention of the House.

MELVIN R. LAIRD—A GREAT AMERICAN

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. STEIGER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. STEIGER of Wisconsin. Mr. Speaker, last Saturday, April 29, marked two very significant occasions. That date marked the 178th anniversary of the inauguration of our first President, George Washington.

April 29 also marked the presentation of the George Washington Award by the American Good Government Society to my Wisconsin colleague, the Honorable MELVIN R. LAIRD.

It is only fitting that such a distinguished Member of this great body should receive this award. MELVIN R. LAIRD is a great American. We are proud of his accomplishments.

This is the 15th year that the George Washington Award has been presented. The past winners are listed as follows:

GEORGE WASHINGTON AWARDS

1953: U.S. Senator Harry Flood Byrd, of Virginia; U.S. Senator Robert A. Taft, of Ohio.

1954: Former President Herbert Hoover; Governor Allan Shivers, of Texas.

1955: Representative Howard W. Smith, of Virginia; Gen. Robert E. Wood, of Illinois.

1956: U.S. Senator Walter F. George, of Georgia; Secretary of the Treasury George M. Humphrey.

1957: Representative William M. Colmer, of Mississippi; U.S. Senator Karl E. Mundt, of South Dakota.

1958: U.S. Senator William F. Knowland, of California; U.S. Senator Richard B. Russell, of Georgia.

1959: U.S. Senator John L. McClellan, of Arkansas; Secretary of Commerce Lewis L. Strauss.

1960: Representative Graham A. Barden, of North Carolina; U.S. Senator Barry Goldwater, of Arizona.

1961: Representative Charles A. Halleck, of Indiana; U.S. Senator Spessard L. Holland, of Florida.

1962: Representative John W. Byrnes, of Wisconsin; Representative Wilbur D. Mills, of Arkansas.

1963: U.S. Senator A. Willis Robertson, of Virginia; U.S. Senator John J. Williams, of Delaware.

1964: U.S. Senator Everett McKinley Dirksen, of Illinois; U.S. Senator Frank J. Lausche, of Ohio.

1965: Representative Oren Harris, of Arkansas; U.S. Senator Roman L. Hruska, of Nebraska.

1966: U.S. Senator Sam J. Ervin, Jr., of North Carolina; Representative Gerald R. Ford, of Michigan.

Let me point out that Congressman LAIRD is the second distinguished Wisconsin Congressman to receive this award. In 1962, the Honorable JOHN W. BYRNES of Wisconsin also received the George Washington Award.

Mr. Speaker, in order to more adequately outline the accomplishments of MEL LAIRD, I include as part of my remarks the presentation speech delivered Saturday night by another of our colleagues, the Honorable ROBERT L. F. SIKES, as well as a background paper, "Twenty Years of Distinguished Service to Wisconsin." All Wisconsin citizens are certainly proud of the accomplishments of MEL LAIRD and we look forward to his further years of public service.

CONGRESSMAN BOB SIKES' PRESENTATION OF AWARD TO THE HON. MELVIN LAIRD

This is a rare privilege. It isn't often that the fate of a member of the opposition party is entrusted to my hands in this manner. I have watched Mel perform on many occasions, and normally as a field general his tactics are sound, his position is well chosen, and his flanks well secured. I have never envisioned a situation where both flanks would be open and his rear unprotected.

Now that the opportunity is presented and that I, at least temporarily, am in control of the situation, I don't think of anything mean to say about him. In fact, I happen to admire Mel Laird very much. I have good reason to. I have watched his work with a good deal of appreciation for a long time and somehow I have had a very strong belief throughout that his first interest is in the United States of America and that his political efforts always have been subordinated to his love for his country.

When you sit next to a man in Committee day after day and year after year, as I have done with Mel, you learn much about the measure of the man. For six months out of each year the members of the Appropriations Committee meet behind closed doors . . . digging, digging, always digging . . . into the facts presented to justify the budget requirements of the United States Government. This work is unspectacular but it is most important, for it is here that the course of government is shaped into sound channels, as much as it is possible for any Congressional Committee to shape the course of government. There I learned to respect Mel Laird for his work long before he achieved prominence as one of the leaders in Congress.

However, to be on the safe side, I asked his office for some background material on his career. As a result, I have before me four legal-sized typewritten pages, single spaced, which describe Mel's accomplishments to date. I admire him sufficiently that I would like to quote the entire record because it is a most meritorious list of achievements in the career of a man who still must be ranked as a young man. At 44, which is his age, I had not been able to do much more than to get my name in the Congressional Directory.

I think I can sum all this up in a very few words when I tell you that Mel Laird, in my opinion, is a man who has his feet solidly planted on sound ground, a man whose brilliant accomplishments I can freely applaud, a man whose hand I, as an American, can confidently uphold. I consider him the brightest young star in all the Republican party. Apparently I am not alone in my conclusions, for here is what the Distinguished American Good Government Society says about him.

"RESOLUTION OF TRIBUTE AND HONOR

"(From the American Good Government Society)

"*Melvin R. Laird*—statesman, author, leader among men, has served the people of Wisconsin and the United States in war and peace for a quarter of a century—in five Naval battles, six years in the Wisconsin Senate, and now in his 45th year, in his 8th term in the House of Representatives. His rare intellectual gifts, his instinct for governing, his principles and his industry—all guided by his plain, common sense—have given him strong, clear, practical judgment in the whole field of public policy. These qualities have been invaluable in the Committee on Appropriations in allocating funds for national defense, health, education, and welfare, and in shaping Republican platforms and other statements of party policy."

Representative Laird understands the uniqueness of the American political system and its upholding traditions of which the Constitution is the capstone. Steeped in the heritage of justice and liberty, he must be numbered in the smallest society of mortal excellence. I count it a high privilege indeed to present this distinguished award to a great American, who tonight is being honored by the American Good Government Society at its Fifteenth Annual George Washington Dinner.

TWENTY YEARS OF DISTINGUISHED SERVICE TO WISCONSIN

A veteran of seven terms in the U.S. House of Representatives, 43 year old Congressman Melvin R. Laird of Wisconsin's Seventh District is considered an outstanding young national leader. His current position of prestige authority and responsibility, as well as his past achievements both local and national, amply demonstrate this.

Laird is currently Chairman of the House Republican Conference, one of the top leadership positions in the Republican hierarchy. Made up of all Republican members of the House of Representatives, the Conference is the highest policy-making body and is the body which presides over all organizational decisions and leadership appointments or elections.

Last year, former President Eisenhower singled out Laird as one of the 10 United States citizens he considered best qualified to be President of the United States. In 1964, Laird served as Chairman of the Republican

National Convention's Platform Committee. In this position, he had the responsibility for establishing the policy positions of one of the two major political parties in the United States. His position today as Conference Chairman makes him one of the top policy makers in the party.

This year, Laird serves on the recently established Republican Coordinating Committee, made up of representatives from all elements of the Party including all living former presidential nominees. Immediately after the 1964 Presidential election, Laird had called for the formation of this committee to serve as a vehicle for binding up the party's wounds and reestablishing party unity.

In 1964, Laird also served as editor of "The Conservative Papers" (Doubleday and Co.) a compilation of fourteen essays prepared by noted scholars on the major issues of our time.

In 1962, Laird wrote a book on the foreign and military policy problems of the United States, "A House Divided: America's Strategy Gap" (Henry Regnery Co., Chicago). The book has been reviewed very favorably in many publications. Eugene Lyons of the Reader's Digest called it a "superb job; both as writing and as thinking." Loyal Meek of the Milwaukee Sentinel, in praising the book for offering "both light and inspiration for establishing policy unity," called Laird "well qualified to expound on United States cold war strategy." In his book, Laird spells out in clear and compelling prose the major problems facing the United States in the cold war, calls for a reassessment of our policies, and suggests thoughtful guidelines for policy formulation.

Laird is the recipient of the 15th Annual Albert Lasker Medical Research Award. This award constitutes the highest recognition for promotion of medical research. The honorarium received by Laird for doing more to promote our nation's health than any other public official was donated by the Congressman to medical research activities in Wisconsin.

Laird's ability is recognized by Republicans and Democrats alike. Two leading out-of-state Democratic papers, for example, recently praised him: the *Baltimore Sun* characterized him as "brilliant," and the *Washington Post* described him as one of the "best qualified and most intelligent" members of Congress. Time Magazine has referred to the Wisconsin Representative as one of the "most able" and "energetic" members of the House. He has received personal and public commendations from such men as former President Eisenhower; the late Rep. Clarence Cannon, former Democratic Chairman of the House Appropriations Committee; Rep. George Mahon, current Democratic Chairman of the House Appropriations Committee; and Rep. John Fogarty, Democratic Chairman of the Labor, Health, Education, and Welfare Appropriations Subcommittee, as well as many others.

Committee membership and committee seniority are important to a Congressional District and State. Laird is a top-ranking member of the most important Committee of the House of Representatives—the Appropriations Committee. His Subcommittee assignments include Defense, and Labor, Health, Education and Welfare. In the 84th Congress, Laird served on the House Agriculture Committee. When first appointed to the Appropriations Committee, Laird was the youngest member of Congress ever to have been appointed to that key post.

As a member of what is considered the most important Subcommittee in today's Congress—the Defense Appropriations Subcommittee—Congressman Laird has been active and highly influential. The importance of this Subcommittee stems from its role as the Committee that handles the funding for the Army, the Navy, the Air Force, and the intelligence activities. Its decisions in executive session are not reversed on the Floor of the House. This Committee has the responsibility for yearly appropriations of more than $50 billion in U.S. tax dollars. It meets daily in executive session from December through June.

As a high-ranking member of the Defense Subcommittee, Laird has time and again demonstrated his insight into military strategy. There are scores of examples of his leadership in national security matters. It was his amendment seven years ago that increased the funding for the Polaris Submarine Program over and above the recommendations of the Department of Defense. The Laird amendment made it possible for our nation to have twenty-one Polaris missile submarines on station at an early date. Laird has sponsored other amendments which have also made substantial contributions toward the establishment of our nation's defense posture today as second to none.

Four years ago Congressman Glen Lipscomb of California and Laird headed an Anti-Submarine Warfare Task Force whose recommendations have been recently put into effect by the Department of Defense. This year, Laird continues to push forward his long-time efforts in the Anti-Submarine Warfare Program. In a national article written by him—THE FUTURE OF ASW—he called for a "much greater emphasis" on ASW research and development. "Outer space today is the center of public and official attention," he wrote. "Inner space (oceanography, ASW research, etc.), though not neglected, has not been adequately funded or explored." As in other fields, Laird's interest in ASW will insure a better program for the defense of the United States against the increased emphasis by the Russians on submarine warfare.

Though increasingly taxed by his Defense Committee work, Laird has been equally active as ranking minority member of the Subcommittee that handles appropriations for the Departments of Labor and Health, Education and Welfare. Since his appointment to that important Subcommittee in the 82d Congress, Laird has become identified as a constructive contributor to the nation's health and welfare. He has supported such agencies and activities as the National Institutes of Health and fostered private as well as public efforts in medical research. Currently, at fourteen universities throughout the country, "Lairdettes" are being constructed to house cancer research facilities. Laird dedicated a new $3 million Lairdette cancer research facility at the University of Wisconsin on September 26, 1964.

That the Wisconsin Republican has been effective in the public sector is easily seen by his appointment as a member of the U.S. Delegation to the World Health Organization by President Eisenhower in 1959, by President Kennedy in 1963, and by President Johnson in 1965. For the promotion of medical research in addition to the Lasker Award received last year, Laird also received the 1960 citations for Man of the Year Award from the American Cancer Society, the National Association of Mental Health, the National Research Foundation to Prevent Blindness, and the American Association of Medical Colleges and Universities. In 1963, he served as a member of President Kennedy's Committee to plan the 50th anniversary of the Department of Labor.

Laird has not only distinguished himself as a national figure but has also amassed an impressive record both in his home state of Wisconsin and as a leading figure in the Republican Party. He is a firm believer in the "grass roots" approach, traveling whenever possible back to his Seventh District to discuss the various issues of the day with his farmer constituents, laborers and business interests, with the old people and the not-so-old, the ordinary wage earners and tomorrow's citizens—today's schoolchildren.

The effectiveness of this approach is seen in the overwhelming support he musters in each election as well as the legislation he has sponsored, or supported. He was instrumental in establishing the school milk programs, in improving veterans programs and unemployment legislation. Often called "Dairyland's best friend in Congress," Laird has consistently supported the dairy farmers' pleas for good representation and friendly support so long as there was a basic compatibility between the views of his constituents and the dictates of his conscience.

On the national level the Laird name has become synonymous with economy in government and fiscal responsibility. A long-time critic of irresponsible spending, Laird has often vigorously questioned policies he considered of doubtful value. In the 2nd Session of the 87th Congress, for example, he deplored the increasing tendency of some Departments (notably the Department of Defense and the recently established Defense Supply Agency) to sacrifice efficiency and reliability in weapons and defense materials in favor of lowest possible costs. He maintained that practices such as these in the long run penalize the tax payer, the United States Government, and American Industry on the grounds that unreliable equipment that malfunctions must be repaired or replaced at additional cost. Last year, he criticized Secretary of Defense McNamara for his insistence on constructing a $300 million conventional aircraft carrier. Laird claimed that this expenditure would be looked back on in future years as a waste of $300 million in constructing an outmoded ship. Recent developments have proved that Laird's criticism was well-founded.

Laird launched his political career at the age of 23 when elected to the Wisconsin State Senate to succeed his father. Having served six years (1946–52) as State Senator, the Wisconsin Republican served notably in such posts as Chairman of the Wisconsin Legislative Council and the Senate Veterans Affairs Committee. He was also an influential member of the Labor and Management Committee, the Joint Finance Committee, and the Legislative Procedure Committee. As Chairman of the Legislative Council's Committee on Taxation, he published the "Laird Report" on Wisconsin's tax system which has since become the "student's Textbook" on the tax system of the state.

Many important Wisconsin statutes bear his name, including the Wisconsin Veterans Rehabilitation and Housing Act, the Wisconsin Civil Defense Act, the Wisconsin Mental Health Program, and the Wisconsin long-range building program.

The year 1957 marked Congressman Laird's selection as the outstanding young man in Wisconsin for Government Service (Junior Chamber of Commerce).

As one of the ablest members of the Republican Party, Laird has served as Vice-Chairman of the Republican National Convention Platform Committee in 1960, having served as a member of that Committee in 1952 and 1956. In addition, he was a member of the Wisconsin delegation to the Republican National Convention in 1948, 1952, 1956, and 1960. He served as Chairman of the Wisconsin Republican Party Convention in 1954 and 1960.

In 1960, Laird was chosen as Chairman of the Joint House-Senate Committee of six Senators and six Representatives to set forth the Republican Party's statement of policy and principle. After three months of painstaking work, Laird's Committee produced a "Declaration of Principle and Policy" that received the unanimous approval of the House and Senate Republicans. Indicative of the overwhelming approval received are the following statements: Former President

Eisenhower complimented Laird, saying, "We ought to use salesmanship in getting it before the public"; Governor Rockefeller said, "The statement embraces the fundamentals on which we all agree"; and Senator Goldwater called it "an outstanding job" and "an invaluable document."

Mr. Laird, a Purple Heart veteran, enlisted in the U.S. Navy in May of 1942. He served aboard the U.S. Destroyer Maddox (DD731), with Admiral Halsey's Third Fleet in the Pacific, and Admiral Marc Mitscher's Task Force 58.

Born on September 1, 1922, Representative Laird attended the Marshfield Public Schools and received his B.A. degree from Carleton College, Northfield, Minnesota.

He married his college classmate, the former Barbara Masters of Indianapolis, Indiana. The Lairds have two sons and one daughter—John Osborne, 17, (born January 10, 1948); Alison. 14 (born July 11, 1951; and David Malcolm, 11 (born July 16, 1954).

THE JOHNSON ADMINISTRATION: GOVERNMENT BY CRISIS

Mr. BIESTER. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. REINECKE] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. REINECKE. Mr. Speaker, once again the present administration comes to the Congress with a national crisis on its hands asking for emergency action. This is becoming a habit with the leaders in the executive branch. They seem to always wait until disaster strikes before taking action for solutions to national problems.

We are faced today with legislation, requested again by the President, to extend the no-strike period of the Railroad Labor Act—House Joint Resolution 543—for another 47 days. The crisis of a nationwide railway strike is upon us. A strike could seriously hamper the national economy. With the resulting nondelivery of raw materials and finished products workers would have to be laid off. Unemployment would go as high as 15 percent.

The supplies for our men in Vietnam would be hopelessly delayed in boxcars idled across the country. Ammunition, heavy artillery, food, clothing, and fuel would be withheld from our soldiers in southeast Asia, and in fact, around the world. America would be very vulnerable.

A 1-month strike would reduce the gross national product by 13 percent.

This is indeed a serious matter. And I certainly support an extension of the no-strike period.

But, Mr. Speaker, we all know that nationwide railway strikes will seriously affect the Nation's economy, and the war effort. We all know, too, that nationwide or industrywide strikes in trucking, airlines, telegraph, and countless other industries will seriously affect the Nation.

Why must we wait, then, until disaster strikes to do something about the problem? Why has this administration not fulfilled its promise, made by the President in January of 1966, to design legislation that will prevent nationwide and industrywide strikes from crippling the Nation's economy? Why has there been no action by this Congress and its majority leadership to study this problem?

Mr. Speaker, I have joined with many of my colleagues in sponsoring legislation, House Joint Resolution 519, to create a joint congressional committee to study and report on problems relating to industrywide and nationwide collective bargaining and strikes and lockouts. This was a bill which many of us introduced in the 89th Congress, also.

The year 1967 has been labeled "the Year of the Strikes." Many labor contracts expire this year. The time to act to prevent serious difficulties for the innocent bystanders—the people of this Nation—is now. Let us not wait until the disaster is upon us, as is the case now with the railroads, before we act.

This kind of panic-button government and crisis legislation robs the Congress of the opportunity to properly study and evaluate legislative proposals. In a labor-management dispute like this, or the airline strike of last year, it puts the Congress in the position of being an arbitration board. And that is not our function, according to the Constitution.

Let us begin now to evaluate this problem by adopting a resolution creating a joint committee to formulate legislation and study this problem. Only in this way can we avoid the careless and aimless methods of government by crisis.

THE KENNEDY ROUND AND THE FUTURE OF UNITED STATES TRADE POLICY—AN EVALUATION OF PROGRESS AND ISSUES IN THE SIXTH ROUND OF TRADE NEGOTIATIONS UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE—PART III: INDUSTRIAL NEGOTIATIONS: SECTOR TALKS AND DISPARITIES, THE "TECHNOLOGY GAP" AND THE TROUBLED WORLD OF STEEL

The SPEAKER pro tempore (Mr. POOL). Under a previous order of the House, the gentleman from Missouri [Mr. CURTIS] is recognized for 60 minutes.

Mr. CURTIS. Mr. Speaker, I include at this point a list of contents covering the text of my remarks:

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Mr. CURTIS. Mr. Speaker, in the two previous sections of this review of the major issues of the Kennedy round of trade negotiations now ending in Geneva, I discussed on April 10, 1967, CONGRESSIONAL RECORD pages 8800–8811

and on April 13, 1967, CONGRESSIONAL RECORD pages 9489–9501, the problems in the agriculture sectors of the negotiations. This discussion dealt more with the future than the present. Most of the agriculture problems I discussed will not achieve any fundamental solution in the Kennedy round. But the Kennedy round can be said to have been a real step forward in agriculture if it results in agreements and institutions for continuous discussion and negotiation on agriculture policies. It will have laid the groundwork for future international cooperation in an area which has hitherto received only national treatment.

INDUSTRY: THE "SECTORS"

In an area where shades of optimism and pessimism are very delicate and very refined, it is hazardous to make declarative statements about the future. But there can be significant tariff cutting bargains on many "industrial" items in the Kennedy round, if some real agricultural bargains are reached. To be sure, there are very difficult problems still to be resolved even in industry negotiations. These difficulties are mainly in the area of the so-called sectors—five industry groups that have been treated rather specially in these, the sixth round of trade negotiations under the General Agreement on Tariffs and Trade—GATT—because of the special problems in those sectors.

SECTOR DISCUSSIONS A FORMAT FOR FUTURE TRADE NEGOTIATIONS?

The sectoral approach deserves some special notice here. I have been concerned lest the sectoral approach to the negotiations provide the impetus for arranging new types of international cartelization sponsored by governments—a means by which countries could make special trade deals for single product groups that would violate our concepts of antitrust legislation and of Government subsidy, and which might violate some of the essential principles of the General Agreement on Tariffs and Trade.

If this were so, the objective of expanding international trade which depends upon greater national and international fair competition, not less, would be defeated. But this initial suspicious reaction to the sector approach requires a second look; the sector approach to negotiations in these difficult industry groups has proven to be advantageous. Essentially it has been an incentive and a forum for much greater study of the economic realities of these specific industries, study that has not taken place in previous trade negotiations.

This extensive sectoral economic analysis has made many realize the possibilities in "harmonization"—a different idea about what the outcome of sectoral negotiations might be. Harmonization means that in industry sectors where the conditions and costs of production are the same there should be an equalization of tariff and nontariff barriers to trade. In the coming sections the idea of world harmonization in certain industry sectors will be more fully explained. Good or bad, it promises to be a future trend in trade negotiations.

In our concentration on better "packaged" sector negotiations in the Kennedy round we tend to forget that items in the five sectors isolated for special negotiation account for roughly 1,500 of the nearly 6,000 items in the U.S. tariff schedules. In "nonsector" items there is the greatest optimism about tariff cuts, but even here there are some special problems. One of these is U.S. adherence to a "linear cut" concept of tariff negotiations, a concept proposed in the Dillon round by the European Community. A fundamental ground rule of these negotiations, the linear cut concept most simply means that all tariff items except those specifically excepted from the negotiations will be subject to an equal percentage cut. The goal of the Kennedy round was that this linear cut be 50 percent "across the board" on all items not excepted.

In previous trade negotiations participants made selective offers. It was possible then for a participant to exclude from negotiations any item in its tariff schedule it might choose. For the United States, this negotiating procedure had left at least 400 items in the U.S. tariff schedule unchanged by negotiation—though about 40 percent of U.S. imports enter duty free. The linear approach would eliminate the old bilateral, item-by-item approach of the previous five negotiating rounds under GATT.

The linear approach was essentially the idea of the EEC itself. In the "Dillon round," or fifth round, in 1960–62, the EEC had in fact proposed an across-the-board or "linear" percentage cut. The United States could not then accept this plan because its legislative authority would not allow it. Having accepted the linear approach in the Kennedy round we found that approach compromised from the outset.

"DISPARITIES"—TROUBLESOME TACTICAL PROBLEM IN INDUSTRIAL NEGOTIATIONS

From the outset of the negotiations the European Economic Community—EEC—has proposed its own negotiating ground rules for both agricultural and industrial negotiations. These have differed from the concepts of the negotiations shared by other linear participating countries. I explained, in the first section of this multipart report, the EEC's idea of the montant de soutien and reference prices for agriculture commodities.

ECRETEMENT

For industrial products, the EEC's proposals have been based on the idea of tariff "disparities." The first concrete EEC proposal based on the disparity idea was called, in French, "ecretement". Ecretement means "depeaking." Depeaking as a negotiating plan, would have established three classes of duties which would be reduced according to certain formulas.

For manufactured products duties would have been reduced by 50 percent of the difference between their existing levels and 10 percent ad valorem. Since the industrial tariff schedules of the United States and the EEC arithmetically average about 12 to 13 percent, adoption of the depeaking scheme for manufactured products would have meant that the largest cuts would have occurred in high duties—peaks. The United States would have had to give most under this plan, because our schedules contain many peaks and many valleys, whereas the tariff schedules of the Community are ranged along a fairly level plateau. There are, for example, over 900 items in the U.S. schedules with rates of at least 30 percent compared to only a handful of such rates in the EEC tariff schedule.

For semimanufactured products the depeaking plan—"ecretement"—would have allowed duties to be cut by 50 percent of the difference between existing levels and 5 percent. And for raw materials the depeaking plan would have allowed cuts by 50 percent of the difference between existing levels and zero.

Ecretement was rejected emphatically by the United States and other negotiants because it would have resulted in an average duty cut of only about 15 percent. Coming early in the negotiations, the ecretement proposal would have meant such a deflation of the American objective to negotiate cuts of 50 percent across the board that it was unacceptable.

It has been argued that the ecretement formulas proposed in 1963 could have been liberalized through negotiation and if so could have meant substantial tariff cutting, perhaps as much as may be obtained through the negotiations as they are developing. But ecretement was in one sense an effort to achieve international harmonization of tariff rates, which was not the purpose for which the United States and other countries entered the Kennedy round negotiations. And there are indications that ecretement was intended by the EEC merely as a negotiating ploy.

THE SEARCH FOR A FORMULA FOR TARIFF DISPARITIES

The ecretement proposal was designed to deal with the problem of disparities. When it was rejected the Community found another means by which to express its concern about the "disparate" differences between its tariff rates and those of other countries. While the United States took a major role in trying to resolve the disparities issue, it was, and is, of equal or even greater importance to other non-EEC countries.

Thus it became important to try to define a tariff "disparity." Broadly, tariff disparities refer to the differences between any two countries' duty rates on similar items. The EEC argued that the linear—across-the-board 50 percent—formula for cuts in all participants' tariffs would be unfair to them for the following reasons.

First, an equal cut in high U.S. and middle-level EEC rates would increase U.S. exports to the Community much more than EEC exports to the United States.

Second, an equal cut would cause imports into the EEC from third countries to increase much more than such imports into the United States. Thus, exports from third countries would be diverted—in relative terms—from the United States to the EEC.

Third, the United States would end up with many more high rates than the Six and thus with greater bargaining power

for future trade negotiations with the EEC.

For these reasons, the EEC argued that there should be special rules for cutting tariffs on items identified as disparities. Thus it was necessary to determine precisely what items might be disparate items. The fate of the negotiations could have depended on the rules for determining what tariff items would qualify for disparity treatment.

DISPARITY EXPLAINED

A broad definition of disparity would mean that the linear cut concept, to which the United States devoted so much importance, would be significantly impaired. The disparity concept as conceived by the Community would also mean great damage to the trade interest of third countries.

For example, if the EEC duty on doorlatches was 15 percent, the duty of Denmark was 5 percent and the duty of the United States 50 percent, and Denmark was a major supplier of doorlatches to the EEC but not to the United States—and therefore had great interest in reducing the EEC 15 percent duty by 50 percent to 7.5 percent—the disparities rule would hurt Denmark, not the United States. Under such a disparities rule the U.S. rate would be identified as disparate and special rules would be used. The United States would cut its rate from 50 to 30 percent, the EEC would cut from 15 to 12.5 percent, and Denmark would not have to make a cut. This example does not conform precisely to the EEC disparities concept as it finally emerged, but is a valid illustration of its effects. The United States would not be affected by the partial EEC cut, but Denmark's trade in doorlatches would not be improved. The result would be an "unravelling" of negotiations, wherein Denmark would withdraw its offers to the EEC, which might also have been of interest to the United States.

CRISES IN THE MINISTERIAL TALKS—MAY 3–4, 1963

The ministerial talks of May 1963 were called to try to resolve the problems that had arisen over the negotiating ground rules. The May talks came very near to collapse over the issue of how to deal with disparities. To save the talks a compromise position was agreed, which was expressed in the public ministerial resolutions that were agreed at the meeting. With regard to the negotiation ground rules for industrial items, the ministerial resolution endorsed the linear concept by stating:

> That . . . the tariff negotiations . . . shall be based upon a plan of substantial linear tariff reductions with a bare minimum of exceptions which shall be subject to confrontation and justification. The linear reduction shall be equal.

But the disparities issue was given recognition in the following compromise language that followed the above resolution immediately:

> In those cases where there are significant disparities in tariff levels, the tariff reductions will be based upon special rules of general and automatic application.

It was further specified that the term "significant" means "meaningful in trade terms" and that the purpose of the special rule was to reduce the number of disparities.

After extensive discussion of the disparities problem the GATT Trade Negotiations Committee—TNC—the steering committee for the negotiations, reported in December 1963 the majority of participants' views on the disparities issue. They decided that significant disparities should be only those items where the high duty is not less than a certain minimum percentage, say 30 percent, and is at least 10 percent greater than the same item in the low-duty country. The United States, United Kingdom, and EEC should be the only tariffs used for the identification of disparately high rate items. A disparity is significant only when exports from the high-duty country to the low-duty country are substantial; total imports of the item into the low-duty country from all sources are substantial; there are no substantial imports into the high-duty country. If the low-duty country produces the item and the low-duty country maintains quota restrictions, disparities would not be substantial.

These disparity rules were intended to reduce the problem to manageable proportions, eliminate much of the potential damage to third countries, minimize instances in which disparities might occur, and thereby maximize the use of the linear cut rule.

The Community responded to the TNC criteria with counterproposals, the United States made further counterproposals, and the EEC responded again. Finally, failing any real agreement except that disparities must conform to the language of the May 1963 ministerial resolution, the effort to settle the ground rules problem was dropped, and, by the autumn of 1964, it was tacitly agreed that the issue would be dealt with pragmatically, as it arose during the ensuing negotiations. To put the negotiations in motion, the participating linear countries tabled on November 17, 1964, their "exceptions lists" containing items they would not include in negotiations under the 50-percent "linear" rule. One reason given for EEC and Japanese exceptions was the so-called technology gap, which I will describe below.

DISPARITIES REAPPEAR

In my report to the House of Representatives in the CONGRESSIONAL RECORD, volume 111, part 9, pages 12360–12365, I discussed the disparities issue in the context of the tabling of exceptions lists. At that time I observed that if the EEC were to introduce disparities at a critical and late point in the negotiations, the success of the round could be severely jeopardized. And were this to occur, the EEC would in fact demonstrate finally its intention that this great trade expansion effort should not realize its full potential.

As I and others suspected, the EEC has again come forward with a list of disparities. This has not been a surprise to our negotiators. Though there has been no purposeful mention of disparities for over a year, several months ago in a negotiating session in Geneva there was an indication by a Community negotiator that a list of disparities would be forthcoming.

That new disparities list was tabled 3 weeks ago. Initially it was feared that the list would be quite extensive and quite damaging to the negotiations. Now it appears that the list is not as damaging as had been expected.

The list submitted contains over 200 "disparate" tariff items, not including those found in the chemicals, steel, and textile sectors, which would be dealt with separately in any case. Many of these disparate items are of interest to third countries, not primarily the United States. Those that are of major application to the U.S. tariff will be subjected to scrutiny to determine whether they are significant in trade terms. It appears that these disparities can be handled in such a way as to minimize their impact on the negotiations and still allow significant cuts even in those items that are determined to be disparate.

It would appear that the United States, through its unyielding resistance to negotiating plans based on the disparity concept, has succeeded in minimizing to insignificance a negotiating proposal that would have meant that the United States would give more in terms of percentage cuts than it received in percentage cuts from the other major participants.

A NOTE ON THE "TECHNOLOGY GAP," THE "BRAIN DRAIN" AND U.S. DIRECT INVESTMENT IN EUROPE

When in Europe in December, I discussed with economists, bankers, businessmen, educators, and officials the syndrome known as the "technology gap," and its symptom, the so-called "brain drain."

The subject is important to this discussion of trade negotiations and international trade relations because it has been used as a reason by several Kennedy round participants, notably the EEC and Japan, for the failure to make offers on certain industrial products. The fears of some Europeans about their industry's competitive ability provides a reason for resisting tariff and trade barrier reductions.

The technology gap, if it really exists, is important to other groups of Europeans and so to the Kennedy round for another possible and countervailing reason. As Europeans lower their tariff and other barriers to trade, an important incentive for American firms to set up operations in the Community is lessened thus leaving competition with American firms on an international rather than a domestic level and so lessening the threat the Europeans see in American capital taking over European production and European brains without exporting them.

Fear of the "technology gap" is also important in the context of British application for membership in the EEC. The technology gap has already become a pawn in the strategy to gain entry. According to the Economist of January 21, 1967:

> The political advantage for [Prime Minister Wilson] of showing his zeal for European technological togetherness is obvious enough. So is the need to catch up with America. This is an article of faith in the six common market countries.

Britain's technological strength appears to be one of its few trump cards in its effort to join the Community. If used without regard to the facts, the issue could be damaging to the interest of the United States, as well as to Britain.

Further, the question of the technology gap and U.S. direct investment in Europe relates to significant monetary policy issues and capital market issues that I will also touch on below.

The technology gap will likely be one of those issues that will remain important for some time to come. Examining European arguments about the technology gap provide an excellent contrast with American attitudes about its own competitiveness in world markets.

WHAT IS THE TECHNOLOGY GAP?

The technology gap is the idea that American industry's competitive strength in the world and particularly in Europe is magnified by the technological superiority of U.S. industry, and that American technological capabilities are growing at a greater rate than the technological resources of European industry.

The "brain drain," or the attraction of European scientists to work in the United States is a symptom of U.S. technological, and managerial, superiority. A scientist of any nationality wants to be where the most exciting developments in his field are taking place but he also wants to be well paid, see his creativity used, and be part of an aggressive, well organized and well supplied research unit. Like the technology gap, the "brain drain" is a highly emotional subject. A British journal compared the brain drain to "the 1970's equivalent of the intellectual suicide to which Hitler's antisemitic policies condemned Germany in the thirties."

The inflated idea of the strength of American technology and the competitive edge it gives American industry has developed mythlike, fairytale overtones. These were described by Bernard Nossiter in his article in the Washington Post on February 13, 1967, in which he said in part:

> In European eyes, the United States is an enormous machine, uniquely geared to exploit the flood of innovations pouring from richly endowed laboratories of industry, universities and government.
>
> As Europeans see us, everything favors the single end of advances in production—a climate that encourages research and innovation and a chain of interlocked institutions . . . This fantastic machine confronts the world's richest market and thus is in unparalleled position to defeat and control any foreign competitors.

THE FUNDAMENTAL PROBLEM—DEVELOPING A DYNAMIC MARKETPLACE ECONOMY

Some fundamental differences between economic competition in Europe and America are one reason why American business competition seems so overwhelming to some Europeans.

At the heart of the differences is the concept of the function of the marketplace. In the United States the markets where goods and services are bought and sold act as laboratories not only for the physical—actual—product but for the techniques that have gone into making that product. In the case of American markets, one of these techniques is how to distribute a product so that it appears in the best markets for the product. It is axiomatic that mass production is not economically feasible without mass distribution.

Another technique in process of constant development in the United States is servicing; the expectation of being able to have an item serviced after it is bought is part of the sales appeal of the article sold. Still another technique in which the United States has been world leader is that of consumer financing; the development of systems by which consumers can afford something today that they would have had to buy later, or perhaps never.

Still another technique is that of financing business expansions which depend upon increasing and pooling the savings of the people, thereby providing ample and flexible capital markets.

Finally, Americans have overwhelming advantage in efforts to perfect management systems, means by which men can operate more efficiently the business organizations that incorporate all the above techniques and also conduct physical research and manufacture products.

Seen in this context, the American marketplace is a unique laboratory where testing different ideas about distributing, servicing, and financing the sale of goods and business expansion, and managing or overseeing all these techniques, takes place. All these competing techniques have their test in the marketplace—and the ultimate test is a consumer acceptance made potent by massive consumer purchasing power. Indeed consumer purchasing power has grown to such proportion in the United States that the economists are singling out a new index called "consumer discretionary purchasing power." This signals the existence of an economy increasingly based upon plenty instead of one based upon scarcity.

Thus the marketplace is a laboratory of the social sciences, the counterpart of scientific laboratories where physical research takes place. Expenditures for new ways of distributing, servicing, financing, and managing are therefore expenditures for research and development in the applied marketplace laboratory. The index of business failures per year becomes an index of a dynamic laboratory because as these "experiments" fail others succeed and new business experiments are started up.

The above is a theoretical conception of the role of the marketplace in a competitive economy. That the American marketplace actually does function this way to a very large extent can be seen in the successful distribution, servicing, and financing techniques that work for us every day, and their continued improvement.

The "inefficiencies of competition" that monopolistic or oligopolistic business organizations seek to avoid are illusory. These seeming duplications of expenditures are different expenditures in the nature of research and development. They may or may not pay off in the applied laboratory of the marketplace, but it is only through this testing that the truth emerges.

CLOSE INTERCONNECTION BETWEEN TECHNOLOGY GAP AND U.S. DIRECT INVESTMENT

The myth of American industrial omnipotence as it is spelled out means that the United States can both "defeat" competition from foreign firms in its own markets and "take over" European industry, particularly the new technology-based industries like computers. In the myth, American corporations buy up "hapless" European companies, preempt European capital markets, and loosen European control over European investment. Such economic arguments are combined with purely nationalistic ones to create the prevailing imagery. And the imagery is fed by examples like the fact that "Belgium's budget could be financed from the profits of America's top four firms," or "the production of the United States Steel Corp. is much larger than the production of all British steelmakers."

Thus the technology gap seems to have become a concern to Europeans as they have experienced direct competition from United States controlled firms in European markets. It may be true that American expenditure for research and development is greater than European expenditure. Certainly it is when we understand that competition in the marketplace is itself research and development. But this fact becomes a matter of direct European concern only when there is immediate, proximate competition from American firms in European markets. In a sense the technology gap arguments seem to be a new expression of old "protectionist" sentiment, or of mercantilism, the economic colonialism of the 18th century which tried physically to stop the "brain drain" by preventing artisans from leaving England. This extreme policy was of course proven worthless by the famous incident of the transfer from England of textile weaving technology, among others.

This picture of American competitive strength and American intentions in European and third markets, and of the size of actual American direct private investment, is an unrealistic picture, as I will show, and it has already had some desirable and undesirable effects. It is taken very seriously—just how seriously is witnessed by an editorial article in the Economist for January 21, 1967, which, in discussing British technological cooperation with Europe as an aspect of British efforts to join the Common Market, asserted:

> European countries risk being squeezed out of the science-based industries, from aerospace all the way down the line to machine tools and scientific instruments. It may be good for Europe to be automated in part, or even largely, by American machinery. But it cannot afford to be overwhelmingly dependent on the Americans.

AMERICAN DIRECT INVESTMENT IN EUROPE IS NOT OVERWHELMING

What are the facts about U.S. investment in Europe, in comparison with the size of total European investment, and with European investment in the United States?

Of total U.S. direct private investment abroad of $49.2 billion at the end of 1965, $13.9 billion was invested in Europe—excluding Britain—and $6.2 billion was invested in the six member countries of the Community. United States direct investment in Britain totalled $5.1 billion.

Since 1961 the portion of the annual total of U.S. direct private foreign investment in Europe—including Britain—has increased over that going to Canada, Latin America, and other countries. The annual rate of new investment increased from about $1.1 billion in 1960 to about $3.5 billion in 1966. U.S. investment in Latin America, by contrast, increased from an annual rate of about $580 million in 1960 to only about $1.25 billion in 1966, far short of Alliance for Progress objectives.

But even though the share of U.S. private investment that is placed in Europe is increasing, in relative terms it is not yet very large. For example, according to statistics in the Economist of December 17, 1966, page 1255, the U.S. share in new investment in Europe in 1966 was on the average only about 6 percent of all new investment in those countries. By the end of 1965 the total of U.S. direct investments in Common Market countries was $585 million in Belgium and Luxembourg, $1.6 billion in France, $2.4 billion in Germany, $972 million in Italy, and $598 million in the Netherlands, according to data supplied by the Census Bureau and published in Senate Foreign Relations Committee hearings on February 27, 1967, page 28.

DIRECT AND SELECTIVE

Compared to total European investment in the United States, U.S. investment in Europe is much less than frightening. In fact, total U.S. private investment in Europe is less than total European private investment in the United States.

At the end of 1965, Western European assets in the United States totaled $34.1 billion compared with total—direct and portfolio—American investment in Europe of $29.6 billion. But there are two essential differences between the two. European investment is primarily in U.S. *portfolio* securities and it is generalized in a broad range of issues. American investment is direct, and it is selective; that is, it is concentrated in certain industries.

Thus, 47 percent of U.S. investment in Europe was direct—in American-owned plant and machinery on European soil; but only 18.5 percent of Europe's investment in the United States was direct.

The selectivity of U.S. investment is also clear. In France, Britain, and Germany, U.S. investment is concentrated in carbon black, computers, cars, and petroleum. In these three countries, 40 percent of American direct investment is accounted for by three firms, Esso, General Motors, and Ford. In all of Western Europe, 20 American firms account for two-thirds of American investment.

Can American industry really be the ogre it is pictured to be? Most likely not. Especially when one considers the size and wealth of the markets and economies of the six members of the EEC, combined with the eight members of the European Free Trade Association.

A FUNDAMENTAL EUROPEAN AMBIVALENCE—THE DYNAMIC ROLE OF AMERICAN INVESTMENT

There are certain signs also that, at bottom, there is an essential ambivalence in the European attitude about American direct investment. At heart Europeans want exactly what we have achieved, and they know that they can get it from us in several ways. The most effective way to get what they need—technology, capital, distribution, and marketing techniques—is American direct investment. Direct investment thus becomes a way of contributing the best of American industry to European industrial activity. Other ways of gaining U.S. know-how are licensing U.S. patents and hiring the services of our consulting and engineering firms.

Several incidents reveal the essential desire of Europeans to have what we can provide. Belgium has undertaken a concerted effort to increase U.S. investment in its industrially antique former coalmining regions by means of subsidized loans. The United Kingdom offers handsome incentives to firms that invest in its depressed industrial areas. General Electric Corp. has been allowed to regain control of General Electrica Espanola, which it had helped found in 1929, but which it had to divest when Franco came to power. GE will invest large sums in modernizing its old Spanish affiliate.

In Britain, Chrysler Corp. was allowed to acquire controlling interest in the big auto manufacturer, Rootes, Ltd., in spite of a brooding feeling that Rootes must be "kept British." Had Chrysler not been permitted to acquire control of Rootes it would have folded under the weight of huge losses. Chrysler has helped the British economy, if the reorganization of the company succeeds; the American firm will have invested over £45 million sterling when its capital reconstruction program is complete, a big bailout even for the British Government had it decided to so commit itself.

THE COMPETITION EFFECT

Another factor that leads me to counsel a calmer approach to the technology gap as brought home by U.S. direct investment in Europe are indications that such investment has had a very healthy effect on competition. Profit margins for American companies in Europe have fallen nearer to earnings on capital investment in the United States, which have themselves tended to rise particularly since 1961. This would indicate that European business has become more competitive, that much of the cream has been skimmed off the milk, and that future profits will be fought for. This competition effect cannot but have had a healthy, though perhaps painful, effect on European—including British—industry as a whole.

SOME CONCLUSIONS ABOUT THE PROBLEM

First, it seems that the fear of the technology gap is more a fear of the role U.S. investment in European industrial activity, even though there are disparities between rates of investment in research. Second, it should be clear that U.S. investment has a relatively small place in European industry as a whole, though U.S. interest is concentrated in a few "visible" industries. Third, it would also seem that U.S. investment has provided not only capital but also new technology and new managerial ability, and that the net effect may be a more competitive European industry.

EUROPEANS ARE TAKING STEPS

The European response to U.S. direct investment and the technology gap has been uncoordinated. There have been attempts at joint industrial efforts. The Anglo-French supersonic aircraft Concorde was partly justified on the grounds that it would provide seed-ground for indigenous European research, and there is a joint British-French development contract for large computers. Italian Foreign Minister Amintore Fanfani has proposed a cooperative sharing venture with the United States, somewhat reminiscent of a new technological Marshall plan. Other efforts are being tried, such as the European Launcher Development Organization and the Center for European Nuclear Research—CENR—an effort at joint research in pure science. President Johnson has done his part by appointing an advisory committee under his science adviser, Dr. Horning, an indication of U.S. willingness to give at least token consideration to European complaints.

But the exaggerated awareness of the "presence" of American industry in Europe has led to some rather exaggerated responses in another respect.

In their whipped-up desire to protect their science-based firms, Europeans are taking a deep new interest in their large technologically oriented companies rather as tools of national economic competition. The sensible French Government attitude toward General Electric's acquisition of Machines Bull begins to crack now that it seems to GE that the type of computers produced by Machines Bull will have to be phased out. The threatened disappearance of Machines Bull as an innovative force in the French economy is at best discomfitting to the French. They feel that they could be about to lose a national asset.

NEW "EAST INDIES" COMPANIES

Science-based industries are ever more dependent on Government aid in various forms, and in turn governments depend on them: "in a whole host of major industries, from coal and steel and aviation to nuclear energy and cars and computers, the trend is toward one or two national firms that are treated as national assets: they have become the chosen instruments of their governments. This means that commercial rivalries are in a sense nationalized," said the Economist on page 197 of the issue of January 21, 1967. It would seem that, for different reasons, a breath of the days of the old trading companies royally chartered for the exploitation of foreign colonies, a symbol of the mercantilist era, has returned.

THE CAPITAL MARKETS PROBLEM

One of the big European objections to American investment in Europe is that it has preempted European private capital resources. This is a very telling argument because it has been the policy of the U.S. administration, as part of its justification for programs of voluntary control of U.S. direct and portfolio foreign investment, to try to help develop more adequate European capital markets.

The result of these U.S. programs has not been to help develop more adequate European capital markets, rather the re-

sult has been pressure on U.S. firms to discover newer and more ingenious ways of raising the capital they need from foreign sources.

European capital markets will not be developed by American investment control policies, and they cannot for reasons to be found in Europe itself. These reasons were explored in a recent report by Dr. Claudio Segre to the EEC Finance Ministers.

CAPITAL MARKET DEVELOPMENT IS A EUROPEAN PROBLEM, WORSENED BY U.S. INVESTMENT CONTROLS

The Segre study pointed out that the key obstacle to developing more adequate capital markets is the dominance of European public enterprise in many European economies. Subsidized public service force public enterprises to borrow very heavily in Europe's domestic capital markets. Their securities issues are given priority over other new issues, they are subject to favorable tax rates and commission charges. Certain types of investors are required by law to buy these issues.

If European public enterprises were forced to bid competitively in domestic capital markets much more room would be left for filling the capital needs of European industry, and in turn, European private industry would be better able to compete with American industry, which can still invest a lot of capital in Europe, even under the U.S. voluntary control programs.

But essentially Europe must allow—among other measures—privately funded savings techniques, personal or institutional, such as insurance—annuities—and private pension plans, to develop instead of government pay as you go social security programs which generate no real savings.

WHAT EFFECTIVE MEASURES TO HELP NARROW THE GAP?

I cannot expect Europeans convinced of their inequality with American enterprise and at the same time jealous of maintaining ownership of their productive facilities unquestioningly to accept as a solution to the technology gap greatly increased American investment. Neither can Europeans expect Americans to accept their arguments for aid without looking more closely into the causes of the problem.

IS THERE A TECHNOLOGY GAP?

In fact, European science is producing technological advances—according to a report by Miss Alena Wells in the Journal of Commerce of January 31, "A review of basic processes used on both sides of the Atlantic will find that the European contribution in the past decade or so has been sizable. There is every indication that this contribution will increase even faster in years to come." The article cited fundamental advances in chemicals, fibers, glass, and steelmaking. Notably these developments are all in the realm of manufacturing—not in the distributive, marketing, fiscal and managerial skills discussed above.

Where the technology gap is meaningful is in research and development in the skills of distribution, servicing, financing and management, because the marketplace has not been recognized by European businessmen and economists as being a laboratory where research and development in these skills goes on. What is competition but a means for trial and error testing of better distributing, servicing, financing and management methods?

AN INSTITUTIONAL GAP AND A MANAGERIAL GAP

My inquiries in Europe showed that several root causes must be addressed.

The first is in regard to European university systems as they affect pure and applied research. The tenure and authority of university professors is said to inhibit innovation; there is said to be little cooperation, particularly in France, among universities, governments, and industry. Laboratories and other facilities are said to be out of date, and it is therefore hard to keep good men who are enticed both by European industry and by America. In France the shortage is exacerbated by the drain on the best talent of the French nuclear effort.

One of the problems of the technology gap and "brain drain" is an institutional one—creating a proper environment with adequate remuneration for scientists and scientific research. This problem, it would seem to me, is capable of being resolved by imaginative European action. As an institutional problem it has been discussed by a British physicist as a lack of connection between technology and management.

The fact seems to be that, while there is now good European research in progress in many areas, there is little development of research into useful technology, technology that can be sold in the form of consumer products in wide markets. The dearth of European institutions for teaching management techniques symbolizes the idea of a "managerial gap," a problem that the Business and Industry Advisory Committee—BIAC—to the Organization for Economic Cooperation and Development has sought to remedy. There are now signs that something is being done to mend this gap in the teaching of management techniques.

According to Christopher Layton in an "Atlantic Paper" published by the Atlantic Institute titled Trans-Atlantic Investments, page 94:

> The history of the last fifty years does not suggest that Europe is likely to suffer from a "concentration of "way-out" or "pure" research in the United States. Again and again, European brains have pioneered fundamental discoveries and innovations, which were later developed in the United States. The problem for Europe is to improve and accelerate the practical application of its new ideas. American firms operating on both continents stress that, while their European laboratories are most fertile in ideas, they are frequently applied in one-third to one-half the time at home in the United States.

EUROPEAN COMPANY LAW INHIBITS BIGNESS

Another problem, much more knotty, is the effect of corporate organization on research and development by businesses. If size is prerequisite to large research and development expenditures, which is doubtful as a rule of thumb, then it would follow that with mergers the business organizations of the six EEC countries would become, technologically, more fecund. The whole problem of bigness belongs to another area of discussion, but it is clear that some bigness produces the capacity for effective research, whether or not it produces actual results. In the United States it is estimated that only 4 percent of firms employing less than 1,000 workers do research. About 85 percent of all industrial research expenditure is done by firms with over 5,000 employees.

DEVELOPING "EUROPEAN" BUSINESSES

There are several barriers to the reorganization of European industry of sufficient interest to outline briefly here. Of first importance is the problem of taxation. When a European company goes out of business, in order to merge with another company for example, it must declare a liquidation. Assets that were formerly undervalued have to be revalued and then taxed. The resulting tax payments may act as a major disincentive to such mergers. Capital market controls in some European countries discriminate against foreign companies even if they originate in another EEC member country.

A second reason are the differences among the company laws of the six Common Market members. Historically, European nations did not develop company law in symphony as they did other areas of law, because the Napoleonic Code, which was applied to all of the Six for varying periods, did not provide concepts of corporate personality and limited liability. Efforts are now underway at technical level to draft a uniform company law within the community, but several differing attitudes toward this development now prevent EEC action. One group would prefer a uniform company law adopted as a standard Community regulation. Another group, led by France, would prefer that the six countries each adopt similar national company laws.

The result of the confusion about company law is that very few "European" companies have developed. Instead, there is a frantic movement toward agglomerations of national firms—concentration is therefore taking place within the framework of existing national laws.

PSYCHOLOGICAL BARRIER

Yet a third factor is psychological. Some observers argue that European enterprise has not yet achieved that stage of maturity that would allow it to feel secure enough to forge effective transnational corporate entities.

Though I question this latter theory, it prompts me to my final observation on this subject and to concur with the conclusion of Secretary of Defense McNamara in a recent speech. The technology gap exists to some extent, but is in fact a disguise for what I prefer to call the "managerial gap." The problem is one of transmitting existing and new European technology into products, and then of creating a market for new products by skillful marketing, distributing, and servicing organizations. This requires very highly skilled managers and management systems.

Other nations have managed to obtain industrial technology and thereby attain international competitiveness. Japan has developed a profoundly important self-sustaining industrial technology,

and contrary to popular myth, it was not done by stealing and copying U.S. ideas. U.S. technology once patented for public information is available for license. Our managers and their skills are available for hire. Our management training schools are willing to train foreign students. Our advertising capabilities are available worldwide. Hopefully our capital will soon again be able to be invested where it is most needed—where demand for it is greatest. In this context it is difficult not to view with skepticism pleas that we "share" our technology with European industry, much of which is extremely competitive with our own.

THE TECHNOLOGY GAP AND POST KENNEDY ROUND INDUSTRIAL RELATIONS WITH EUROPE

If the Kennedy round is successful—that is, if there is a significant lowering of European and British tariffs and trade barriers—U.S. private investment in Europe may prove less necessary than it had previously been. It is in fact expected that one result of a successful Kennedy round will be a diminished incentive to establish operations within the Community. Were this to occur, some of the immediate technological inferiority felt by European industry might also somewhat diminish, but so would some opportunity for obtaining American technology.

But European opinion is now mobilized. Plans are formulated to try to increase the competitiveness of European industry and to promote research. Much as the fear of meaningful Soviet competition in the economic and scientific fields spurred the United States to reexamine its scientific educational institutions and become concerned with maintaining consistently high growth rates and developing space technology, American competition with Europe has already provided a strong incentive for reexamination and change in Europe.

U.S. self-interest should be in seeing that these changes are not misdirected. The tendency toward the mercantilist pampering of a few firms as part of national economic arsenals is not healthy. Developments such as these give real cause for competing American industries, not at all the greedy giants they are pictured to be, to claim that their European counterparts operate under unfair competitive advantages—special incentives provided them by their governments. This in turn makes fair competition on an expanded world scale a more difficult goal to attain.

But I am pessimistic about the future of European technological development because of the direction European efforts have taken. Essentially Europeans have tried to "catch up" with the United States in fields where we are well in advance. They are thus repeating American research already done and outdated. Instead, they should be forging ahead in new areas where American research is lacking—and there are many such areas.

At the same time there are areas where American policy can help strengthen the European scientific and research base, without special programs of cooperation. American firms with European subsidiaries should be willing to carry out research in those European affiliates. In the Stanford Research Institute's Long-Range Planning Report No. 198, R. and D. in Europe, is data that indicate that of 200 firms with European operations, only 4 percent did research in Europe. American firms should reexamine their policies toward doing research in their foreign subsidiaries, to determine whether it may be not only in the interest of their foreign "host" governments, but also in the interest of their foreign operations to engage in more research and actively to attempt to develop that research for market.

The United States can only stand to benefit from a flowering of pure and applied research in Europe. Such original research can only enrich the entire free world economy, including the economy of the United States. We should do nothing to impede the development of European strength in research, and we should take sound steps to encourage it.

Above all, Europe must start doing research and development in distributing, servicing, financing, and management. This it can do only by establishing the laboratories in which this research can be conducted—where new economic ideas can be tested—namely, the fair, competitive marketplace. The political-bureaucratic system, no matter how well structured by the ablest political scientists, and administered by the ablest political pragmatists—the politicians and the bureaucrats, is a sorry substitute for the competitive and honest marketplace where all citizens may cast their economic ballots for or against the goods and services offered by the innovators.

IN THE KENNEDY ROUND CONTEXT

The problem of the "technology gap" has been of interest here from several points of view, not just as it reflects on the Kennedy round. Just as the Kennedy round involves not merely bargaining on tariffs and other trade barriers, but relates to the industrial development of the entire free world, so it must also comprehend problems like the technology gap, especially since the "technology gap" syndrome will, for many Europeans and for many Americans, shape future attitudes and policies of relations with the United States.

In the next sections of this speech I will deal with the first of the sector negotiations discussed above—iron and steel.

IRON AND STEEL

Of the five industrial sectors isolated for special treatment in the Kennedy round, that of iron and steel is one of the most difficult and controversial.

In the United States, the ratio of steel mill product imports to domestic consumption has risen from about 5 percent in 1962 to about 11 percent in 1966. The European Community steel industry is suffering from overcapacity, from costly sources of supply of coking coal and from problems of the organization of its corporate units. In the United Kingdom the future of steel is clouded by the nationalization of the steel industry and by a complex of other problems. Meanwhile, Japan, now the leader in steel technology as applied to steel production, is expanding its capacity in order to supply future export demand.

The pressures that these conditions create on the Kennedy round steel sector negotiations have made steel a sensitive area for negotiations. It may be that these pressures will prevent successful negotiations. But there is still reason both for the United States and other countries to press them to a productive conclusion.

WHAT CAN THE UNITED STATES GAIN IN STEEL SECTOR NEGOTIATIONS?

The conditions of U.S. production and trade in steel mill products are such that some have questioned what U.S. interest in steel negotiations can be. And, because the United States has no real export interest in steel mill products, it is difficult to define exactly our interest in obtaining cuts in other nations' steel tariffs.

One reason for our interest is that, by attempting to "keep steel in the negotiations," we expand the total value of the negotiations and prevent unravelling. Another is that we might extract a quid pro quo in terms of cuts in other nations' duties on our machinery—products made from steel. Another motive is that, by getting significant reductions in other nations' tariffs we might divert Japanese exports to other markets than our own. Finally, by cutting other nations' steel duties the United States may obtain leeway to develop a substantial future export market.

THE SECTOR APPROACH AND THE IDEA OF "HARMONIZATION"

The special circumstances surrounding world trade in steel, clear almost from the start of the present negotiations, were enough to convince the Director-General of GATT, Eric Wyndham-White, to include iron and steel in his industrial sector negotiating scheme implemented early in 1965. Today these special circumstances seem so compelling that there has been thought that, instead of negotiating on rates of duty according to a hypothetical linear or percentage cut concept, there should be an effort to "harmonize" tariff and other barriers to world trade in steel products.

As I pointed out above, harmonization is an approach which when first suggested I viewed with great skepticism. But there is a certain logic to "harmonizing" nations' tariff and other-than-tariff trade barriers in certain industries, like steel, where it would seem that technology, conditions and costs of production could be quite standard.

Such harmonization would not require special sectoral trade deals—it could be accomplished according to traditional multilateral, nondiscriminatory rules for negotiations and should be considered a sequel to present trade negotiations that is worthy at least of exploration.

The following account will show why such an approach is in fact being considered. I will explore below some of the more important aspects of the competitive problems facing the U.S. steel industry. Then I will discuss current problems of production in the European Coal and Steel Community—ECSC—for these have great bearing on the steel sector negotiations. Then I will

discuss the negotiations as they reflect and in a sense focus the various elements of national steel sector malaise.

The following analysis of the problems of the U.S. industry is unusually long for this report on the Kennedy round. But the steel industry has asked its government for special help to protect it from imports, and this special request should receive the bright light of open discussion and debate. For purposes of this debate I will discuss candidly some of the problems I see for American steel production.

IS U.S. STEEL INTERNATIONALLY COMPETITIVE?

The years roughly since 1960 have been for the U.S. steel industry a period of great change and internal reexamination. Increased imports most notably in 1965 and 1966 only brought to national attention the problems of this troubled industry. Increased imports were the concrete evidence of what had become widely known and reported much earlier: the industry as a whole had become backward in adopting new technology. A highly concentrated industry which has been called oligopolistic, the steel industry in the period before 1960 had meaningful competition from alternative materials such as plastics and other metals, and no real competition from imported steel. The following table shows imports of steel mill products as a percentage of domestic consumption since 1956. It also shows the attendant decline of exports:

Steel mill products—Domestic producers' shipments, imports, exports, and apparent consumption, 1956–66

Year	Net shipments	Imports	Exports [1]	Apparent consumption [2]	Ratio of imports to consumption
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Percent*
1956	83,251,168	1,340,746	4,347,903	80,244,011	1.7
1957	79,894,577	1,154,831	5,347,678	75,701,730	1.5
1958 [3]	59,914,433	1,707,130	2,822,910	58,798,653	2.9
1959 [4]	69,377,067	4,396,354	1,676,652	72,096,769	6.1
1960	71,149,218	3,358,752	2,977,278	71,530,692	4.7
1961	66,125,505	3,163,233	1,989,552	67,229,168	4.7
1962	70,552,438	4,100,039	2,012,590	72,639,887	5.6
1963	75,555,142	5,446,326	2,179,638	78,822,030	6.9
1964	84,944,876	6,439,635	3,280,721	88,103,790	7.3
1965 [5]	92,666,182	10,383,021	2,496,039	100,553,164	10.3
1966	89,995,391	10,752,878	1,723,981	99,024,288	10.9
1967:					
January	7,292,000	782,000	205,000	7,869,000	9.9
February	6,531,000	744,000	190,000	7,085,000	10.5

[1] An increasing proportion of total annual exports have been financed by AID. In 1965 probably about half of U.S. exports were in this category.
[2] Represents shipments, plus imports, minus exports, and thus does not reflect changes in producers' or consumers' inventories.
[3] Recession year.
[4] Great bulk of steel industry closed down during 116-day strike.
[5] Strike threat existed for 1st 8 months of the year.

Source: Shipments from American Iron & Steel Institute; imports and exports compiled by American Iron & Steel Institute from data published by the U.S. Department of Commerce.

Leaving aside for the moment the reason for the import increases, these data substantiate the following analysis from Fortune magazine's article on steel in the October 1966 issue, page 135:

In the late 1950s and early 1960s the industry was dying. It prepared itself for dying in the decade 1947–57, when it expanded its ingot capacity by 42,200,000 tons or 46.3 percent. Setting aside the question whether the blame lay with bad management or a cruel fate, the fact is that much of this new capacity was in effect obsolete when it was built. The new plant certainly didn't do much for the industry's productivity. Between 1947 and 1957 it rose altogether only 20 percent, or between 1.8 and 1.9 percent a year compounded; meanwhile employment costs were increasing 105.8 percent, or almost 7.5 percent annually. During that period, steel-mill product prices zoomed up 101.7 percent, as compared with a rise of 21.9 percent for all commodities.

The spiralling costs and prices of steel left an irresistible opening for competitors, and they moved in fast . . . By the end of the 1950s the U.S. was changing from a net exporter to a net importer of steel.

IS THE U.S. INDUSTRY OUTPRICED?

The increased competition of the 1960's brought response in massive capital expenditures for modernization. In speaking of such spending before a congressional breakfast on February 8, 1967, United States Steel Corp. Chairman Worthington said:

Last year, these capital expenditures exceeded 2 billion dollars; and we expect that they may be as great or greater in the current year. Yet even these enormous outlays are inadequate now to take full advantage of existing technology, and they show little promise of growing at anything like the pace of the increase in our knowledge of steel products and production methods.

In spite of this effort to catch up American steel is generally conceded to be not yet competitive internationally in terms of price, though it is to be proved whether U.S. steel is competitive in terms of cost. International production cost and price comparisons are notoriously difficult to make accurately, though there have been attempts to do so for major industries. One of the problems in the steel industry case appears to be determining what actual transaction prices are, as opposed to published list prices for steel mill products; another is that prices for basic steel products are modified by the addition of numerous "extras" which make it difficult to determine average sale prices.

In spite of these difficulties, it is concluded by at least one study that list prices of both Japanese and ECSC steel products are below those of the United States in all basic products except hot rolled sheets and cold rolled sheets. It has also been concluded that the spreads between actual prices in the United States and Japan and the ECSC are almost certainly greater than those between their list price counterparts. It is believed that ECSC and Japanese actual prices were below list by some 20 to 30 percent, whereas U.S. transaction prices were lower than list by much less, perhaps only 5 percent. It seems fair to conclude on this basis that ECSC and Japanese producers can sell from much lower average transaction price bases.

THE AMERICAN PROCESSOR'S DILEMMA

These conclusions are borne out by the experience of a small American processor of steel products who recently visited my office and whose experience I will relate here.

The firm in question buys mill steel, performs a fairly standard processing operation, and sells the steel to its final bulk users. Because his is a competitive industry, the price of the basic mill steel is extremely important as a determinant of the competitiveness of the processed product.

Pressure on this firm to buy imported steel became intensive during the long strike threat in 1965, but it nonetheless resisted buying imported steel. In the first place, the firm had dealt with nearby U.S. suppliers consistently and was relatively sure of ready supply on request. Secondly, it distrusted the quality of the Japanese product.

However, an inspection visit to Japan revealed very high quality steel production and such great technical skill that the U.S. firm became convinced of Japanese mastery in the art of steelmaking. And this steel could be delivered at 22 percent less than any U.S. corporation's delivered price.

The decision to buy imported steel was therefore unavoidable, and the proportion of foreign steel to domestic steel used by this firm has increased in 3 years to about 50 percent of its total usage of "raw" steel. Imported steel will, however, probably not be used for any more than 50 percent of the firm's needs because it does not wish to become reliant on possibly uncertain foreign sources for the bulk of its raw material needs. But, once having begun to buy imported steel, and having become familiar with the channels of trade in such steel, the psychological and commercial obstacles to purchasing have diminished.

More importantly, the firm's competitors have also begun using lower priced imported steel. It would be almost impossible for the firm in question now to return to purchasing domestic steel entirely and yet remain competitive.

Another visitor to my office has recounted his visit to the works of a very large American steel corporation, and his observations tend to confirm the impression that in terms of applied technology the U.S. steel industry has a few steps to go to catch up. Here the person in question saw one of the most delicate of the steelmaking operations—the tapping of a furnace. He was surprised at the degree of skill this operation required from the workmen. But he was even more surprised to learn that the Japanese have so perfected this operation as to be able to "tap" both sides of the furnace at once, whereas in the United States this is done only on one side.

But there are indications I will discuss below that U.S. industry is in the throes of major technological advance on at least four important fronts.

THE REASONS FOR INCREASED CONSUMPTION OF FOREIGN STEEL

We can conclude from the above that foreign steelmakers are able to make high quality steel and sell it at cheaper prices than American producers. Part of this price competitiveness results from genuine technical achievement. But putting aside for the moment other reasons why foreign steelmakers may be able to underprice U.S. producers, it seems obvious from available data that imported steel had found a market in the United States not just because of price but because of threatened continuity of American supplies.

The above table relating imports to domestic consumption of steelmill products indicated some of the main reasons why imports rose suddenly in *certain years*. The big rise from a ratio of imports to domestic consumption of 2.9 percent in 1958 to 6.1 percent in 1960 probably was the result of a long strike and the period of hedging that preceded it. The big rise from 7.3 percent in 1964 to 10.3 percent by the end of 1965 seems to have been the result of the strike threat during the first 8 months of that year.

The fact of strike threats may explain sudden rises in imports, but does not explain away the basic competitiveness of the imported steel mill product. Imports may in fact have filled essential elements of demand in this country, without which there would have been higher steel prices, shortages of defense materials, and less competitive incentive. I will discuss below pricing practices that may account not only for the rise in imports but for the drop in U.S. exports.

A MORE BALANCED VIEW OF STEEL IMPORTS—TOTAL OUTPUT MUCH INCREASED

The table above indicates that total U.S. production of steel—net shipments plus exports—has continued to rise. In fact, the record shows that in spite of increased imports, there has been an increase of steel consumption by over a third within only 4 years. This remarkable performance is the fruit of the great effort to invest and innovate that has taken place, and is a sign that the steel industry has more than held its own against competing materials. Thus the facts show that though the portion of the U.S. market taken by imports is larger, the total pie has increased so much that there has been no damage to the industry. Instead there has been growth.

IMPORTS DECREASING

Another reason for a more balanced view is that imports in the first 2 months of 1967 have declined from the high levels of the last 2 months of 1966. Imports in January and February of 1967 are to be sure higher than they were in January and February 1966, but the point is that they have stopped increasing and are now decreasing.

As late as March this year it would have been possible to say that the all-time production records set in 1966 would be repeated. According to data published in February by the American Iron and Steel Institute, the index of production for the final week in February was at 138.6, compared with 132 for February a year earlier. Now, however, because of the uncertain future of the economy and the role of lower automobile consumption in that dimmer economic picture, steel production probably will not match record 1965–66 levels. The variables in such predictions are enormous, but some people have projected that 83 million tons will be shipped in 1967 compared to the 90 million tons shipped in 1966. There may also be the possibility that imports will increase if the construction industry increases its activity, because of the large amount of imported steel reinforcing bars used in U.S. construction. The economic picture ahead is therefore somewhat cloudy at present. But to date, from data now available, there appears to be no damage to the steel industry from imports. In fact, shipments have increased 1 percent to 2 percent over comparable months last year, even though production has decreased about 4 percent.

NO DAMAGE FROM IMPORTS

In his statement to Members of Congress on February 8, United States Steel Chairman Worthington said that "more than 70,000 steelworker jobs alone, and many thousands of additional jobs in supporting industries" were being lost to imports. In fact, during 1966 it is well known that the United States Steel Corp. was unable to employ enough workers in the Chicago area—it is said that that corporation was "going begging" for good labor.

In fact, there have been shortages of workers in an industry where total employment increased from 405,924 in 1961 to 458,539 in 1965, where average annual shipments per production worker—or productivity—increased from 162.9 net tons in 1961 to 202.1 net tons in 1965, making U.S. steel labor productivity the highest by far in the world, in accordance with high U.S. wage scales—which have nonetheless increased less fast than steel worker wages in other countries. In the last month, however, there have been perhaps as many as 2,000 workers laid off as a probable result of decreased auto demand. The exact amount of unemployment seems difficult now to determine exactly.

The data referred to follow:

U.S. steel industry labor productivity

Year	Ingot production (1,000 net tons)	Product shipments (1,000 net tons)	Average number of production workers	Average annual ingot production per production worker (net tons)	Average annual shipments per production worker (net tons)
1961	98,014	66,126	405,924	241.5	162.9
1962	98,328	70,552	402,662	244.2	175.2
1963	109,261	75,555	405,536	269.4	186.3
1964	126,931	84,945	434,654	292.0	195.4
1965	131,181	92,666	458,539	286.1	202.1

Source: American Iron & Steel Institute.

How labor costs compare worldwide—Comparative hourly employment costs in steel industries of selected countries

[Total employment costs in U.S. dollars]

	West Germany		Belgium		France		Italy		Luxembourg		Netherlands		Japan		U.S. steel	
	Amount	Percent of 1952	Amount	Percent of 1952	Amount	Percent of 1952	Amount	Percent of 1952	Amount	Percent of 1952	Amount	Percent of 1952	Amount	Percent of 1952	Amount	Percent of 1952
1966	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	$0.96	300	$4.63	200
1965	$1.81	262	$1.83	223	$1.48	266	$1.61	252	$1.95	199	$1.96	370	.86	271	4.48	193
1964	1.68	345	1.62	198	1.40	194	1.58	347	1.72	176	1.76	332	[1]	[1]	4.36	188
1963	1.59	230	1.45	177	1.30	181	1.43	223	1.62	165	1.58	298	[1]	[1]	4.25	183
1962	1.51	219	1.33	162	1.21	168	1.21	189	1.49	152	1.47	277	[1]	[1]	4.16	179
1961	1.37	199	1.26	154	1.11	154	1.04	163	1.47	150	1.40	264	.68	213	3.99	172
1960	1.21	175	1.22	149	.99	138	.98	153	1.41	144	1.08	204	.57	178	3.82	165
1959	1.12	162	1.13	138	.91	126	.90	141	1.31	134	.95	179	.54	169	3.80	164
1958	1.06	154	1.09	133	.85	118	.86	134	1.32	135	.94	177	.52	162	3.51	151
1957	1.01	146	1.08	132	.86	119	.80	125	1.28	131	.90	170	.51	159	3.22	139
1956	.90	130	.98	120	.96	133	.79	123	1.15	117	.82	155	.47	147	2.95	127
1955	.83	120	.89	109	.85	118	.70	109	1.02	104	.74	140	.41	128	2.72	117
1954	.75	109	.83	101	.75	104	.68	106	.95	97	.63	119	.39	122	2.51	108
1953	.72	104	.81	99	.73	101	.65	102	.95	97	.57	108	.36	112	2.45	105
1952	.69	100	.82	100	.72	100	.64	100	.98	100	.53	100	.32	100	2.32	100

[1] Not available.

Source: European Coal and Steel Community, American Iron & Steel Institute and industry estimates.

In 1966 there were no jobs lost to imports, but it also seems certain that without imports many jobs would have been lost. The 11 million tons of imported steel in 1966 eased production bottlenecks in a strained industry, and allowed many intermediate processors to remain in business by supplying them with raw materials.

AN INDUSTRY MARKED BY MILL OPENINGS AND FRICTIONAL PLANT CLOSINGS

Several steel mills have been closed. But in any industry there must be a turnover of plant just as there is turnover of machinery. Frictional and structural problems are bound to exist and become aggravated during periods of rapid technological change. These frictional problems will arise with or without imports. The plain fact that capital spending in the industry has been so substantial—$2.2 billion in 1966—is proof that this is an industry marked not by mill closings but by mill openings. Where is the evidence of net disruption as the result of imports?

IMPORTS HAD A HEALTHY EFFECT

What has been the net effect of imports? For 1966 it is possible to speculate that imports of steel mill products actually supplied processors with enough steel to continue to meet the demands on their output from a very tightly used economy. Imports of steel mill products, even though only 10.8 percent of U.S. consumption, may actually have helped keep U.S. export items like machine tools and all other products in which steel is an important component, competitive on world markets. Clearly imports are already having a decreasingly important role in the economy currently.

In other words, export markets may not have been lost to U.S. producers because of the price effects of the steel imports in 1966. These price effects may not only have benefited U.S. export markets, they may well have saved U.S. consumers of everything from razor blades to giant lathes a lot of money.

THE FALLACY OF THE SECTORAL APPROACH

We have been discussing U.S. imports, exports and production of steel mill products in isolation. This approach is criticized by those who think it too narrow. They point out that indirect sales of steel in the form of autos and machinery should be included in U.S. foreign trade data, because the strength of the U.S. economy lies just as much in the ability to manufacture products from steel as it does in making the steel, and because the national economy benefits from the value added to the steel by manufacture. In fact, from one point of view we might say that it is to the advantage of the United States not to export basic steel products, in favor of exporting products manufactured from basic steel.

If we take a measure called U.S. foreign trade in steel-containing manufactures, or U.S. indirect foreign trade in steel products, the United States has a significant trade surplus with the rest of the world. The following data, estimated by the American Iron & Steel Institute from data on the dollar value of U.S. imports and exports of steel-containing products, demonstrates this fact.

U.S. trade in steel containing manufactures

[In millions of short tons]

Year	Exports	Imports
1955	2.9	0.3
1956	3.3	.4
1957	3.4	.6
1958	2.9	.8
1959	3.0	1.2
1960	3.2	.9
1961	3.2	.7
1962	3.3	.9
1963	3.5	.9
1964	4.1	1.1
1965	4.3	1.4
1966	4.4	1.9

Source: American Iron & Steel Institute, estimates based on dollar value of exports and imports as reported by Census Bureau.

Still another way of measuring import-export trade in such a way as to escape the narrow confines of measuring steel mill products trade alone, is to examine imports and exports of steel mill products and steelmaking materials and machinery. This form of analysis includes iron and steel, iron ore, iron and steel scrap, bituminous coal, petroleum coke, and rolling mill machinery. For 1965, U.S. imports of all such items were $1.6 billion, and U.S. exports were $1.5 billion, leaving a deficit balance of only $209 million, small in comparison to the U.S. deficit in trade in steel mill products alone.

WHY DID IMPORTS INCREASE IN 1965 AND 1966?—THE U.S. STEEL INDUSTRY BUYS ABROAD

The fact of increasing imports is evident. Above I gave as some of the reasons why imports increased the history of U.S. strikes. There are other reasons relating to very great demand in 1965 and 1966. I have indicated above that processors imported large amounts of steel in 1965–66.

There is also good reason to believe from analysis of commodity, country, and customs district data in reference tabulations of the Census Bureau that steel mills themselves accounted for a large portion of the imports of steel mill products in those years; that is, the very industries whose representatives are opposing imports in Washington may be in fact large purchasers of foreign steel—and for good reason.

Why would U.S. steelmakers import foreign steel? The reason is likely to be found in the strained steel market of the past 2 years. Foreign steel was needed to break bottlenecks in the industry's production chain. For example, if a mill has much more capacity in its rolling plant than it has in its melting plant, and its melting plant is running at full capacity, and there is great demand for rolled steel, this mill has a real incentive to buy steel to supply its rolling operation—wherever it can get this steel.

Rather than admit to old customers that it could not supply the steel, and perhaps lose the customer, the steel company was likely to buy the steel abroad and sell it even at a small markup to its old customers.

One indicator that the above factor was at work during the past 2 years of high imports is the experience of steelmen who have visited my office. Another is data indicating to what areas of the country imports are invoiced. California and Florida have been areas where imports have concentrated for obvious reasons relating to ocean shipping. But there has been a big increase in shipments of imported steel to the Great Lakes regions. This steel could be going to the processors—it could also be going to steel mills from Ohio to Minnesota.

THE TRADITION OF U.S. STEEL INDUSTRY PRICING POLICY: ITS EFFECT ON IMPORTS, AND ON EXPORTS

Another reason for increased imports that must be given close examination is the tradition of U.S. steel industry pricing policy. Pricing policy may also be the reason for decreased exports. A case in point may at the outset illustrate this point.

The table below showing the categories of steel imports from major U.S. suppliers in 1966 shows that the largest single item of imports was plates and sheets. Imports in this category increased from about $200 million in 1964 to $469 million in 1965. Nonetheless, in this area of great import competition, the U.S. steel companies all raised their prices across the board by 5 percent.

U.S. steel imports, 1966

[In thousands of dollars]

	Canada	Sweden	United Kingdom	EEC	Austria	Japan	Total
Pig and cast iron	19,793			3,638			23,431
Spiegeleisen	5						5
Sponge iron; iron or steel powders	896	2,497	88	876		328	4,685
Grit and shot, including wire pellets	30		63	47		183	323
Ingots, blooms, billets, slabs, and sheet bars	31,954	52	2,667	254		188	35,115
Forgings, not processed	1,885	68	13	68		52	2,086
Bars	6,524	3,659	4,396	66,057	3,672	17,861	102,169
Hollow drill steel	733	27	68		2	182	1,012
Wire rods	69	8,976	4,019	36,062	84	54,794	104,004
Plates and sheets not cut, pressed, or stamped	38,356	3,733	46,561	100,573	110	280,219	469,552
Strip, not cut, pressed, or stamped	789	7,935	3,641	6,328	138	3,816	22,647
Plates, sheets, and strip; cut, pressed, or stamped	124	3	1	619	17	1,057	1,821
Plates, sheets, and strip electrolytically coated or plated	7		4	334			345
Wire	1,755	9,702	5,885	31,451	244	39,590	88,627
Angles, shapes, and sections; sheet piling	5,225	69	13,122	87,886	53	31,130	137,485
Rails, joint bars, and tie plates	710	5		1,263	3	3	1,984
Pipes, tubes, and blanks	12,565	1,849	5,683	32,037	31	79,806	131,971
Cast iron pipes and tubes	45		130	382	10		567
Pipe and tube fittings	1,766	20	745	3,893	4	6,491	12,919
Wire covered with textile material	74	11	2	243		57	387
Foil	(1)	(1)	(1)	(1)	(1)	(1)	

See footnote at end of table.

U.S. steel imports, 1966—Continued

[In thousands of dollars]

	Canada	Sweden	United Kingdom	EEC	Austria	Japan	Total
Articles of iron or steel, n.s.p.f.							
Pipes, tubes, and fittings for use as conduits	15		8	147		534	704
Total	123, 320	38, 606	87, 096	372, 158	4, 368	516, 291	1, 141, 839
Total U.S. steel imports from all sources							1, 233, 514

[1] Not available.

Source: U.S. Department of Commerce.

It may well be that U.S. steel prices are unrealistically high. U.S. steel companies' pricing policy may be passive. In other words, they may be meeting the price of competing suppliers in business they want to get but do not attempt to exert leadership in setting prices in international markets.

Perhaps it is not that steelmakers cannot afford to offer lower prices. It may be that they generally do not sell at lower mill nets to foreign markets than they could obtain by absorbing slightly more freight and expanding their domestic sales, especially in cases where the domestic customer's most logical alternative source of supply is a foreign producer.

U.S. STEEL EXPORT TROUBLES THEIR OWN RESPONSIBILITY?

The passive policy if it exists is perhaps defensible. Given the present pricing policy which makes U.S. producers essentially vulnerable to foreign competition especially in the context of today's disorganized, surplus-capacity world production conditions, they concentrate on competition in the domestic market while maintaining the mill nets they consider desirable. The minimal U.S. export effort in steel bears witness to this point. However, I have been told that there are latent foreign markets for American steel, half of whose exports are now AID-financed.

The decline in U.S. exports if looked at in isolation would seem to be evidence that we have actually tried to export in the past. But in the light of our understanding—which I will emphasize now that I consider tentative and subject to rebuttal from any steel industry representatives who care to do so—of industry pricing practices and of the history of international steel trade since the war, the export decline is not surprising.

The United States inherited a certain foreign market for its steel exports at the end of the Second World War. This was natural. We had a highly productive industry stimulated by war when other countries industries were outmoded or damaged. Since the increase in the number of producers in the free and the Communist world—over 30 countries now seriously produce steel—there has simply been increased competition for markets that once we supplied. Pricing policies have not changed, neither has the industry's basic attitude toward foreign markets. The only factor that has changed is the nature of foreign steel production. It has spread, and it can compete. The disruption of European production from overcapacity is ample evidence.

DOMESTIC PRICING PROBLEM

This indifference to price competition has had its impact not only on the international competitiveness of the steel industry but also on domestic consumers of mill steel. That the steel industry is oligopolistic is demonstrated by its domestic pricing practices, based on so-called "dominant firm" price leadership. The United States Steel Corp. has been accepted as the price leader, but there has lately been a certain diffusion of price leadership, other companies taking the lead in certain product lines of which they are strong producers.

One might well ask, "If every steel company sells at the same list prices, how does the buyer have any choice based on price? What is the role of competition?" In normal times of good demand U.S. firms compete on the basis of service, quality and packaging. But in times of lower demand, or when a firm wants to get a certain market or win a certain customer, it competes by absorbing freight costs. This is convenient and possible because freight costs in a product like steel are always an important part of the delivered price. Selective adjustments in those costs are therefore important.

Maintaining mill prices at list but adjusting freight costs means that there is less chance of retaliatory pricing by other firms, thus less chance that price levels will erode. There is also less chance that differential pricing through freight absorption would violate the Robinson-Patman Act, than would differentials in mill prices to different customers.

PRICING POLICY AND INDUSTRY FINANCING

The steel industry has been remarkable in its huge capital expansion program in that it has financed its growth largely from profits, rather than relying on stock issues. Therein may lie a reason why the profit on dollar of sales is such an important measure for the steel industry. Even so, the usual measures of industry profitability for U.S. manufacturing industry are profitability: return on sales and profit as a percent of stockholders' equity. These measures do not show a remarkable decline. In fact, such data show that even when the industry was in trouble at the end of the 1950's it was making acceptable though perhaps below average rates of return on invested capital. The following data present the primary iron and steel industry return on equity in the context of other durable-goods industries and with the average for all manufacturing industries, from 1947 to 1965.

Annual rates of profit on stockholders' equity, by industry, after taxes, 1947–65

[Each rate is the arithmetic mean of 4 quarterly rates, each on an annual basis. In percent]

Industry	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
All manufacturing corporations, except newspapers	15.6	16.0	11.6	15.4	12.1	10.3	10.5	9.9	12.6	12.3	11.0	8.6	10.4	9.2	8.8	9.8	10.2	11.6	13.0
Durable goods industries	14.5	15.7	12.1	16.8	13.0	11.0	11.1	10.3	13.8	12.8	11.3	8.0	10.4	8.6	8.1	9.6	10.1	11.8	13.8
Metals and metal fabricating industries	14.0	15.8	12.4	16.9	13.2	11.4	11.4	10.4	14.1	12.9	11.6	7.8	10.2	8.6	8.0	9.8	10.4	12.0	14.2
Transportation equipment	11.0	16.2	18.0	21.5	13.2	13.6	13.8	14.6	20.2	13.6	14.4	8.8	12.9	11.7	10.6	15.0	15.2	15.8	18.5
Motor vehicles and equipment	16.4	19.8	22.0	25.2	14.4	13.9	13.9	14.1	21.7	13.1	14.2	8.2	14.6	13.5	11.4	16.2	16.7	16.9	19.5
Aircraft and parts											17.7	13.1	8.2	7.4	9.8	12.7	11.3	12.2	15.1
Electrical machinery, equipment, and supplies	19.0	16.1	13.6	20.8	14.0	13.6	13.1	12.4	12.3	11.4	12.6	10.2	12.4	9.5	8.9	10.0	10.0	11.2	13.5
Machinery, except electrical	15.8	16.4	11.6	14.0	13.1	11.3	9.8	8.6	10.3	12.6	10.7	6.8	9.7	7.6	7.8	9.1	9.6	12.4	14.1
Metalworking machinery and equipment											11.5	2.0	5.2	5.3	6.0	8.6	8.6	12.4	14.4
Other fabricated metal products	17.7	17.0	10.3	15.9	13.4	10.1	9.8	7.6	10.0	10.7	9.3	7.2	8.0	5.6	5.9	7.9	8.3	10.1	13.2
Primary metal industries	12.2	14.5	9.3	14.5	12.8	9.5	10.8	8.8	14.1	14.0	10.8	6.8	8.0	7.2	6.4	6.2	7.2	9.2	10.6
Primary iron and steel (blast furnaces, steel works, and foundries)	12.0	14.6	10.0	14.3	12.3	8.5	10.7	8.1	13.5	12.7	11.4	7.2	8.0	7.2	6.2	5.4	7.0	8.8	9.8
Nonferrous metals	12.4	14.2	8.1	15.0	13.9	11.6	11.1	10.4	15.4	16.5	9.3	6.0	8.0	7.1	7.1	7.5	7.6	9.8	11.9
Other durable goods industries	16.4	15.4	10.5	16.3	12.4	9.7	9.6	9.6	12.3	12.3	9.7	8.6	11.2	8.6	8.0	8.8	9.2	10.6	12.2

The capital spending programs of industry are described glowingly in the Fortune magazine article mentioned above. To give the flavor of the extent of this most impressive program, which would tend to belie cries of damage, is the following quote on page 137.

In the three years 1964–1966, Bethlehem has invested more than $1 billion and it expects to go on indefinitely at least at that rate. Finance chief William Johnstone puts these expenditures in three categories: one-third routine on hundreds of items; one-third major expenditures of from $10 million to $50 million on new mills, oxygen furnaces, etc.; and one-third really big projects like Burns Harbor.

THE RICH FRUITS INVESTMENT WILL BEAR

According to Iron Age magazine financial analysis steelmen are betting on the basis of the quality and amount of capital expenditure programs that even in

1967 new equipment "should lower break-even points and also turn out a better product in a competitive market where quality counts. At least, this is what many in the industry have been betting on with their new finishing capacities. Most steel companies should be in a good position to take either a downtrend or uptrend in good strike."

Apart from immediate gain expected in 1967, recent capital investments in four major areas give the future of American steelmaking a bright luster. This "technological revolution" has four prongs: new oxygen furnace capacity; computerization of production; pelletization of ores; and continuous casting.

OXYGEN FURNACES—THE UNITED STATES CATCHES UP

In 1954 the McLouth Steel Corp. introduced the first American oxygen or "LD" furnaces, which had been perfected in Austria in 1952. The American steel industry did not adopt this new technological breakthrough. Other nations' industries did. As a result, by 1960 the United States was last in the world in oxygen furnace capacity in place. Now we are first, with a capacity of 40 million tons, and we expect another 15 million tons LD capacity to be in place in 1968. The difference in production time and cost between LD and the old open hearth—or Siemens-Martin—furnaces is nothing short of phenomenal. An LD furnace can produce 200 tons of crude steel in 50 minutes, and begin immediately to make the next batch. A Siemens-Martin furnace takes 8 hours to produce 200 tons.

A digression may be in order here regarding capacity. As LD furnaces have been put in place, it seems that Siemens-Martin furnaces have not been ripped out. Therefore there probably exists a lot of what can be called standby capacity. There are no official estimates of capacity. The New York Times and Wall Street Journal make their own estimates, but even these estimates, which recently put capacity at about 170 million tons annually, may be inaccurate. In 1966 with new oxygen capacity the steel industry produced 130 million tons of crude steel. The difference between the two could be said to be unused capacity. But how much of this unused capacity is economically usable capacity is unknown.

COMPUTERIZATION—AMERICA'S TECHNOLOGICAL TRUMP CARD IS APPLIED TO STEEL

Europe fears America's competence in computerization. Naturally this is as a result of the application of computer techniques to industry. Where European and even Japanese industry has not begun, or is only beginning to use computers in steel production, American steel producers are way out ahead. Entire plants have been "computerized" to the extent that formerly delicate hand operations can be done without fault. Japan is equally advanced in computerization.

PELLETIZATION

An important American technological development in the 1950's was development of the "pelletization" technique to make weakening American iron ores usable. But it was quickly found that pelletization was applicable to richer ores as well, and that pelletization of iron ore before melting it results in much greater efficiency. The rough-surfaced marbleized ore pellets pack well in the furnaces and mix with other materials. Their rough surface makes them melt more quickly and less coke is required. The outcome is vastly increased production from the same furnaces.

American pelletizing technology is now being used in ore fields around the world, thereby decreasing the shipping costs of the ore.

CONTINUOUS CASTING THE BIGGEST BONANZA

Continuous casting is a process by which the molten steel is poured from huge vat into a tundish, from which it flows directly into special forms to make a long slab about 12 inches thick, which can then be rolled into sheets. McLouth Steel Corp. announced earlier this year that it has so perfected the CC technique that it could shortly promise production of high enough finish CC steel for use in auto bodies. Several auto manufacturers have indicated their interest in using this steel. Continuous casting eliminates five stages in traditional steelmaking procedures, promises large savings and increased efficiency. Continuous casting capacity is now being installed, according to industry specialists, very rapidly.

The above data present a picture of an industry not suffering disruption from import competition but an industry on the verge of technological revolution of unusual depth. These data also suggest that the industry's problems with imports, and with exports, derive from traditional industry pricing practices. Were the industry willing to compete more directly in price terms with imports there might well be fewer imports in 1967.

But the industry's complaints about possible unfair foreign export promotion practices deserve special attention, and serious attention.

THE PROBLEMS POSED BY POSSIBLE UNFAIR COMPETITION

I have dealt with several of the reasons why imported steel mill products have been used in larger and larger quantity in the past 10 years. Some of the reasons was the effect of strikes in creating uncertainty about supplies. Part of the reason may be the unwillingness of U.S. firms to price more competitively. But another reason may be that foreign steel products are subsidized—that they are sold here under conditions of unfair competition. And if the imported steel competes "unfairly," then the industry has got justified complaints.

Steel industry spokesmen stress the idea of unfair competition. But there does not seem to have been a concerted effort to document in thorough detail instances of unfair competition, instead there are some notable cases where the industry supported perhaps shortsighted attempts to deal with the problem of unfair competition. In doing so it took what might be called a shotgun approach to the problem. This was the approach of the industry before the industrywide decision to request that Congress enact some special import surcharge or levy, in the words of Chairman Worthington, "so as to narrow the price differential and create a climate of more equitable competition between domestic and foreign producers who seek a share of the U.S. market."

ANTIDUMPING, SPECIAL MARKETING, AND BUY AMERICAN REQUIREMENTS

The shotgun approach was marked by attempts to enact amendments to the U.S. Antidumping Act of 1921 which would have had a restrictive effect at a time when an international solution to the problem seemed the wisest course. Another was the effort to enact, in the 89th Congress, a bill, H.R. 6775, to require users of steel used in making containers to mark the finished containers so as to indicate the national origin of the steel. Another in a perennial series of special marking bills, H.R. 6775 could have had the effect of making processors of steel not affiliated with U.S. steel manufacturers change inventory practices and go to special lengths to mark the finished product. The result could have been an effective "other than tariff" barrier to trade.

Another demonstration of this shotgun approach are efforts to insist that local governments apply "buy American" rules to their materials purchases. A recent example is the case where a Los Angeles County superior court judge denied a Bethlehem Steel Corp. request for a preliminary injunction that would have prevented the Los Angeles Department of Water and Power from awarding a steel contract to the lowest bidder, a firm offering Japanese steel.

While such shotgun efforts may still be made, the focus of steel industry discontent is now on imports per se. And, even though the guts of foreign competitiveness may simply be greater efficiency, the argument of unfair competition is an important one, and there are certain examples of such practices which give cause for concern, and perhaps for international action.

ANTIDUMPING AND COUNTERVAILING DUTIES

The Antidumping Act of 1921 and the countervailing duty provision of the Tariff Act of 1930 are two principal means of recourse against unfair competitive practices. Another is section 337 of the Tariff Act which, though seldom used, gives the President power to embargo imports that are sold under unfair or anticompetitive conditions in the United States.

A big step forward has now been taken through the negotiation of an antidumping code, an international agreement establishing an agreed definition of what constitutes dumping, the kinds of action taken to stop dumping, and the procedures that must be used in taking such action.

The antidumping agreement will be the subject of a longer discussion in another speech, but it is worth noting here that the anti-dumping agreement holds certain real advantages for the United States and for other countries. For the United States it means that the Canadians and all other signatories must find injury before applying dumping duties. It means that Americans can sell in foreign markets at prices lower than their home market prices in order to meet the prices of foreign competitors, without being slapped with a dumping duty. The

antidumping agreement will allow price competition but no cutthroat or unfair price competition. At the same time the antidumping agreement will bring greatly speeded up dumping investigations in the United States so that damaging dumped imports can be more quickly penalized with a dumping duty.

The chief defense against subsidized imports is the countervailing duty provision of section 303 of the 1930 Tariff Act. Though not in conformity with the General Agreement on Tariffs and Trade, which requires a finding of injury from the subsidized imports before a countervailing duty can be imposed, the U.S. law preceded the GATT and therefore is immune under the GATT's "grandfather clause." There is now a definite indication that a countervailing duty will be imposed on imported steel towers from Italy, which will be announced quite soon. This is an encouraging sign that the U.S. countervailing duty provision is an effective device. When justified, it should be used fully. And it is the responsibility of American steel firms to bring such cases to the attention of their governments, to document them, to press them to conclusion. I have repeatedly expressed my willingness to take up the subsidy issue in Geneva or anywhere else. I repeat that assurance here and am willing to discuss these problems with industry representatives whenever they like.

I should point out that the subsidy issue is a two-way street. Europeans claim that American industry also is subsidized, and they point to the investment tax credit as an element of subsidy that is not available to European firms, although there are special tax incentives in Europe also, as I mentioned above in the section on the technology gap.

THE DISRUPTION OF EUROPEAN COAL AND STEEL MARKETS

Conditions in the steel industries of Europe and Great Britain make U.S. steel industry look like a very healthy hypochondriac. On the Continent of Europe and in Britain there are fundamental problems of corporate organization, overcapacity, weakening demand, and costly raw materials supplies that have caused some very deep concern.

These problems have become so serious as to overwhelm the European Coal and Steel Community—ECSC—itself. The Coal and Steel Community, formed in 1951 by the six countries who later created the Common Market, was a first stepping stone toward European integration. When the EEC was formed it was intended that the Coal and Steel Community, along with Euratom, become a part of the larger Community. This plan for the "merger of the executives," as it is called, was from 1963 to 1965 a major issue at contention among the Six. When the decisions were made how to meld the three executives, the crisis in the Community beginning June 30, 1965, created new obstacles that still remain unresolved. The result is that ECSC is now rather an institution without purpose. The rude shocks to steel production in the Six in 1966 are truly a test of its tenacity.

Nor do solutions to these problems appear to be in sight. One result has been that ECSC has proposed a world steel conference and has been joined by the British Labor Government Minister for Power, the new mogul of Britain's nationalized steel industry, Mr. Richard Marsh. He proposed to the Britain-ECSC Council of Association in February that there be a world conference on steel in an effort to deal with the problem of world steel "overcapacity." It will be well to look into some of the problems of European steel, for they have a profound effect on the Kennedy round steel negotiations, and on free world economic activity.

PROBLEMS OF CORPORATE ORGANIZATION

The steel industries of the Six are composed of small- and medium-size firms organized on exclusively national lines, usually located in inland areas away from the water where the world's cheapest supplies of coal and ore can be landed efficiently.

Comparisons of the degree of concentration of the steel industries in the ECSC, Britain, Japan, and the United States tell an important story about the organization of European steel industry. In the ECSC the percent of total steel production produced by companies that are large enough to produce more than 6 million tons a year is only 5 percent. In Britain no firms produce over 6 million tons, but in the United States about 80 percent of production is by such firms. In ECSC the median firm puts out 2 to 4 million tons, but in the United States less than 3 percent of production is accounted for by firms of that size. In Britain almost 45 percent of production is by such small firms, and in Japan only about 20 percent.

The meaning of these statistics is that small European and British production units are not equipped to compete effectively in a market increasingly open to competition from larger units. Thus there has been a trend toward merger of national steel companies, but not transnational mergers.

Production can become much more efficient within the existing limits of location and raw material supply if the economies of large-scale production and sustained production runs of single items can be achieved. But relocation of plants in port areas to take advantage of cheaper supplies will be a long-term trend.

Behind these important structural problems is the problem of overcapacity and decaying price levels. In the ECSC production has fallen and so have prices. In the United Kingdom prices have held but production has fallen 10 percent from 27.4 million tons in 1965 to 24.3 million tons in 1966, thus bringing to an end a 2- or 3-year period when British steel production and even exports were substantial.

FACTS OF WORLD PRODUCTION: OVERCAPACITY

Estimates of utilizable capacity are difficult at best to make accurately but it is worth trying to gauge the extent of world capacity and production as an indication of the present condition of world steel industry. From 1955 to 1960 world capacity increased 16 million tons each year—except in Communist China and the United States. Since 1960 the total increase of capacity has been 23 million tons a year. This quantative increase has resulted in falling world prices.

Community steelmaking capacity has increased along with world capacity. The European Coal and Steel Community estimates that the percentage of its capacity used since 1960 is as follows:

	Percent
1960	96
1961	92
1962	88
1963	83
1964	90
1965	84
1966	79

At the same time that capacity has increased, Community production and sales have leveled. The following table shows the rates at which crude steel production has increased in the ECSC as opposed to its increase in the rest of the world. In 1962 ECSC production was 82.9 million tons, in 1965 it was 85.9 million tons, and in 1966 85.1 million tons, a decrease from 1965 of 1 percent.

By comparison, ECSC estimates of U.S. ingot production increased from 118 million tons in 1964 to 122.5 million tons in 1965, to 124.7 million tons in 1966, an increase from 1965 to 1966 of 1.8 percent. But British production fell 10 percent from 1965 to 1966, from 27.4 to 24.7 million tons. Japan's production has increased from 39.8 million tons in 1964, to 41.1 million tons in 1965, to 47.7 million tons in 1966, an increase of 16 percent from 1965 to 1966.

In terms of market shares, the United States led with 27 percent of world production, Soviet Union 21.1 percent, ECSC 18.6 percent and Japan 10.4 percent.

The table of world production referred to above follows:

Crude steel production in the European Community and the world

[1952-66]

Country	Thousands of metric tons						Percent, 1966 over 1965	Percent of world steel production					
	1952	1961	1963	1964	1965	1966		1952	1961	1963	1964	1965	1966
West Germany	15,806	33,458	31,597	37,339	36,821	35,316	−4.1	7.4	9.7	8.4	8.8	8.3	7.7
Saar	2,823							1.3					
Belgium	5,170	7,002	7,525	8,725	9,162	8,916	−2.7	2.4	2.0	2.0	2.0	2.1	1.9
France	10,867	17,577	17,554	19,781	19,599	19,951		5.1	5.1	4.6	4.6	4.4	4.3

Crude steel production in the European Community and the world—Continued

[1952–66]

Country	Thousands of metric tons						Percent, 1966 over 1965	Percent of world steel production					
	1952	1961	1963	1964	1965	1966		1952	1961	1963	1964	1965	1966
Italy	3,635	9,383	10,157	9,793	12,680	13,635	+7.4	1.6	2.8	2.7	2.3	2.8	3.0
Luxembourg	3,002	4,113	4,032	4,559	4,585	4,390	−4.3	1.4	1.2	1.1	1.1	1.0	1.0
Netherlands	693	1,978	2,354	2,659	3,145	3,309	+5.2	.3	.6	.6	.6	.7	.7
European Community	41,996	73,511	73,218	82,856	85,991	85,157	−1.0	19.6	21.4	19.4	19.4	19.3	18.6
United Kingdom	16,681	22,439	22,880	26,650	27,438	24,704	−10.0	7.8	6.6	6.1	6.2	6.2	5.4
United States	87,766	90,453	101,477	117,993	122,490	124,700	+1.8	41.1	26.3	26.8	27.7	27.5	27.1
U.S.S.R.	34,492	70,751	80,226	85,034	91,000	96,900	+6.5	16.1	20.6	21.2	19.9	20.4	21.1
Eastern Europe [1]	11,225	22,687	25,224	27,131	28,654	29,500	+3.0	5.2	6.6	6.6	6.4	6.4	6.4
Japan	6,988	28,268	31,501	39,799	41,161	47,769	+16.1	3.3	8.2	8.3	9.3	9.2	10.4
Other	14,602	35,391	43,474	47,237	49,266	50,770	+3.1	6.9	10.3	11.5	11.1	11.0	11.0
World	213,750	343,500	378,000	426,700	446,000	459,500	+3.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] East Germany, Bulgaria, Poland, Rumania, Czechoslovakia, and Hungary.

Source: European Coal and Steel Community, Yearbook 1966, table 26.

PRICE DROPS AFFECT PROFITS AND MODERNIZATION

The tendency toward lower prices in the Community was caused by the excess of supply over demand. Instead of cutting it back, producers tried to maintain output at former levels in order to break even if possible. Thus in the Community there has been a deterioration of prices which finds its equal in no other major producing area. This internal trend is reinforced by world price trends. The price effect has endangered modernization programs which are needed now more than ever, risking a decline as compared to other producers. In comparison with European and British steel, U.S. steel has a healthy present and an excellent future.

CAUSE—DETERIORATION OF DEMAND IN EXTERNAL MARKETS

European steelmen tend to lay their capacity-production woes at the doorstep of competition from other countries in third markets. In 1964 total Community exports were 12.8 million tons, in 1965 17.1 million tons. But in the first 9 months of 1966 exports declined roughly 10 percent compared to the first 9 months of 1965. In the opinion of a recent visitor to my office, an official familiar with the European Coal and Steel Community, the greatest problem is the upsurge of Japanese steel exports, and increased production in countries in the developing world. This new output has closed some of Europe's traditional markets. The result was that Belgium and Luxembourg, hit the hardest, diverted millions of tons into Europe: according to the Economist of February 4, page 430, "the proportion of—Benelux—sales going to ECSC partners has risen from 25 percent in 1953 to 46 percent last year." This extra steel supply in Europe was enough to have serious price effects.

COAL—A THROTTLED AMERICAN EXPORT—A BURDEN ON EUROPEAN ECONOMIES

A key element in the troubled world of European steel is coking coal: its availability and cost. Essentially, even the most efficient European coal production is more costly than American coal delivered at steel plants in Europe. High-priced coal mined inefficiently has been a major economic problem since the war, and to deal with it European governments have attempted to phase out their own coal production and retrain miners. But domestic coal markets must be protected in order to sell even their most efficiently produced coal. Otherwise cheap U.S. coal would likely dominate European markets.

Thus Great Britain and all the countries of the Community except Italy and Luxembourg maintain quota and other barriers against U.S. coal. France has state trading through a state agency called ATIC, Belgium and the Netherlands has licensing restrictions, Germany has a tariff quota of 20 marks per ton on quantities imported after 6 million metric tons, and a unique provision that, south of the central Mittelland Canal, no imported coal at all can be sold. The hooker is that the great German coal-consuming industrial complex lies below the Mittelland Canal. Thus the vast bulk of German coal consumption is entirely arrogated to inefficient German mines, Dr. Fritz Berg, president of the Bundesverband der Deutschen Industries, said in a speech at the National Press Club in Washington last year that Germany would not abandon its coal production because the historic strength of German industry rested on a united coal and steel complex. The result of the German Mittelland restriction is that we sell nothing but boiler fuel to West Germany in the amount—in 1965—of only 5 million metric tons.

In the United Kingdom there exists an absolute embargo on imported coal. But in Italy, which in the last several years has developed a highly efficient steel industry located along the coast, there are no restrictions. Having no domestic coal production, the Italians are happy to buy as much cheap American coal as they need. As a result of their waterfront locations, new plant, and access to cheaper coking coal, Italian steel production has, it is reported, become the most efficient in Europe.

HIGH COST COAL MEANS LOWER DEMAND

In spite of protection from imports, the high cost of European-mined coal has resulted in a drop in demand partly caused by a shift to petroleum. Therefore, in spite of tight production controls, stocks have increased in 1966 and early 1967 to about 50 million tons, or about a quarter of the Community's annual production. At this rate, it would seem that 1967 will be a year of shakedown even for highly protected French coal production.

WHAT SOLUTION FOR OLD AGE OF EUROPEAN COAL?

In coal the role of the ECSC is even weaker than in the area of steel. Its job has been likened to that of a geriatric nurse—it does little more than funnel cash into an aged industry to help pay the cost of retraining and resettling miners. The solutions here will be national solutions, but the national solutions do not appear to be, in economic terms, the correct ones. The Six have created a $22 million subsidy fund for coal that will be contributed to by each member of the Six, but the primary beneficiary of which will be German coal.

STEEL PRODUCTION SHARING—AN ABORTIVE COMMUNITY SOLUTION?

Addressing itself to problems of steel production, the high authority of the Community has proposed a system whereby production goals would be accepted by all producers. Thus in December the ECSC published as a guide to industry its steel production forecasts broken down by products for the first quarter of 1967. The high authority's thesis is that overcapacity is not so serious that firms cannot break even, but that present price levels make it more difficult to do so and still carry high amortization costs of newly installed plant and costs of continuing modernization. The high authority therefore argues that only slight curtailment in production will be adequate to raise prices and restore "order" in the market. Thus the high authority estimates that output should be 1.25 million tons lower than during the first quarter of 1966. According to the Economist of December 17, 1966, page 1275:

> The forecast is really an expression of a forlorn hope that the producers themselves will limit their output. Looking further ahead, to the end of next year, the High Authority "forecasts" that total steel production in the community will be down 1 million tons to 84.3 million tons in 1967, assuming a fall in exports of 1.5 million tons, and a run-down in stocks of 700,000 tons. This implies that the European steel industry will be working next year at under 75% capacity, its lowest level ever, with the German producers operating little above 70%.

The alternative to such self-discipline is a scheme of production quotas, but even this course of action is considered doubtful, because it would have to favor the more efficient producers, especially new capacity in Italy. It would therefore not be acceptable to less efficient Belgium and could not therefore be agreed upon by the Six.

The issue remains undecided. The problem is that the High Authority has

too little influence and no power. In the meanwhile, the French have been insisting on some type of intracommunity controls to protect their still good domestic markets from "cutthroat" competition from Germany and Belgium. Accession to the French demand, it is said, might mean a final crippling blow to the Coal and Steel Community.

EUROPEAN PRIVATE INDUSTRY RESPONDS IN TRADITIONAL WAY

While the Coal and Steel Community itself cannot seem to mobilize to take effective steps to ease the crisis, the private industry has attempted some solutions along what appear to be rather traditional lines.

The following passage from the February 4 Economist cited above summarizes this activity instructively:

Cartels are the steelman's traditional answer to a competitive situation that he does not like. The trouble is that in bad times they only work for special products, where it is relatively easy to control the market. Rails have been and still are the subject of discrete conferences in big hotels in London, Paris and Dusseldorf since before the first world war. Building a railway is usually a big deal, so the matter is relatively simple to police by the Paris Club, as the cartel is called.

Anyway, since they might be liable for claims from relatives of rail crash victims if bad rails got sold, the railmakers wanted to maintain direct contact with the users. Safety standards have offered possibilities for cartel action in other kinds of steel: ship's plates, for instance, where shipbuilders normally insist that their plate should be delivered with a certificate of quality from Lloyds or Norsk Veritas or some other certifying agency. The tube cartel organized by the Americans, sanctioned by the American Petroleum Institute stamp of quality, has also been fairly effective.

More unlikely arrangements have survived: for galvanized sheeting, for example, where former French colonial possessions in West Africa are still quoted 4 or 5 pounds sterling more than their ex-British neighbours down the coast. Recently the Japanese have knocked holes in a lot of these arrangements—which is a contributory factor in the present crisis. But the big mass of unspecialized products—heavy plates and sections, reinforcing rods—have always been hard or impossible to control in bad times. The British industry's domestic price arrangements have lasted better than the Continentals although the Heavy Steels restrictive practices court decision in 1964 made them illegal, tacit understanding survived until recently.

SOME NATIONAL RESPONSES

In the absence of effective Community action, in the context of the failure of cartels to "stabilize" markets, national governments have taken certain measures to deal with the present steel disruption. Most notable of these is the system of German sales agencies.

The Germans proposed over a year ago a method of selling steel products called a "carousel." Under this system a central agency would portion out orders to industries with the capacity ready to produce them. But the system never got off the ground. Then last August the Germans announced the creation of four selling agencies. Individual companies can now no longer deal directly with customers. Instead, they receive orders through the selling agency to which they belong. If the system works, its effect will be to rationalize production. Heretofore, because of the modest size of most steel firms, it was not possible to manufacture a single item continuously. Production had to be opened and closed as orders were placed and completed. The sales office will attempt to keep single plants busy manufacturing a few products all the time, thus cutting costs.

In France, National Government action has taken the form of highly subsidized loans to steel companies to allow them to continue with modernization in time of low profits.

WHAT GOOD COULD A WORLD STEEL CONFERENCE DO?

In their desperation to find some way to do something about their problem, the British and the Community have suggested a World Steel Conference. I am not aware of any endorsement of the plan by the U.S. steel industry. The key to a successful conference would of course be Japan, without whom it would be futile.

As explained to me by European steel experts, the World Steel Conference would be for the purpose of setting fair rules of competition in world steel trade. There is a cautious allegation made in such discussions that the Japanese may be using unfair selling practices.

Americans with whom I have spoken have indicated suspicion of a world conference. In the absence of any proof that the Japanese are competing unfairly, what would be the goal of such a conference? The implication from my discussions is clear that European industry would like some sort of meaningful voluntary controls on Japanese steel exports. A world steel conference to examine the conditions of world production and trade and to set rules of competitive practice would seem useful. If it were entered strictly in this light, it might be very useful indeed, as a step toward "harmonization" not only of tariffs but of regulations prohibiting all kinds of restrictive business practices. But if the world conference were called with the subjective motive of simply twisting the arms of third country suppliers including the Japanese, then the U.S. Government should not assist at such a conference.

IRON AND STEEL NEGOTIATIONS IN THE KENNEDY ROUND

The steel sector negotiations opened in earnest last May 4 in Geneva and have been thwarted most of the time since on several key problems that emerged at the outset. These problems are: unification of the steel tariff rates of the members of the European Coal and Steel Community; tariff reduction and perhaps "harmonization" of the tariffs of all the major steel trading countries; the problem of the 1958 British-ECSC bilateral tariff deal and the nationalization of the British steel industry.

The participants in these negotiations are Austria, Sweden, Japan, the six EEC members, the United Kingdom and United States. Austria, Sweden, and Japan are particularly interested in obtaining tariff cuts. As I explained above, the U.S. interest if it cannot obtain reciprocity in the steel mill products sector itself is to obtain at minimum other important advantages.

In my report to Congress on the Kennedy round in the CONGRESSIONAL RECORD, volume 112, part 10, pages 11859–11860, I explained in detail some of the mechanical problems of the negotiations, including the problem of how the ECSC and the EEC negotiate on steel tariffs. Because ECSC and the EEC have jurisdiction over different steel tariff items, both ECSC and EEC are represented in steel negotiations.

Therefore, a primary objective of the ECSC in the Kennedy round negotiations is to unify its own tariff rates to achieve a CXT and to achieve the long-standing objective of a common external tariff. Thus the ECSC as an organization has a distinct interest in concluding negotiations. But the steel negotiations have been complicated by a tactical maneuver on the part of the ECSC which from the outset has created difficulties and has modified the possibility of obtaining linear 50-percent cuts.

The ECSC-EEC strategy was to choose as the base from which to bargain an average level of tariff rates of about 14 percent and to offer a 50-percent cut in this rate, which would result in a rate of about 7 percent. The 14-percent rate was the legal rate in January 1964 but the effective rate was 7 percent. In February 1964, however, the ECSC unilaterally and "temporarily" increased the effective rate from 7 to 9 percent, where it remains. The United States and others, especially Japan, have insisted that the January 1964 average effective rate of 7 percent be the base for the 50-percent cut. The trade negotiations had, of course, been well underway at that time. Our position was that the offer particularly of the ECSC would have to be improved, though the offers of the EEC were on the whole acceptable.

ECSC recently offered to cut its effective rates to an average level appreciably below 7 percent. This is far from a 50-percent cut but, given the history of the ECSC bargaining position, has meaning. It would mean a definitive binding of an effective set of rates. At the same time the offer is made in such a way as to unify the rates of ECSC members. It also would be the basis for the harmonization of other nations' rates around the same level.

RELUCTANT ALBION

The position of the United Kingdom throughout the steel sector negotiations has been somewhat ambivalent. On the whole one of the most aggressive and forthcoming of the Kennedy round participants, the British position in the steel sector talks has been strongly influenced by two factors, the long anticipation and then the fact of nationalization of its steel industry, and the problems remaining from the 1958 United Kingdom-ECSC bilateral tariff reduction, described above.

Part of the United Kingdom-ECSC agreement was that rates would not be raised without consultation. Britain claims ECSC did not consult it before raising its effective rate to 9 percent in February 1964. Thus Britain claims that it cannot in conscience pay again for a tariff cut that it already paid for. In response, the ECSC says this increase

from 7 to 9 percent was no worse than the British 15 percent balance-of-payments tariff surcharge of 1964. The British position was also weakened somewhat because its effective average rate is about 15 percent, and that in 1964 and 1965 it exported a fair amount of steel to the Six.

There is now some indication that Britain may be willing to recognize that the new ECSC offer has trade meaning and that it will make an offer.

It is considered by many that the British position is dictated by the present state of disorganization of its steel industry, now only in the first stages of reorientation of management and policy under national ownership. From one point of view it would seem that the nationization of British steel would be an ideal opportunity to open that industry to the forces of greater competition by lowering tariffs. On the other hand, that there is hesitation to add another element of uncertainty and change in the present situation is also understandable.

SOME ELEMENTS OF NEGOTIATING STRATEGY

To break the deadlock that became apparent in May 1966, U.S. negotiators proposed a "targeting" approach. Targeting was a way of pursuing negotiations pragmatically outside a linear negotiating plan. Targeting seemed to be a good approach. It allowed the ECSC to pursue its goal to unify its members' tariff rates into a common external tariff, and it would also permit international harmonization of rates. For the United States, harmonization of rates in the unique condition of steel sector has a certain appeal. U.S. steel rates vary widely, containing extreme highs and lows, but averaging about 10 percent. It could therefore be in our interest to agree to cut some of our higher rates to bring them more into line with an average tariff level, rather than to stick to an approach of cutting tariffs across the board by a certain fixed percentage.

CONCLUSION

Sector negotiations have been the forum for extensive exploration of the economics of certain key industries for the first time in trade negotiations. The economics of the world steel industry are among the most complex of any sector, and the negotiations have reflected these complexities. In retrospect, we can conclude that the sector approach to steel negotiations was productive.

The steel sector negotiations in the Kennedy round have been a useful means of dealing with the economics of the world steel industry in its present stage of development. Some observers look forward to a time when conditions of world steel production will be the same. But the next several years will be a time of great innovation and change, in which competitive abilities will change significantly as a result of constant innovation in steelmaking technology and in methods of distributing, servicing, financing the sale of steel and managing steelmaking enterprises.

The format of future trade negotiations will be shaped to deal with future economic conditions. They will probably not concern themselves so much with tariffs but with other rules of competition and they will therefore be directed to putting more into focus problems of fairness in international competition. Such negotiations will be based on the present rules in the General Agreement on Tariffs and Trade, and will develop the role of GATT in applying such rules. And GATT will continue to be the best forum for such future trade talks.

NEXT SECTIONS OF REPORT

This discussion of steel concludes the third section of the five-part report on the Kennedy round. The other sections will deal with the remainder of the industry sectors—textiles, chemicals, aluminum, and pulp and paper—and with antidumping and certain patent problems.

NATIONAL ALCOHOLISM CARE AND CONTROL—A MUST FOR THE NATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. HAGAN] is recognized for 60 minutes.

Mr. HAGAN. Mr. Speaker, I am introducing a bill providing for a nationwide program to combat this country's fourth largest health hazard and one of our greatest social problems, chronic alcoholism.

On February 27, I introduced similar proposed legislation restricted solely to the problems of alcoholism care and control in the District of Columbia. The bill is now pending before the House District of Columbia Committee.

The District of Columbia bill will, hopefully, serve as a pilot project for the rest of the country. What is desperately needed, however, is a national attack on the problems of chronic alcoholism—a program to assist our communities in developing their own programs to control alcoholism and to care for its 5 to 6 million victims across the Nation.

The proposed legislation I will introduce provides for this long-overdue recognition of the problem of chronic alcoholism in our Nation through a positive, workable program.

Because of judicial decisions declaring alcoholism to be a disease, not a crime, it will not be long before hundreds of American communities will find it necessary to change their methods for dealing with the chronic alcoholic. It is not difficult to foresee the extent of the nationwide crisis this will trigger in our communities and the chaos in already overcrowded public health facilities and courts, unless Congress enacts legislation to meet this fast-developing situation.

Of course, the problem of the chronic alcoholic is an old one—one which should have been acted upon much earlier. And the United States actually has lagged behind other nations of the world in coming to grips with this challenge. But the recent court decisions and prospective ones, the concern of health officials, two Presidential commissions and various law-enforcement and legal agencies—all have given new impetus and urgency to the need for action against chronic alcoholism.

This need was recognized by President Johnson in his crime message to Congress. Pointing out that one-third of all arrests in the country are for drunkenness, the President added:

> Two million arrests for drunkenness burden the police, clog the lower courts, and crowd the places of detention. If, instead of treating drunkenness as an ordinary crime, local authorities chose to create a civil detoxification program, the consequences of that choice would be felt throughout the law enforcement and corrections system.

Health, Education, and Welfare Secretary John W. Gardner has said that the large number of Americans who are alcoholics do not carry their burden alone. He added, it "directly, often tragically, affects between 16 and 20 million members of their families."

This Congress and the Nation, therefore, face a decision. As the richest and most advanced nation in the world, the United States has all but met and mastered the challenge of diseases that only short years ago reaped a tragic toll in human life and health. Our society has advanced to such a high mechanized and technological plane that today we reach for the moon.

Yet, we have ignored the plight of almost millions of Americans who suffer the tragedy, hopelessness, and despair of chronic alcoholism. The legislation which I have introduced today will give national recognition to the seriousness of the alcoholism program in this Nation. It would establish comprehensive pilot programs for States and communities in alcoholism prevention, care, and control. Additionally, one of the important provisions in this legislation is a program of rehabilitation for victims of this disease so that they may return to useful roles in our society.

The problem, although an old one, is urgent. In answer to this national need for action on alcoholism, it is my hope that my colleagues will join me in sponsoring this legislation and that early hearings can be scheduled on this legislation so vital to the health and progress of this Nation.

When I was in the Georgia State Senate, a measure which I introduced passed unanimously in both the house and senate and led to the formation of the Georgia Commission on Alcoholism.

Since that time I have been invited to speak throughout the Nation to describe the Georgia commission and its work.

I began introducing national alcoholism legislation in the 87th Congress and have continued to introduce improved measures in succeeding Congresses.

As I have worked on this problem over the years, I have talked with many organizations and experts in the field of alcoholism and believe that the national bill which I will introduce very shortly is a comprehensive and workable one.

Aside from the humanitarian reasons and the fact that alcoholism is the fourth major health problem in this country, the recent Supreme Court decision of Easter against the District of Columbia, requiring that the chronic alcoholic be transferred from the jurisdiction of our criminal courts and jails to the administration of public health authorities,

makes it absolutely and urgently necessary that legislation be enacted as soon as possible to deal with the cause, prevention, treatment, and cure of alcoholism.

Mr. KORNEGAY. Mr. Speaker, I commend the Representative of the State of Georgia, Mr. HAGAN. For the second time in this session, he has brought the attention of the House to the massive problem of chronic alcoholism in America today. I agree completely with his remarks and enthusiastically support his legislative plan to combat the mounting toll of chronic alcoholism in today's society.

GENERAL LEAVE

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the subject of my special order.

The SPEAKER pro tempore (Mr. POOL). Is there objection to the request of the gentleman from Georgia?

There was no objection.

THE DAIRY FARMER AND FOREIGN IMPORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. ASHBROOK] is recognized for 15 minutes.

Mr. ASHBROOK. Mr. Speaker, the American dairy farmer is a businessman. He is a vital link in the chain of success which this Nation has experienced. Yet the policies of the Department of Agriculture, the Tariff Commission, and the Johnson administration have seriously jeopardized his ability to earn a fair living and feed this and many other nations of the world.

Although today I am specifically concerned with the dairy farmer, the glaring facts show that farming in general has been on the decline as a major segment of the population.

The farm parity ratio continues to fall and now stands at 74, the lowest figure since 1934.

Total farm debt is up 10 percent, or an average of $1,200 per farm, in the last year, but the farmers' income went down. During the year, March 1965 to March 1966, nonagricultural, personal income increased 8 percent, but the personal income of the man we depend on for food and fiber, the farmer, dropped 16 percent—a net loss of 24 percent.

In 1966, 122,000 farms went out of business. In 1967 the USDA predicts that 82,000 more farms will be forced out of business, and today the farmer accounts for only 5.9 percent of the population of the United States.

Since a great many of the farmers in the area comprising the 17th District are in the dairy farming business, and since there are also many cheese processors, I am especially interested in the attempts to tighten up existing dairy import laws. In the interests of these farmers, and others throughout the Nation, I have joined with many other Members of Congress in introducing legislation called the Dairy Import Act of 1967. The reason for this legislation is simple, the present laws have not worked.

Here are a few facts indicating the situation of imports and the farmer:

First. In 1966, imports of milk equivalent increased by 300 percent over the preceding year, 900 million pounds to 2.7 billion pounds.

Second. Dairy imports increased 75 percent in the years from 1953 to 1965, but in 1966 they skyrocketed to 433 percent.

Third. Loopholes in the quota laws are allowing the United States to import 12 times as much milk equivalent as is allowed under the present quotas.

Fourth. Prices paid to farmers for milk and butterfat last reached the parity level in 1952. Since that time they have been considerably below parity and in the last 5 years they have barely been above 75 percent of parity.

Fifth. Estimates for 1967 show a possible import total of 4 billion pounds of milk equivalent.

Sixth. National Milk Producers Federation reports that in the month, mid-December to mid-January, farm product prices, overall, declined 1 percent, while prices paid by farmers for goods used in production and family living went up 1 percent. They attributed the drop in milk prices to the increased imports in milk-butterfat-sugar mixtures coming into this country.

Dairy products is not the only area where the import figures are going up drastically. Here are some figures showing the import increases from 1965 to 1966: Beef, up 27 percent; foreign, fresh, chilled and frozen beef, goat meat, and sheep, up 34 percent; Pork, up 14 percent; lamb up 19 percent; and mutton, up more than 100 percent.

I have been saying for several years that the farmer is getting the short end of the stick—when he gets any of the stick at all. Last fall I pointed out that farmers in the 17th District were being "phased out" of farming because their farms were not of "adequate size," according to officials in Mr. Freeman's Department of Agriculture. Unless farms are of adequate size, USDA says, that is, unless they have more than $10,000 in sales each year, they do not fit in with the Department's policies.

On several other occasions I have shown that problems exist and I have tried to help remedy them. Frequently, I have pointed out that these problems are caused by the ridiculous policies of the USDA and compounded by bungling attempts to cover over mistakes with more mistakes.

The farmers know the problems; mention beef and other meats, cheddar cheese, dairy products in general, eggs and grains, and many farmers can cite cases where administration policies have forced the farmers' backs to the wall.

Mr. Russel Hoar, a resident of Licking County, nationally known dairy farmer, and a director of the American Jersey Cattle Club, brought to my attention a resolution recently passed by the AJCC. It states, in part:

> It is a matter of common knowledge that the national milk production was, for about 15 years, in excess supply. It is likewise a matter of common knowledge that domestic supplies have been brought into balance with demand in the past twenty-four months. This was accomplished in large part by a substantial portion of the dairy farm families of the nation being forced out of dairy production by static milk prices in face of continually rising cost in the operation of their business.

After stating that the dairy farmer cannot get a fair and equitable return unless import laws are changed, the resolution concludes:

> We therefore make special plea that the appropriate authorities take immediate and proper action to prevent any further evasion of the intent of present laws and regulations that establish quotas for importation of dairy products into the United States.

It is interesting to note how the milk supply and demand have been brought into line. I mentioned before that USDA policies were geared to "phase out" the farmer with less than $10,000 in sales. Keeping these figures in mind, let us look at the dairy farmer. In 1945 there were 27,770,000 cows and heifers, 2 years old and over, that were kept for milk. In 1966, the number was 16,607,000, a reduction of more than one third. Keep in mind that while the number of milk cows decreased one-third, the size of the average herd increased. Automation, low prices, and low returns have forced dairymen to milk more cows to boost their gross income and thus maintain their net income. These figures would also indicate that the number of farmers who are no longer farming is greater than the one-third reduction in cows would indicate since the size of the average herd has increased.

Members of the Farm Bureau visiting Washington during the first weeks of March were also concerned about dairy imports. Blake Gerber, of New Concord, a regional supervisor of the Ohio Farm Bureau, explained the methods used to get milk products into the United States through the holes in present import laws. He said:

> First of all, I guess we are all amazed at the inventive minds of the foreign countries who want to import, or export, their own products to the United States . . . Over the years, certain restrictions have been placed on the amount of butterfat and so forth. At one point they had restrictions on importation of butter and then we found that they developed a product that they called butter oil and there are no restrictions on this new product so they brought it in. The next restriction set up, I believe, was that nothing over 45 per cent butter fat could be imported. We then found that they were importing a product containing 44 per cent butterfat and 25 per cent sugar and some filler. . . . They put some restrictions on the sugar, so they (importers) lowered that and added some eggs. So that what we're getting into this country now in the form of an import as a dairy product, is a product, as I understand, which contains eggs, butterfat, maybe some dry milk solids and sugar. It makes a nice cream mix, and I think they call it Junex. This is what we're faced with, we just can't seem to beat them because they are always beating us at our own game.

Now that there is this reasonable balance between supply and demand on the dairy market, the balance mentioned earlier, the farmer is being undercut by

imported products. The American dairy farmer is the most efficient and productive in the world. His is not a haphazard business and he is subject to the same pressures on increasing wages, automation, modernized equipment, new production techniques, and other factors, facing any businessman. But foreign imports, many of them heavily subsidized by their governments, are driving our dairymen out of business with tactics such as those outlined by Mr. Gerber.

Now that we have passed the years when the Federal Government had to spend hundreds of millions of dollars each year to subsidize the farmer, we should act rapidly to let the farmer live and prosper without the threats of losing his markets to imported products. In the area of dairy farming, the Dairy Import Act of 1967 is designed to do just that.

This bill would limit the imports of dairy products, on a yearly basis, to the average annual quantities admitted during the 5 years 1961 through 1965. The import limit would be flexible depending on imports during the authorized years.

The issue involved in gaining workable dairy imports is the issue of protecting a vital, broadly based, American industry. All the farmer asks is a fair break.

LAW DAY, U.S.A.

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. RODINO] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. RODINO. Mr. Speaker, today, for the 10th year, we pause to commemorate Law Day, U.S.A. Each year this is an occasion for us to pay respect to our splendid system of law and justice, and the protection it assures every citizen. The theme of Law Day this year is from a statement made many years ago by President Theodore Roosevelt:

No man is above the law, and no man is below it.

This statement is as true as it was then, and in fact it is singularly appropriate today, as the Nation experiences a resurgence of efforts to improve our laws and judicial system in the search for complete equality, justice and safety for all citizens. A fine editorial on Law Day appeared in last week's Advocate, a weekly newspaper published by the Catholic Archdiocese of Newark, and I include it in the RECORD following my remarks:

A TRIBUTE TO LAW

Several years ago, the American Bar Association inaugurated the practice of dedicating one day a year as Law Day—law based on the Anglo-American tradition. It has become the custom to celebrate Law Day on May 1. On that day, bar associations, civic organizations, schools, political clubs and various groups will hold dinners, hear speeches, and attend rallies to talk about law—the state of our civil and criminal law.

Perhaps at no time in American legal history have the American people, stimulated by the mass media of communication been so interested in law. Perhaps at no time have the American people been so aware of current court decisions and opinions, which familiarity undoubtedly has been stimulated by the Supreme Court's widespread impact in the criminal, economic, moral, political and social areas.

Perhaps at no time have the American people been so brutally confronted with the challenge of crime in a free society, as prefaced in the recent Report of the President's Commission on Law Enforcement and Administration of Justice: "There is much crime in America, more than ever is reported, far more than ever is solved, far too much for the health of the nation. Every American knows that."

Law Day is really a day for individual appraisal, personal recognition and appreciation of law as administered in a democracy. The average American knows law and order are essential for an efficient political society. He expects law to conform to reason. He maintains the purpose of law is the common good. He wants respect for law. He abhors lawlessness. He wants security of his legal rights, person and property. He demands better enforcement of criminal laws, mindful of the presidential commission's assessment that "The existence of crime, the talk of crime, the reports of crime, and the fear of crime have eroded the basic quality of life of many Americans."

He desires proper administration of justice, without fear or favor as to race, creed or color, for despite popular opinion, statistics show most assaults and violent crimes are committed by and against persons of the same race. He knows law is the bulwark which ensures and secures his daily freedom and liberty. He is thankful to his country for a legal system which protects his rights as an individual, and respects his dignity as a person.

He is grateful for another Law Day.

NEED TO REVISE SELECTIVE SERVICE LAW—LV

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. KASTENMEIER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. KASTENMEIER. Mr. Speaker, one of the most frequent arguments made against a volunteer army is that it is inflexible, that is to say, in times of crisis, a volunteer force would not be able to produce the necessary numbers of additional combat troops needed to cope with an emergency, particularly if it were an unexpected one.

A pre-Vietnam strength of 2.7 million men should be more than sufficient to maintain America's internal defenses and its overseas commitments during peacetime conditions. We have been assured time and time again by Secretary McNamara that our retaliatory force is great enough to deter any potential aggressor. With regard to limited aggression in other parts of the world, we should rely more heavily upon the military forces of our regional allies than we have in the past, as well as, of course, our superior military technology.

The role of the Reserves in a voluntary program would be a vital one. Instead of the present composition of a large, but partially trained body of men, a situation which I might add, forced Secretary McNamara to reduce draft calls for the early months of 1967 to free training facilities for some of the reservists who had not seen the inside of a barracks, a somewhat smaller but highly developed and sophisticated military body could be forged and could prove to be a valuable complement to the Regular Armed Forces. Through the incentive of greater pay and a program of teaching and developing various occupational skills, voluntary enlistment in a revitalized Reserve could be spurred.

Mr. Speaker, whenever America has been threatened by a foreign power, the patriotism of our young male citizens has been exhibited by a sharp rise in volunteer enlistments into our Armed Forces. This has been true throughout our history and will continue to be so. Yet, in times of war it has been necessary to resort to a draft and I do feel that an adequate draft mechanism should be maintained to go into effect when Congress approves of its need.

UNITED STATES LAGS IN DAY CARE

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. LONG] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. LONG of Maryland. Mr. Speaker, I am pleased to introduce today a bill to amend title V of the Social Security Act, so as to extend and improve the Federal-State program of child welfare services.

This legislation was originally introduced in the 90th Congress by my colleague, the gentleman from Massachusetts [Mr. BURKE], carrying on the work of the late and esteemed John Fogarty.

This legislation provides matching funds to put Federal support of child welfare programs on the same basis as its share of other State welfare programs. Until we end the present discrimination against child welfare services, States will tend to allot their extra funds to other welfare programs yielding a higher rate of Federal return.

The need is vital—for without a significant Federal contribution for child welfare services—including day care, homemaker services and foster care—and for overcoming the present shortage of trained child welfare workers, our child care programs will continue to be weak and inadequate. For day care alone, an estimated 2.7 million children could use facilities similar to those now available for less than 400,000.

Recent testimony on social security revisions before the House Ways and Means Committee was strongly in favor of this bill. Public and private welfare agencies and religious groups in my own State of Maryland have also endorsed this legislation. The Welfare Board of Baltimore County, for example, would make excellent use of increased funds for foster care. Every year, there is an ever-greater number of children in foster care

programs; the number is now over 500. But despite the board's efforts, it faces a situation which has its counterpart throughout the country. Many children are in unsuitable foster homes because State and local child welfare funds are not sufficient to pay realistic board rates to foster parents. Increased funds would not only improve foster homes, according to the welfare board, but would also enable more parents to care for their children in their own homes.

Maryland now receives only $774,261 in Federal child welfare funds through title V. The Director of Maryland State's Department of Public Welfare estimates that under the Federal matching system provided by this bill, Maryland would receive approximately $8 million in the first year, and increased amounts in future years.

Support of legislation to improve child welfare services has also come from such groups as the Maryland Council of Churches, the Jewish Family and Children's Service, the Board of Child Care of the Baltimore Annual Conference of the Methodist Church, and the Maryland Conference of Social Welfare.

Increasing the funds available for day care would also improve the effectiveness of another high-priority program—retraining the unemployed so that they might transfer from welfare rolls to payroll lists. Of the total number of persons on welfare, 900,000 are mothers and 3.5 million are children. One of the most striking statistics in a Labor Department report on a job training program for welfare recipients is that women make up nearly half of those being trained. Almost 84 percent of these women are heads of families, and about half of these have at least three dependents. If we want to reduce welfare funds and contribute to the self-sufficiency and dignity of those now on welfare, the United States must make adequate provision—as so many other countries now do—for the care of children while their mothers are working.

I would like to include, as part of my statement, two recent newspaper articles which provide added support for child welfare legislation. The first, from the Washington Post, describes the vastly better day care services provided by Israel and Sweden, and points up the deplorably large-scale child neglect in the United States.

The second article, from the New York Times, describes a report presented to the recent biennial convention of the National Council of Jewish Women. This report underlines the necessity of day care services for working mothers, with special attention to women living in poverty.

Mr. Speaker, in his message to Congress on the welfare of children, President Johnson acknowledged that the social ills of our adult population have their origin in unhealthy childhood development:

> In education, in health, in all of human development, the early years are the critical years. Ignorance, ill health, personality disorder—these are disabilities often contracted in childhood: afflictions which linger to cripple the man and damage the next generation.

This Congress is considering priority legislation to fight crime, improve education, and attack disease. But if improved child welfare services are not made a part of our priority attack on social problems, efforts in these other areas will be incomplete.

I am glad to join my colleagues who have also cosponsored this legislation in urging prompt enactment of this long-overdue program to provide adequate Federal support for child welfare.

The articles follow:

UNITED STATES LAGS IN PROVIDING DAY CARE

(By Carolyn Lewis)

Monday is Child Day Care Day in the Nation's Capital.

It will be a day to take stock of the available facilities for children of working mothers, and to weigh the centers now in existence against the overwhelming demand for more.

Throughout the United States, for example, about one million young children are left unsupervised while their mothers go out to work. Some 38,000 of them are under the age of six.

Of the other 11 million American children under 12 whose mothers are working, a high percentage are supervised by indifferent relatives and neighbors, often hushed-up by a bag of popcorn and a TV set. Some of them go to work with their mothers, while others are looked after by an elder brother or sister who is often a mere child himself.

In the entire United States, there is space for only 400,000 children in licensed day care premises, and all of these spaces are filled.

Day care means more than baby-sitting to the professionals who are involved in it. Day care means creative play, music, art, games, and emphasis on social and mental growth, a high quality preparation for school life.

One fact stands out in the stock-taking: the United States is faced with a critical and tragic shortage of day care facilities.

Why is it that countries like Sweden and Israel provide vastly better day care for children of working mothers than does the United States?

Mrs. Avraham Harman, wife of the Israeli Ambassador, believes it is more a matter of philosophy than finance.

"Ours is a child-oriented government in a community which gives its highest priority to the needs of the child," she said in an interview.

In Israel, where, in 1965, 25.5 per cent of the married women were employed in the civilian labor force, and 25.1 percent of married women working were mothers, there are today sufficient day care centers for all children needing them.

After-school clubs for school children whose mothers have not yet returned home from work, assure that children will be supervised until there is a parent available to take over the responsibility.

Mrs. Harman, whose own children—David, 23, Naomi, 20, and Ilana, 18—all attended kindergarten from the age of 2, said that so popular are the day care centers that even mothers who are not working tend to send their children there.

The Israeli Government realized early that the centers could be used as a means to assimilate different ethnic groups who were migrating to Israel, and to upgrade those from less-advanced cultures.

Israel also has a child allowance which is built into the wage structure. Employe wages increase in proportion to the number of children the employe has.

In Sweden, which has one of the most advanced social welfare systems in the world, the day care picture is not so bright as it is in Israel—but it is still miles ahead of the American achievement.

Mrs. Hubert de Besche, wife of the Swedish Ambassador, and mother of two grown daughters, explained why:

"The first necessity is that the government be interested—and ours is interested," she said.

In 1964, Swedish kindergartens accommodated between 46–48,000 children, that is 20 per cent of all children between 5 and 6 years of age. Day nurseries for children from six months to 7 years (when public schooling begins) took in 11,000 children. The Swedish government is planning to double the number of places by 1970.

Mrs. de Besche said there is still a shortage of day care places in Sweden, where women are urgently encouraged to work because of a scarcity of labor.

"The government is dedicated to tackling the problem, but it will take time," she said.

One of the real innovations in the field is being provided by private industry. A number of large companies have established their own day nurseries on the premises, so that working mothers can bring their children with them when they go to their place of employment.

PROTECTION URGED FOR NEEDY WOMEN—JEWISH UNIT TOLD 14 MILLION ARE OPEN TO EXPLOITATION

(By Irving Spiegel)

ATLANTA, April 10.—A vivid picture of the plight of 14 million American women living in poverty was presented here today in a special report to the National Council of Jewish Women.

Miss Hannah Stein, the organization's executive director, declared that "thousands of working mothers are faced with the desperate choice of leaving their children inadequately cared for while they work, or going on welfare so that they can stay at home with them."

The report, presented to 1,000 delegates attending the council's biennial convention at the Marriott Hotel, was the result of an education-for-action program, called "Women on the Move," conducted in 48 cities in cooperation with many local groups.

Miss Stein, who directed the preparation of the report, said that the women living in poverty needed economic safeguards as well as further social services.

"The most pressing needs found everywhere," Miss Stein said, "were for minimum wage protection for working women, day care centers for working mothers, consumer education and protection from exploitive 'merchants of debt' and reform of welfare regulations that discourage mothers from working."

The report said that Negro women were the "hardest hit of all," adding that "56 percent of all employed Negro women were found in the worst paid, least protected service occupations."

"These are the same women, it was frequently reported, who are forced to be the main support of their families because of the discrimination in jobs against their husbands," the report said.

In citing the need for low-cost day care centers, the report called it "doubly ironic" that the "meager allotments" for mothers under the aid for dependent children program were cut if they sought "to raise their standard of living by working."

The council found that "most women's work is the most menial and the poorest paid." For instance, the report said, survey teams in the poor neighborhoods of Minneapolis found that most jobs open to poor and unskilled women were in intrastate service categories not covered by Federal minimum wage or equal pay laws.

"Discrimination against poor women fol-

lows them right into the market place," the report said. "Stores in poor neighborhoods frequently sold poorer merchandise at higher prices—an average of 10 per cent higher than in middle class neighborhoods, reported an official at one forum."

Furthermore, the report said, "few poor families can get credit at banks and department stores—so that many are forced to turn to loan sharks who may charge up to 20 per cent interest on the unpaid balance of a loan."

PROPOSED AMENDMENT OF INVESTMENT COMPANY ACT OF 1940 TO PROVIDE SAFEGUARDS FOR MUTUAL FUND SHAREHOLDERS

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Moss] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MOSS. Mr. Speaker, I am today introducing a bill to amend the Investment Company Act of 1940 in order to provide additional safeguards for mutual fund shareholders. This legislation is proposed by the Securities and Exchange Commission in order to carry out the recommendations in that Commission's report on the public policy implications of investment company growth which was transmitted to the Congress on December 2, 1966, and printed as a report of the Committee on Interstate and Foreign Commerce.

The proposed legislation is the outgrowth of studies going back as far as 1958 and made primarily pursuant to the farsighted congressional direction contained in section 14(b) of the Investment Company Act of 1940 authorizing the Commission, if it finds that any substantial further increase in the size of investment companies creates any problem involving the protection of investors or the public interest, to make a study and investigation and to report the results to the Congress.

The first of these studies was by the Wharton School of Finance and Commerce of the University of Pennsylvania and was submitted to Congress in August of 1962. It found that the more important current problems created by growth in the mutual fund industry involved the potential conflicts of interest between fund management and fund shareholders and secondly, the impact of the growth of funds and their stock purchases on the securities markets. Next came the report of the staff of the Commission's special study of securities markets. That study was made pursuant to a House resolution sponsored by the subcommittee of which I am now the chairman, the Subcommittee on Commerce and Finance of the Interstate and Foreign Commerce Committee. Insofar as mutual funds are concerned, the special study examined problems associated with the selling of fund shares, including sales practices and the special problems created by the so-called front-end load on plans for the accumulation of mutual fund shares through monthly payments.

Both of these studies were made for the Commission, not by the Commission. Following their publication and at the suggestion of our committee, the Commission itself commenced an extensive study, including an evaluation of the public policy questions raised by the prior studies. As Chairman STAGGERS pointed out when the Commission's study was released, a report of this nature by an agency charged by Congress with the responsibility for the supervision and regulation of the investment company industry is of the greatest significance to that industry and to the public.

One striking and undeniable fact which emerges from all these studies is the tremendous growth and resulting change in the investment company industry since 1940 when the Investment Company Act was passed, and the corresponding increase in the significance of that industry to the American people and to the economy. During the period from 1940 to June 30, 1966, the assets of investment companies increased from about $2.1 billion to $46.4 billion. The mutual funds accounted for most of this growth. Their net assets increased from $450 million in 1940 to about $38.2 billion at June 30, 1966. Presently more than 3½ million Americans own mutual fund shares as compared with less than 300,000 in 1940. It would seem clear that growth and change of this magnitude makes it necessary that Congress undertake a careful review of the Investment Company Act, which has not been significantly amended since it was passed 27 years ago. The studies of the Commission together with the legislative proposals which have been submitted by the Commission as a result of such studies provide a firm foundation for such a review.

We plan early hearings on this legislation at which all segments of the investment company industry and all other interested persons will have an opportunty to express their views and to have them considered. While I understand that the Commission has also received and considered the views of many persons in formulating the legislative proposals now before us, I am sure that the hearings before our committee will further illuminate the matter. Without attempting to predict the precise form which the legislation will ultimately take, it seems reasonably clear, as the Commission's report points out, that the tremendous growth of the industry since 1940 has created certain situations in which there may be a need for additional protection for shareholders. At the same time, the very fact of this growth is convincing evidence that mutual funds provide a valuable medium by which small investors may obtain the benefits of diversification and professional management, and, as the Commission has pointed out in its report, on the whole the investment company industry reflects diligent management by competent persons and the general record of the industry is one of which it can be justly proud.

Against this background, I am convinced that the Congress will develop legislation which will not only better serve the needs of the millions of Americans who have invested billions of dollars of their savings in investment company shares but will assist the industry to continue its growth and prosperity on a sound basis. Certainly this has been the result of the pioneering investment company legislation adopted by Congress in 1940 and in this instance, I think history will repeat itself.

POLICY MEMORANDUM ON "FREEDOM OF INFORMATION"

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Moss] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MOSS. Mr. Speaker, I direct to the attention of my colleagues an important policy memorandum relating to freedom of information, issued by Secretary of Defense McNamara today.

In addition to reaffirming the public information policy of the Department of Defense, the memorandum specifically prohibits the calculated withholding of unfavorable news stories from Stars and Stripes and other troop publications, and it prohibits the censorship of news stories or broadcasts over Armed Forces radio and television stations. The Assistant Secretary of Defense for Manpower, who has jurisdiction over these facilities, is specifically directed to take positive steps to assure a free flow of information to our troops.

The Subcommittee on Foreign Operations and Government Information, of which I am chairman, is currently investigating charges of military interference and censorship relating to the European edition of Stars and Stripes, examples of which were placed in the CONGRESSIONAL RECORD recently by the gentleman from Illinois, Congressman RUMSFELD, a member of the subcommittee.

The Secretary is to be commended for taking this positive action to help deter the nonsensical military meddling with the free flow of information to the public and to the members of our Armed Forces. It is an action the subcommittee has been urging for some time. The subcommittee will continue its investigations and general surveillance of military information practices to assure that the Secretary's stated policy achieves its objective.

The memorandum follows:

THE SECRETARY OF DEFENSE,
Washington, May 1, 1967.

Memorandum for Secretaries of the Military Departments, Chairman of the Joint Chiefs of Staff, Director of Defense Research and Engineering, Assistant Secretaries of Defense, Assistants to the Secretary of Defense, Directors of the Defense Agencies.

Subject: Freedom of information.

I want to reaffirm that the public information policy of the Department of Defense demands maximum disclosure of information except for that which would be of material assistance to potential enemies. The Assistant Secretary of Defense (Public Affairs) must take all actions necessary to implement

that policy, assuring that nothing inhibits the flow of unclassified information to the American public.

Members of our Armed Forces constitute an important segment of this public. They are entitled to the same unrestricted access to news as are all other citizens. Interference with this access to news will not be permitted. The calculated withholding of unfavorable news stories and wire service reports from troop information publications such as Stars and Stripes, or the censorship of news stories or broadcasts over such outlets as Armed Forces Radio and Television Service, is prohibited.

The Assistant Secretary of Defense (Manpower) is directed to take all actions necessary to assure a free flow of information to our troops.

News management and meddling with the news will not be tolerated, either in external public information or internal troop information.

ROBERT S. MCNAMARA.

THE ELEMENTARY AND SECONDARY EDUCATION AMENDMENTS OF 1967

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. ST GERMAIN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ST GERMAIN. Mr. Speaker, I would like to express my strong opposition to an attempt being made in the Congress to water down this Nation's commitment to the education of deprived children.

I am speaking of the gentleman from Minnesota, Representative QUIE's proposed amendment to the Elementary and Secondary Education Act of 1965 which has gained such wide support on the other side of the aisle.

The gentleman from Minnesota's amendment would essentially shift Federal aid away from special targets, such as aid to schools educating large numbers of deprived children, in favor of block grants to States.

Under the present law, at least 80 percent of Federal funds must go to the underprivileged. Mr. QUIE'S amendment provides for only a 50-percent minimum of Federal funds to benefit disadvantaged children.

Mr. Speaker, one of the main purposes of the 1965 legislation pertaining to elementary and secondary schools was to focus attention upon this Nation's slum schools. Why should the further progress of these schools, which are in such dire need of our assistance, now be placed in jeopardy by legislation such as that proposed by the gentleman from Minnesota [Mr. QUIE]?

Though my own State of Rhode Island would receive approximately the same amount of funds under Mr. QUIE'S amendment as it enjoys under the present legislation, such States as New York and Mississippi, with perhaps the largest number of educationally disadvantaged children enrolled in school, would suffer substantial reductions in Federal funds.

These so-called block grants to be made under the Quie amendment would place many large cities at the mercy of State officials who may or may not be sympathetic toward our underprivileged children.

While I recognize that the Quie amendment would substantially reduce the amount of redtape associated with the distribution of Federal funds under the Elementary and Secondary Education Act, I feel that it would undermine the original intent of the legislation and would place our private schools at a distinct disadvantage with respect to participation in Federal aid.

Our commitment to the education of underprivileged children is too great to allow such a compromise as that offered by the gentleman from Minnesota [Mr. QUIE]. I ask that my colleagues join me in opposing this dilution of our commitment.

POSTAL SERVICE STUDY MAY BRING REFORM

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. CLARK] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. CLARK. Mr. Speaker, the constructive dialog Postmaster General O'Brien stimulated with his bold proposal to permit a nonprofit corporation to take over the delivery of the mail continues to flower across the country. In an editorial, which I insert in the RECORD, the Beaver County Times expressed its belief that the attention to postal problems resulting from Mr. O'Brien's recommendation holds hope for improved postal service in the future.

[From the Beaver County (Pa.) Times, Apr. 18, 1967]

POSTAL SERVICE STUDY MAY BRING REFORM

Maybe Postmaster General Lawrence O'Brien has something in his proposal that the Post Office Department be replaced by a non-profit government corporation. The corporation would be operated by a board of directors appointed by the President and confirmed by Congress and the board would appoint a professional manager.

Under Mr. O'Brien's proposal, the corporation would be "given a clear mandate on the percentage of cost coverage for postal services, so that further revisions in rates—should they be necessary—would be on a fixed formula basis." Any deficit between operating costs and revenue would be subsidized by congressional appropriations.

There would, of course, be the danger that appointees to the board of directors would be professional politicians or political hacks. This would result in the inefficient and wasteful management for which government enterprises are noted. But this is not the Postmaster General's concept of how the Post Office Department should be managed.

"The postal service," he said, "should fully reflect the genius of American management and industrial skills . . . If we ran our telephone system the way we run the Post Office, the carrier pigeon business would still have a great future."

President Johnson has named a 10-man commission comprised mainly of business executives to study the postal service as it is presently constituted and determined if it could be improved by a non-profit government corporation. The commission will make recommendations to the President within a year.

It is hoped that the study will result in much needed reform in the methods now used in operating the world's largest postal service.

CONGRESS NEEDS TO KNOW HOW THE CRIMINAL GETS HIS WEAPON

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. CASEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. CASEY. Mr. Speaker, the great unanswered question in the argument over restrictive firearms legislation is this: Where does the criminal obtain his gun?

No one, including the Justice Department or our own great Federal Bureau of Investigation, can give this Congress the answer needed to legislate effectively.

But a little ray of light has been shed on this great unknown factor by a recent survey made by the Los Angeles district attorney's office, and I found the results to be most enlightening. It is indeed unfortunate that this information is not available on a nationwide scale.

A few days ago, in testifying before the House Judiciary Subcommittee No. 5 against the restrictive provisions of H.R. 5384, I told my respected colleagues:

We are being asked to legislate without facts. We are being asked to enact rigid restrictions on millions of decent Americans without full knowledge of the cause and the source of the problem.

I say to the Attorney General—tell this Congress how many cases have been brought under the Federal Firearms Act, Section 901, where it is illegal for a felon to transport or receive firearms or ammunition that moved in interstate commerce? How many machine-gun and sawed-off shotgun bandits have been prosecuted for violation of the National Firearms Act?

I say to the Secretary of Treasury and the Internal Revenue Service—how many prosecutions have been made under the Internal Revenue Code against armed robbers for failure to declare, pay or for other evasion of income taxes?

I say to the law enforcement officers of this Nation—how vigorous is your enforcement of local and state laws on possession and use of firearms by the criminal?

And I say to our own great F.B.I.—give this Congress and the American people the facts on criminal use of firearms. Tell us how and where the criminal gets his weapon. Is it stolen? Does he buy it under the counter in a roadside gin mill? Or from a hock shop? Or by mail order? Tell this Congress how many of the 5,634 homicides during 1965 were crimes of passion—where any weapon at hand would have been used—and how many were cold blooded murders? We cannot enact fair, equitable and effective legislation without these facts, for I am convinced that our problem is the criminal—and I frankly see no provision in H.R. 5384 which will stop him.

Mr. Speaker, when I learned of the survey made by Los Angeles District Attorney Evelle J. Younger, I asked him to send me a copy of it. The facts are

startling—and a far cry from what those who advocate restrictive legislation over firearms would have you believe.

I ask my colleagues to look at the facts disclosed by the survey, and by the Los Angeles Times news story of January 8, 1967, which gave details of the 26-day survey made last September. The Times stated:

A high proportion of guns used in crime in the Los Angeles area are either stolen in burglaries or obtained by criminals from private individuals.

Yet guns are involved in only a fraction of crimes here—perhaps less than seven percent of all felonies. . .

The study involved an investigation of 4,065 felony crimes which were presented to the District Attorney's office for the issuance of complaints—and it shows that guns were involved in 263 of these crimes.

Of the weapons recovered by the police, the two largest traceable categories were 39 guns that had been stolen and 37 that had been obtained by suspects from private individuals.

The study indicates that one argument, at least, of gun control proponents—that control over the sale of retail weapons should be tightened—would have no effect on most Los Angeles crimes in which guns are used.

Mr. Speaker, let us look at the other sources from which criminals obtained their weapons in Los Angeles, according to the district attorney's survey:

Thirty-nine were stolen.

Thirty-seven bought from a private party.

Five claimed they were found.

One got his from his mother.

One got his from a pawnshop.

One rented his gun.

Twenty-seven were bought from local retailer.

Eight were obtained out of State.

Ninety-five the police could not determine the source of the gun, and I am willing to bet that a great portion of these were bought under the counter, or stolen.

But let us continue with the Times story:

The background of criminal gunmen also was indicated in the study.

Forty-three of the suspects were former convicts. Thirteen of these obtained their guns from private individuals and nine stole them. Police were unable to determine how they got guns in 14 instances.

The remaining seven ex-convicts got weapons from miscellaneous sources, including one who found a gun, one who bought one in another state, and one who purchased one with a forged check.

Eight additional defendants had a history of mental illness. They had all taken their guns in burglaries, with the exception of two cases that police could not trace.

The fact that less than seven percent of the felonies studied involved guns can lead to various conclusions, it was noted.

Many felonies, such as felonious drunk driving, possession of marijuana, and even burglary, would not normally require guns.

It might also be argued that the relatively low involvement of guns in felonies is a direct result of tough penalties.

If a weapon is used in burglary or robbery, for example, the offense becomes first-degree and the offender may be punished more severely, authorities explained.

And that last statement, Mr. Speaker, points the way for this Congress to act effectively to curb the criminal use of firearms—which after all—is the source of our problem. And that, too, is the sum and substance of my bill, H.R. 6137, which is before Judiciary Subcommittee No. 5. It would strike hard at the criminal—not the sportsman, gun collector, gunsmith, or dealer who abides by all laws and regulations. My bill would set a mandatory 10-year Federal penalty for use or possession of firearms during the commission of major crimes of violence, and a 25-year mandatory penalty for any subsequent offense.

Surely, there is need for this Congress to know the full, factual story on where the criminal obtains his weapon, for it is ridiculous to ask us to enact unneeded and unnecessary restrictions on the law-abiding in a useless attempt to control the criminal. Enactment of my bill—plus full and vigorous enforcement of existing Federal and State laws covering firearms—can end the problem our Nation faces.

I urge my colleagues to join with me in this effort.

PACIFIC CONFERENCE ON URBAN GROWTH OPENS TODAY IN HAWAII

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Hawaii [Mr. MATSUNAGA] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MATSUNAGA. Mr. Speaker, today marks the commencement of an important 12-day conference in Honolulu, Hawaii. Called the Pacific Conference on Urban Growth, it is jointly sponsored by the State of Hawaii, the U.S. Department of Housing and Urban Development, and the Agency for International Development. This unusual Federal-State sponsored conference is a forum where officials of East Asia and Pacific nations will exchange ideas on how to relieve the social pressures of mushrooming urban population growth. It advances our President's theme of promoting Asia regional development for the mutual benefit of Asian countries.

I would like to point out that the selection of Hawaii as the site for this conference is another example of the growing role of importance that our insular State is playing as a bridge for social and economic exchange between the East and West. This is a fact to which I point with great pride. Hawaii is uniquely endowed to serve in this capacity, and it is prepared to offer its resources to every effort which will promote greater understanding and cooperation among the nations of the Pacific.

Gathered in Honolulu for the opening of the Pacific Conference on Urban Growth are planning and development officials from Australia, Thailand, Japan, Vietnam, Pakistan, Ryukyu Islands, Singapore, Malaysia, Taiwan, Philippines, Laos, Indonesia, India, Korea, Fiji, and the Crown Colony of Hong Kong.

In addition to extensive meetings on the economic and social aspects of urban growth in Asia and the Pacific, conferees will also participate in open-panel discussions and workshop sessions which will intensively explore specific problems. The conference will close on a progressive note as ministerial-level officials gather during the last 3 days to review the proceedings and to plan for the future.

It has been my privilege to provide continuing support during the months of planning which preceded this conference. I am sure that my colleagues would want to join me in extending every best wish for a successful and productive conference to cosponsors Governor Burns of Hawaii, HUD Secretary Robert C. Weaver, and AID Administrator William S. Gaud.

ADDRESS BY DAVID LEE CHERNEY TO 76TH NATIONAL CONGRESS OF THE DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Nevada [Mr. BARING] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BARING. Mr. Speaker, under leave to extend my remarks, I would like to have inserted in the CONGRESSIONAL RECORD a speech which impressed me very much and which was given by David Lee Cherney, of Redwood City, Calif., national president of the Children of the American Revolution on the occasion of the 76th National Congress of the Daughters of the American Revolution held here in Washington, D.C., early in April of this year.

Young David's speech restores our faith in the young people of America today:

Greetings to the Seventy-sixth National Congress of the Daughters of the American Revolution from David Lee Cherney, National President of the Children of the American Revolution.

Madam President General, Members of the Daughters of the American Revolution, Distinguished guests, and Friends.

It is with much gratefulness that I address you on behalf of the organization you founded for your children 72 years ago, The Children of the American Revolution.

As you all know from the experience of being parents at one time or another, we young people have a tendency to forget to show our appreciation for those things which help us become better individuals, such as the education, training, environment and love you have provided for us.

In the next couple of minutes besides just expressing our appreciation for all you have done for us I want to show to you that we are really aware of some of the benefits we have obtained through our experience in C.A.R.

As we reach the age where we must realize it is time to say good-bye to C.A.R. and time to transfer to D.A.R. or S.A.R. we also begin to reflect back on our own lives to see if we can discover things that made us the way we are and compare ourselves to those around us. It is this comparison that paints such a striking picture. I do not want to take the time to describe to you what we are like because you know and it is what you are most familiar with and therefore, does not paint a very vivid picture.

But I am going to tell you what we are not like.

There seems to be at the moment a group, quickly increasing in number, of "so called people" who seem to have lost their way. Not only do they lead aimless lives having lost their incentive and ambition but their whole outlook has become selfish and they are interested in little other than themselves. Although their complete disregard for modern sanitation and lack of personal grooming and cleanliness hardly indicates that.

The fact that they believe they obtain worthwhile recognition by their slovenly unconventional dress indicates their total lack of values.

Their disrespect for law and social ethics exhibits the disintegration and lack of morals. And on top of all this they believe they are intellectual because they play the new game called "The Trip" a pretended search through drugs of their inner most minds which are probably as shallow as their skulls are thick. And the most they have to claim for themselves is the title of "Hippies."

I and my peers thank "God" that we have more to claim than that. We are most ashamed and embarrassed to have to admit that this group is a part of our generation. For we DO take pride in the values and morals that have been taught to us and that we have adopted as ours. We are especially grateful to be able to say that we are Americans because that means that we have the right and privileges to defend our standards against those who would like to eliminate them.

As C.A.R. members we realize that to defend our American way of life we must fight against the spread of the attitudes and behavior I just described. We will win, but the more kids we have helping the easier it will be. So I would like to mention at this time that there is an estimated 800,000 possible C.A.R. members, all your children and grandchildren, but that at this time we only have less than ½ per cent, or 17,000 of them in our membership. So I would like to suggest that if you are really interested in seeing us win you will try to get as many of the remaining 783,000 possible members to join our ranks. Remember they are also the future members of your organization.

So from the Children of the American Revolution to our mother or organization we say Thanks "Mom"!, for everything.

THE VIETNAM PAUSE

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. ROSENTHAL] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I want to take this opportunity to set forth in the CONGRESSIONAL RECORD an article by Robert Kleiman, which appeared in today's New York Times, entitled "Making the Next Vietnam Pause Work."

This is one of the most comprehensive, thoughtful, provocative, and factual presentations on the situation in Vietnam, which I have been privileged to read.

Because of its excellence and the accuracy of its contents, I would like to give it as widespread dissemination as possible, and make it available to those who have not had the chance to read it in the Times itself.

I therefore include it in the RECORD at this point.

[From the New York Times, May 1, 1967]

MAKING THE NEXT VIETNAM PAUSE WORK

(By Robert Kleiman)

The one or two-day truce and bombing pause now scheduled for the anniversary of Buddha's birth, May 23, could well set in motion another major attempt at peacemaking in Vietnam. For those who hope for such an attempt and want it to succeed, it is essential to be clear about what went wrong in the peacemaking efforts of the past.

The explanation the Administration is encouraging the world to believe is that Washington has been consistently seeking and Hanoi resisting negotiations. But the reality appears to be that both sides have been shifting position repeatedly over the past thirty-two months, alternately blowing hot and cold about peace talks.

Originally, Hanoi was willing to talk. In September 1964 it accepted Secretary General Thant's proposal, relayed by Moscow, for secret contacts with Washington. For four months the Johnson Administration failed to reply, then rejected Mr. Thant's follow-up suggestion of a meeting of the American and North Vietnamese Ambassadors in Rangoon.

Twenty-four hours after word of this rejection reached Hanoi in February 1965 American bombing of North Vietnam began, allegedly in retaliation for a major Vietcong attack on the American base at Pleiku. American marines began landing in South Vietnam a month later, followed by other combat troops. Hanoi responded by stepping up its infiltration, sending regular North Vietnamese Army troops to fight in the South as organized units for the first time.

THE BALTIMORE PROPOSAL

At Baltimore on April 7, 1965, Mr. Johnson suggested "unconditional discussions"—a proposal to talk while the bombing of North Vietnam and fighting in the South continued. Hanoi's response was that the bombing of North Vietnam had to stop first. Meanwhile, in reply to the peace aims President Johnson outlined at Baltimore, Hanoi on April 8 announced its own terms, the highly ambiguous Four Points.

The next shift in positions came on May 12, 1965, when President Johnson for the first time suspended the bombing of North Vietnam—for a "limited trial period." His secret message to Hanoi gave North Vietnam four to ten days to order "significant reductions" in Communist armed attacks in South Vietnam if it wanted the pause extended. A permanent end of the bombing, Mr. Johnson indicated, would require an end to all armed actions by the Communists in the South.

Hanoi returned this letter twice, once symbolically unopened. It then rejected it publicly, denouncing the time limit, which gave the message the character of an ultimatum, as well as the demand for a military quid pro quo in the South. The Soviet Union, active earlier in urging peace talks and forwarding messages, refused even to discuss this one. On May 18, six days after the suspension, bombing was resumed.

Through the next seven months the Johnson Administration resisted pressure for another, more prolonged, pause. Washington insisted on a "clear indication" in advance from Hanoi that there would be "commensurate actions in relation to the infiltration and military action in South Vietnam and the presence of North Vietnamese military personnel."

But in December 1965, with 190,000 American troops in South Vietnam, President Johnson ordered a second bombing pause, this time without setting a time limit or asking advance assurances of a reciprocal military step by the Communists. Washington made it clear that the pause would continue if Hanoi simply agreed to negotiate. The Soviet Union, which had privately suggested this American approach, sent a high-level mission to Hanoi. The Pope, Secretary General Thant and dozens of nonaligned nations urged North Vietnam to open talks.

HANOI'S REJECTION

But Hanoi, apparently believing it was winning the war, failed to return to the pro-negotiation position it had held only a year earlier. Hanoi now advanced demands for a permanent and unconditional halt to the bombing as well as acceptance of its Four Points, which remained wrapped in ambiguity. It remained unclear whether the Four Points were proposals for a settlement, open for bargaining, or preconditions for a negotiation—that had to be accepted before talks began. After 37 inconclusive days of truce in the air and diplomatic probes on the ground, American bombing of the North resumed at the end of January 1966.

TALKS IF BOMBING HALTS

Nine months later, in the fall of 1966, Hanoi's position began to change significantly. There were increasing indications from Russia and Eastern European countries, then Hanoi itself, that North Vietnam was prepared to accept what it had rejected in January—an undertaking to enter into negotiations if the bombing was halted.

Later Ho Chi Minh's letter to President Johnson (February 1967) confirmed that Hanoi was no longer insisting on a "permanent" cessation of the bombing; it was seeking an "unconditional" halt, one that would not commit North Vietnam in advance to reciprocal military measures in the South.

There was another important sign of a shift in Hanoi's position, also later confirmed in the Ho Chi Minh letter. Hanoi clearly was no longer asking acceptance of its Four Points as a precondition for talks. Thus there was no longer any question of a demand for withdrawal of American troops, recognition of the Vietcong or acceptance of the Vietcong program for South Vietnam before negotiations.

Most important, the Ho Chi Minh letter confirmed that Hanoi was not only prepared to defy Peking by opening talks but was proposing to negotiate bilaterally with the United States, leaving out the Vietcong.

These shifts—plus the demoralizing effect they presumably would have on the Vietcong guerrillas once negotiations opened—provided Washington with the opportunity, if it wanted to seize it, to test anew Hanoi's sincerity.

JOHNSON'S CONDITIONS

President Johnson's response in February was to revive a series of conditions similar to those he had proposed in 1965 but had put aside during the January 1966 bombing pause. Once again a brief time limit was attached to the bombing pause—it was to run four days—a period later extended by thirty-six hours because of the Wilson-Kosygin talks in London. The deadline imparted to this third cessation, as to the first in May 1965, the character of an ultimatum. Once again President Johnson called for reciprocal military measures by North Vietnam in the South as the price for prolonging the pause. And for the first time he asked Hanoi not only to agree to a reciprocal military move but to carry it out before the bombing stopped.

In his Feb. 8 letter to Ho Chi Minh, which rejected the suggestion of a bombing halt followed by bilateral negotiations, Mr. Johnson said his concern was that North Vietnam might "make use of such action by us to improve its military position." But he did not limit himself to this concern in making a counterproposal that seemed a step for-

ward but actually was a step backward. He proposed a freeze of American force levels in the South to accompany the bombing halt in the North. But, in return, he asked North Vietnam not only to halt its own manpower build-up in the South, but to stop all infiltration of materiél. This amounted to seeking through a bombing pause what the bombing itself had failed to achieve: a halt in infiltration. And to the North Vietnamese, as Prime Minister Wilson pointed out at the time, it meant "they would be leaving perhaps 100,000 North Vietnamese (troops) at risk in the South, denuded of necessary supplies."

Mr. Wilson, in contact with Hanoi, through Premier Kosygin's London visit, felt that a further extension of the pause by Washington and a secret pledge by Hanoi of almost any reciprocal military move would permit negotiations to be engaged. Neither Washington nor Hanoi was willing to make the first move to activate such a deal and the bombing resumed. But this concept still offers the best chance to get peace talks going.

Other United States proposals apparently were made during the meetings in Moscow early this year between an American and a North Vietnamese diplomat. But this first sustained series of secret contacts led nowhere because Hanoi's representative was only prepared to listen, not talk, prior to cessation of the bombing. And all the American messages, including an inquiry about the agenda for a conference, seemed designed to induce Hanoi either to talk while the bombing went on or to agree in advance to pay a military price in the South in return for suspension of the bombing.

Washington is suspicious that North Vietnam is far more interested in halting the bombing than in genuinely negotiating and would drag out any talks to gain a military advantage. No one forgets Korea, where fighting went on for two years during the Panmunjom talks.

These concerns are legitimate. But there are other ways to satisfy them than to insist that Hanoi back down first on its two-year refusal to talk while being bombed.

TWO ROUTES TO TALKS

One way would be for Moscow, which provides Hanoi with much military and economic aid, to use this leverage to induce North Vietnam to negotiate in good faith and not step up its infiltration during a bombing suspension. But since Soviet action is highly unlikely, the United States could take the initiative. It could suspend the bombing but make it clear, after talks open, that negotiations could not continue very long if either side substantially increased its force levels in South Vietnam or the flow of supplies to its troops or allies.

The Pentagon already has laid the groundwork for such a position in the projected May 23 truce. It has announced that it reserves the right to take appropriate military action against abnormally large efforts to resupply Communist troops. If no such abnormal resupply efforts are noted, there would be no reason not to extend the pause and test Hanoi's willingness to negotiate. It goes without saying that prolonged lack of progress in such negotiations, just as increased Communist infiltration, could and probably would lead to a step-up in the war.

RISK TAKEN LAST YEAR

There undoubtedly are some military risks in such an approach. Mr. Johnson took such risks a year ago. He suspended bombing for 37 days at a time when neither the military nor the political situation in South Vietnam was as secure as today. Yet Hanoi gained no significant military advantage. He was prepared to open negotiations first, then ask assurances that Hanoi would not obtain a military advantage from further prolongation of the bombing pause.

The May 23 truce, if it occurs, could provide another opportunity to return to the American position of a year ago. Otherwise the outlook is for continued deadlock, further escalation and the likelihood of a much longer—and perhaps a much wider—war.

PRESIDENT JOHNSON'S RENT SUPPLEMENT PROGRAM ENDORSED BY THE EVENING STAR

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. GONZALEZ] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. GONZALEZ. Mr. Speaker, President Johnson has long been seeking ways to obtain decent housing for America's low-income families. In his message to Congress, the President said:

> With low-rent housing in short supply, it is more important than ever to stimulate construction by private enterprise and nonprofit organizations. The Rent Supplement program authorizes payments that make the construction of low-rent units attractive for builders.

An editorial in the Evening Star so aptly pointed out that the concept of a rent supplement program is "sound, and the initial results are sufficiently encouraging to stimulate congressional enthusiasm, rather than a continuing series of roadblocks." I could not agree more.

There has been a great deal of criticism resulting from misunderstandings about the rent supplement program. The truth is that this program does provide private enterprise with an opportunity to participate in housing for low-income families. The rent supplement program is privately sponsored, privately built, privately managed, and privately owned. In addition, as reported in this editorial, "it encourages a variety of new possibilities for housing low-income families, particularly in existing rehabilitated structures."

Thus, I urge that my colleagues carefully read this editorial published in the Evening Star and consider the points which it raises. The editorial follows:

[From the Washington (D.C.) Evening Star, Apr. 27, 1967]

STRANGE WAR

Two years ago a shortsighted Congress gave the administration a paltry $12 million to launch its imaginative rent supplement program. Last year, this promising new housing aid barely survived a bitter floor fight in the House, escaping with a $30 million appropriation. Any day now, acting on the request for this year's funds, the House Appropriations Committee will open the third round in the fight amid indications of renewed efforts to scuttle the whole program.

The $40 million sought on this occasion is extremely modest in view of the program's widespread endorsement in local communities throughout the country. It is not the cost, however, but the concept which is at the root of continued conservative opposition in Congress. And that is what makes this lingering warfare so hard to understand.

In a news analysis the other day, the Associated Press accurately noted that the program is widely supported by such traditionally conservative groups as home builders, bankers and real estate boards—for good reason. The rent supplement approach is a step away from the traditional form of public housing in the direction of private enterprise. It encourages a variety of new possibilities for housing low-income families, particularly in existing rehabilitated structures. Not enough time has elapsed for anyone to know precisely how effective this new tool may be. The concept, however, is sound, and the initial results are sufficiently encouraging to stimulate congressional enthusiasm, rather than a continuing series of road blocks.

MANPOWER PROGRAM

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. HOLLAND] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. HOLLAND. Mr. Speaker, the manpower report of the President contains striking proof that 1966 was a year of progress—a year when this country took further strides toward its goal of making every man and woman in this country self-sufficient.

Like all reports, it lists moneys and total numbers and percentages—but its impact lies not in terms of thousands and millions but in individuals.

For the manpower program was devised to aid individuals—like the young man in the Baltimore Neighborhood Youth Corps programs whose part-time work enabled him to continue his education. Or the distraught young mother struggling along on relief payments whose on-the-job training under the Manpower Development and Training Act has made her a self-supporting nurse's aid—helping others while she helps herself.

Employers, too, benefit from this program. For the manpower program has provided needed training for thousands of workers to relieve acute manpower shortages in areas ranging from subprofessional hospital workers to highly skilled craftsmen in the tool and die industry.

Society benefits from increased taxes coupled with lessened welfare payments—and from the intangible human values—the pride and increased self-esteem of the illiterate worker who learned to read a newspaper while he was learning to perform his job better.

We have made great progress, Mr. Speaker, but we have not licked all the problems.

Over 12 percent of our young people aged 16 to 19 were still looking for jobs at year's end.

Among Negroes and other minority groups, the unemployment rate was almost double the overall rate.

In slums and depressed rural areas, joblessness ran close to 10 percent, compared to a national average of 3.8 percent. And one out of every three people in those areas who are or ought to be working today faces some severe employment problem.

The seasonally employed workers and the physically and mentally handicapped

present special problems for which we must find adequate solutions.

Many of our chronically unemployed and underemployed require special manpower services before they can become fully adequate workers and earners. There are an estimated 2 million potential workers who can be helped and are willing to help themselves.

To give these men and women the help they deserve will require hard work, coordination among the Federal agencies involved, and adequate funds to finance the needed programs.

It needs, in other words, the continued strong support of the Congress. For as the President said, these Americans need hope, not handouts. They want, and deserve, work and training, not welfare.

THE GREAT CRISIS IN CALIFORNIA EDUCATION

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. TUNNEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. TUNNEY. Mr. Speaker, an article appeared in the Los Angeles Times West magazine of March 26, 1967 by Dr. Simon Ramo which discussed in depth the contributions of California's higher education system to the well being of the State.

I think the article deserves careful reading and will serve to stimulate the continuing discussion of higher education in California.

I ask permission to include this article in the RECORD.

THE GREAT CRISIS IN CALIFORNIA EDUCATION

(By Dr. Simon Ramo)

Higher education in the State of California is suddenly confronted with a grand crisis. Unsettled vital issues which have been simmering for a long time have now bubbled to the surface of public attention and the front page. A cloud of controversy has settled over everything at a time when the visibility of all the issues and clarity of thought are most needed.

The problem and its implications go far deeper than merely budgetary. These aspects involve the following: freedom of expression on the campus; the policy of providing every qualified high school graduate with the opportunity of receiving a free higher education, determining the amount of taxes the citizens are asked to pay or are willing to pay; the reorganization of the management and the improving of relationships among scores of institutions, ranging from the University of California and its many branches through the larger number of State Colleges and the even more numerous Junior Colleges. All these problems must be identified, analyzed and dealt with. Otherwise, the penalties will be great.

First and foremost, neglecting attention to these problems will result in the impairment of the quality of education, and this will touch off a chain reaction of deleterious effects which will undermine the economic and sociological underpinnings of this state. When we speak of the higher educational system in California, we cannot limit this to the school system; when we weaken that system. we weaken everything that that system feeds into. As we know, it feeds into nearly every aspect of our lives—and our future—and, therefore, we must examine the problem in its entirety and its complexity, its breadth and its depth, if we are to deal with it wisely and effectively.

The symptoms for the crisis in California education have existed for a long time, but we have not acknowledged that we had a crisis until recently. As a former trustee of the State Colleges and as a father of students in California's higher educational system, I have seen it developing for a number of years. Unfortunately, because of the inadequacy of our system of organization, communication and approach to total comprehension, we did not promptly recognize the symptoms nor plan for the alleviation of the present crisis. As a result, time has run out, and the state is caught with emergencies—financial, organizational and philosophical. And emergency solutions to any problems, especially profound and complex ones, are rarely satisfactory.

First off, we must relate higher education to the state as a whole. The livelihood of California stems from the state's technological industry. This means the aerospace industry, and electronics and instrumentation, petroleum, chemical, and all other research, development, and manufacturing operations that are closely tied to science and engineering—whether government-sponsored (as in defense, space or atomic energy) or involving commercial or industrial products for the private sector of our economy. These technologically-based industries represent a major portion of our GSP (Gross State Product). They represent the most important single factor in the economic growth and structure of our state. Their existence is the chief reason why California is going entity, while also the most populous state in the union. Weather alone might have caused California to have a high population growth, but without the technological industry, we might well be listed among the most poverty-stricken states in the union—an enormous population favoring the mild weather but with little source of income.

Our income from technologically-based industries is enormous: Our work for Department of Defense and NASA alone totals $7 billion. About 18¢ of every defense procurement dollar and 45¢ of every NASA dollar is spent in California because we have the technological capabilities—facilities and the trained people. A report published by the Security First National Bank not long ago made this statement: ". . . Contracts . . . go where there is the capability—the brains, skill and experience . . . The real task of the business community will be to keep this capability here, providing a business, cultural and educational climate that will continue to attract new industry and the best scientific minds . . ."

Our position in the economic structure of the nation was not reached because of the weather alone. There had to be some additional, very special reasons for the technological industry becoming California's greatest, and for the fact that California now leads the nation in the quantity and quality of technological output. California has the largest concentration of technical degree college graduates. California exceeds every other state in the number of Ph.D's in science and engineering. Nobel laureates, and members of the National Academy of Science and the National Academy of Engineering.

Of course, the State of California doesn't excel in technology, and it did not reach, nor will it hold its position of high competence, based on technical expertise alone. Associated with and matched up with the scientists and engineers in a balanced fashion are all of the other specialized intellectual powers of broadly educated people residing in California.

These human technological and other "higher-education" resources would not conceivably be here in the State of California if it were not for our outstanding educational complexes, both private and public, as represented by the University of California, the State Colleges, Caltech, Stanford, the other private colleges—large and small—and the Junior Colleges. There are many reasons for the truth of this. First of all, industry is heavily dependent for its supply of technological talent on California schools. The largest number of people in the heart of the industry are the products of the state's higher educational system. (To be sure, the industry, like the universities, has attracted outstanding intellects, experienced and creative minds, from throughout the nation and indeed from other parts of the world. But California did not and would not have reached its present position of technological preeminence by relying on imports alone.) In just the southern half of this state (according to the latest figures compiled in the fall of 1965), there are 149 institutions of higher learning with a total enrollment in excess of 560,000; 78.5 of these are enrolled in public institutions and 21.5 in private schools. The national ratio is 67.7 public, 32.3 private. In order that our industrial base will grow—as our oncoming technological society will inevitably encourage it to grow—we must have a good source of high-quality, well-educated California graduates.

The interlocking of the industry with the academic community in the whole range of disciplines is broad and crucial. The graduates fill the jobs and compete with the rest of the nation in the way they perform them. Outstanding faculty members at the university do outstanding research and attract leading pioneering research projects. They provide graduate work and stimulation for the specialists in industry. The industry attracts and holds the exceptional people who originate the products for development and production and whose performance causes the big projects and the new product opportunities to come to the state or be originated in California. This in turn stimulates. trains and attracts more talented people who are here and effective because of the intellectual climate that surrounds them.

The graduates that industry needs are the ones who want an opportunity for growth and challenge. The university stature and breadth in California constitute a promise to them of treasured self-improvement. The best brains prefer an intellectual atmosphere which depends heavily upon intellectual leadership from a strong higher educational system. Finally the kind of people that the industry needs, and that the rest of the country is also after, have preferred to live in California (and this is a very important point) because, by living here, they have had the virtual guarantee that they will be in an exceptional position to provide to their children the higher education that is as fundamental to these folks as housing and food.

What then would happen to the technological industry of the State of California if the University of California and the State Colleges are greatly impaired in the quality and the quantity of graduates which they produce and in the quality and quantity of research work done by the faculties of associated laboratories of this higher educational structure?

There is a direct correlation. Hurt one and you hurt the other; enhance one and you improve the other. State funds used for higher education are investments in the future of this state. For every dollar spent by the citizens of this state to produce qualified college graduates, many dollars will come back in later years in growth of the industry, in jobs, wealth, a higher standard of living, security and economic stability.

Unfortunately, in order to finance the long-term gain, we must match our expendi-

tures and our investments to the amount of money we take in. So, either the citizens of the state have to be convinced that higher education is a capital investment and be able and willing to increase their investment in the future, or else we do indeed have to impair the quality or the quantity of graduates and research produced—spend less for less education, that is—or else we have to find new sources of savings or of funding.

Should we seek to get additional funds from tuition? Let us put aside for the moment the complexity of out-of-state-students' tuitions and concentrate only on the contribution from California residents. The out-of-staters already pay tuition, and while we could consider raising the amount, the total is hardly sufficient to improve the funding problem from severe to acceptable. As to California residents, it appears that no one really wants to deny an education to any qualified youth because he does not have the means. So loans, scholarships, excusing of tuition payments, all these would be expected to apply for the qualified, lower-income students. This is the same as saying that the students, or their parents, with the higher income will be the ones making the contributions to permit the higher educational system to operate at a superior level.

To these students, or their parents, this is precisely the same as increasing the state income tax, so there is nothing new here. If, instead of tuition, we were merely to increase state taxes, this means then every taxpayer will be making a greater contribution to higher education, and not just the students. This is not absurd since the whole state stands to gain by having a higher-educated citizenry: So all citizens benefit, whether they have sons and daughters in the system or not. We have accepted this idea with regard to the lower educational rungs, right up to junior colleges.

It has been a mark of distinction that California has recognized the general benefit to the population of public education at a higher educational level than most states. Perhaps this is a distinction that we cannot any longer expect to retain. However, the fact that these facets and many more exist shows this is a problem needing a great deal of study. If a tuition system is inaugurated without this study, it may end up adding to costs rather than cutting them, and it could add a kind of confusion which is much more penalizing than the hopefully added income.

Imagine, if you will, trying to grade the amount of tuition to be charged, or loaned, or scholarship to be awarded so that it will go properly with the financial need of the individual student, taking account of his parents' income, their dependencies, their capital gains versus losses and all of the other things that we have to put into an income tax form. Imagine the new bureau within the University that would have to be created with clerks and judges following complex rules and criteria, and imagine the effect of the delays, penalties, protests and litigation. Also think of the broad system of demarcations according to place on the financial ladder of individual students as compared with the present, uniform system that recognizes no distinction in income.

Any way you do it, whether by tuition or more taxes, the citizens of the state will have to decide how much they are willing to invest in the future growth of the state and in the expectancy that that investment will come back to them severalfold. Meanwhile, the technological industry has a direct stake in seeing that there continues to be a high-quality educational system. So it cannot really complain if it is taxed; particularly if the tax increase is in proper proportion to the benefits which will be obtained.

Perhaps great savings can come through much greater "efficiency." Of course, there is nothing new here. All organizations, large and small, have waste. Where there are human beings, none being perfect, there is mediocrity and incompetence, overlap, laziness, empire building, mistakes, duplication and unnecessary jobs. Presumably the managements have already been trying to minimize the extent of these expected ills. Can they do better?

I can make two comments from personal experience. I know the operation of UCLA rather well. To make its operation more efficient, that is to use its funds in a wiser manner to attain its goals, you will have to go out and get a man smarter at the job than its superb Chancellor, Dr. Franklin Murphy. I think that would be very, very difficult.

The other observation has to do with the State Colleges, even larger in student body and in number of campuses than the University. Here, the entire system for years has been so badly underfunded for its stated mission that it has been forced, long ago, below sound budget assignments for faculty salaries. Its classes are much too large for efficiency. Its libraries are too skimpy. The time of the faculty is below minimum for preparation of the heavy teaching load, to talking to students, for correcting papers, for thinking, exploring and self-improvement. Asking the State Colleges to cut out some of the waste would be like suggesting to a man who has just finished a 100-yard dash in a tough competitive trial that the next time he runs he should be a little more "efficient." The way to go for efficiency in the State Colleges is to increase funds or decrease the student body and the number of colleges.

But there are some things that can be done to save money. They are at the level above what the school administrators and faculty can do and to a certain extent above what the regents and trustees can do now. They would require that the Legislature and the governor be willing to adopt some quite different practices with regard to the operation of the colleges. For instance, believe it or not, the State Colleges are required to present a "line item" budget each year, in which every little expenditure of all of the colleges (virtually down to an increase in the number of janitors and books in the library) is listed and presumably approved, item by item, with neither the trustees nor the individual college administrators being allowed noticeable flexibility to shift funds within the total. The result is sometimes quite ludicrous; no corporation would manage itself in this fashion. Neither the governor's office nor the Legislature has the personnel to dissect, judge and improve upon such a detailed kind of budget authorization.

Throughout the entire higher educational system of the state, greater decentralization is needed—from the Legislature to the regents and trustees and to the individual presidents and chancellors who are running the campuses. The responsibility for understanding and handling such detailed problems as how many students can be accommodated with given funds, and at an acceptable level of quality education, is best done through the people closest to the campus. Authority and responsibility must come closer to being hand-in-hand. The presidency of the University of California appears to be a very prestigious job, but sometimes one wonders if the position is not a kind of glorified secretarial job devoted merely to the gathering of facts for presentation to the board, the governor and to the Legislature for decisions on all important matters. This is not the role of a creative executive, which the president of such a major university complex should be.

The choice between quantity and quality is one in which the technological industry of the state is greatly affected and where a further comment might be in order. The company I am with, TRW (Thompson-Ramo-Woolridge), employs 15,000 people in the State of California alone. Many of these are college graduates and many of those graduates are working for higher degrees in the state's higher education *extension* system. Probably the whole extension operation would have to be disbanded or greatly curtailed in the interests of protecting the basic daytime campus if funds are not adequately made available.

As to the regular daytime students, I would much sooner (if California has to choose between the lesser of two evils because of limitations of funds) that we provide a high-grade, higher education to a somewhat smaller number of the most qualified, rather than to offer a mediocre education to a very large group. California would be better off (at least as far as the technological industry is concerned) with, say, to use just an arbitrary number, 50,000 graduates per year who are well educated than with 75,000 who have spent four or more years in a mediocre system. It saddens me to think of a truly qualified young person who cannot get into the California higher educational system because his grades are below the standard we shall have to set because of the shortage of funds. But for the state, if the choice has to be made, it would be better to let him have just two years, as a beginning for his career, but two very good ones, and leave the higher educational opportunities to the more talented, more gifted other students, so that they can receive the further excellent higher education which they and the state require for the health of the state.

The impairment of quality at the university level can be subtle as well as conspicuous in its detrimental effect on California's technological industry.

Now it may well be—I am sure it is true—that the future of our society and of our state's technological leadership in it is going to be increasingly dependent on our understanding of the impact of science and technology on society. How do we apply science fully for the benefit of mankind? To do it, we need an educated, inspired group of outstanding young people trained in new concepts of thought that depend on the combination of the intellectual tools of the engineer and the physical scientist, on the one hand, and the sociologist and humanist, on the other. We need "techno-sociologists" or "socio-technologists." These and other new disciplines and professions are not likely to evolve out of an educational environment catering to quantity more than quality.

The fact that higher education financing in the State of California is new, a controversial area is undeniable. It should be equally evident that the matter of tuition, organization, the choosing of the fraction of our income that we should invest now in education for expected and improved income later—these issues, just like the matters of freedom of thought and expression on the campus and the role of the student in determining how the campus is run, need a great deal of serious consideration.

We have not provided adequate preparatory time to think and face these problems and resolve them. So we have doubts and a crisis. But there is no crisis of indecision and no doubt about the importance of higher education to the continued health and growth of that industry, the technological industry, which furnishes the largest share of the income coming into this state, compared with any other source.

This industry's health, the state's economy (and the nation's well-being), and the quality of the universities and colleges are inextricably bound together.

A TRIBUTE TO CLAUDE WICKARD

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. BRADEMAS] may ex-

tend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I was deeply saddened, as I know many Americans were, on learning of the death Saturday, April 29, of a distinguished citizen of the State of Indiana and an outstanding public servant, Claude Raymond Wickard, of Carroll County.

Mr. Wickard, who was 74 years of age, served as Secretary of Agriculture from 1940 to 1945 and served as Administrator of the Rural Electrification Administration from 1945 to 1953.

His death in a tragic automobile accident means the loss of a man who had come to be widely respected for his own ability as a farmer and for his leadership in American agriculture.

I came to know Mr. Wickard and to develop a great respect for him during the 1956 campaign when he was the Democratic nominee for the U.S. Senate and I was candidate for Congress.

To both his daughters, Mrs. J. V. Pickard, of Camden, Ind., and Mrs. Robert Bryant, of San Antonio, Tex., I extend my deepest sympathy.

Indiana and the Nation have lost a dedicated public servant.

MUSKIE-RYAN AMENDMENTS TO THE SOLID WASTE DISPOSAL ACT

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

Mr. RYAN. Mr. Speaker, we have all heard a great deal about the Nation's air pollution crisis. We know that air pollution claims thousands of American lives every year. In response to this crisis we enacted the Clean Air Act of 1965, which enables localities to conduct planning, research, and development to find ways to abate air pollution. But in reality the act is a first step in solving this crucial problem. It is time to take the next step.

The distinguished chairman of the Senate Subcommittee on Air Pollution, Senator EDMUND S. MUSKIE, and I are sponsoring amendments to the Clean Air Act which we believe will take us another step toward the elimination of air pollution.

The Muskie-Ryan legislation—S. 1646 and H.R. 9477—amends that part of the Clean Air Act which is called the Solid Waste Disposal Act. These amendments advance the solid waste disposal program from the research and development stage to the constructive stage.

The amendments provide construction grants to a municipality of up to two-thirds of the cost of a solid waste disposal plant, and grants of up to three-fourths of the cost of a plant serving more than one municipality.

In addition to providing construction grants, it provides planning grants, on the same two-thirds and three-fourths basis as construction grants, for planning waste disposal plants. Under the present act planning grants are restricted to the extent of 50 percent of the total cost.

Beyond planning and construction grants, these amendments provide incentives for the development of regional solid waste disposal programs.

Under the 1965 act only $62 million is authorized for fiscal years 1966 through 1969. The Muskie-Ryan amendments authorize $810 million for fiscal years 1968 through 1972.

I can think of no better investment to protect the health and welfare of our citizens. Disposal of solid waste is rapidly becoming one of the Nation's major problems.

Every year the American public throws away 30 million tons of paper and paper products, 8 billion pounds of plastics, 48 billion metal cans, 26 billion bottles and other glass containers, and more than one-half billion dollars of miscellaneous packaging material. In short, the Nation now discards 160 million tons of solid waste a year—5 to 8 pounds per person per day.

We have reached a point where we may literally choke ourselves by our own waste. For much of our solid waste disposal is accomplished by burning or filling land fills. The burning leads to air pollution. The land fills are all too often nesting grounds for rodents and vermin and are a significant factor in the spread of disease.

Under the present Solid Waste Disposal Act, 25 States have begun comprehensive surveys of their solid waste disposal problems. These States have begun to develop 32 projects. The present act, however, does not provide support for the implementation of these projects. The Muskie-Ryan amendments will provide the necessary financial support for these projects and will provide incentives to other States and localities to develop and implement solid waste disposal programs.

The Muskie-Ryan amendments will help localities to keep our air and water clean and save our lives. They should be supported by all of us. I urge that hearings be held on these amendments as soon as possible. Now is the time to begin the fight against pollution in earnest before it is too late. These amendments and the Air Quality Act of 1967—H.R. 8467—which I have introduced are necessary weapons in this fight. I hope that both will be enacted into law during this session of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HELSTOSKI (at the request of Mr. ALBERT), for today, on account of official business.

Mr. HALL (at the request of Mr. GERALD R. FORD), for today, on account of a death in his family.

Mr. TENZER (at the request of Mr. YATES), for Monday, May 1, and Tuesday, May 2, on account of Jewish religious holidays.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. CHAMBERLAIN (at the request of Mr. BIESTER), for 15 minutes, on May 2; and to revise and extend his remarks and include extraneous matter.

Mr. HALPERN (at the request of Mr. BIESTER), for 10 minutes, on May 2; and to revise and extend his remarks and include extraneous matter.

Mr. ASHBROOK (at the request of Mr. BIESTER), for 15 minutes, today; and to revise and extend his remarks and include extraneous matter.

Mr. RYAN (at the request of Mr. HAGAN), for 10 minutes, today; and to revise and extend his remarks and include extraneous matter.

Mr. ROSTENKOWSKI (at the request of Mr. HAGAN), for 30 minutes, May 2; and to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks was granted to:

Mr. ROONEY of Pennsylvania.

Mr. MCCARTHY.

Mr. MACHEN.

(The following Members (at the request of Mr. HAGAN) and to include extraneous matter:)

Mr. DONOHUE.

Mr. BINGHAM in two instances.

Mr. HAWKINS.

Mr. FASCELL.

Mr. WOLFF.

BILL PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on April 28, 1967, present to the President, for his approval a bill of the House of the following title:

H.R. 286. An act to permit duty-free treatment pursuant to the Trade Expansion Act of 1962 of dicyandiamide and of limestone when imported to be used in the manufacture of cement.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 3 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 2, 1967, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

706. A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1968 for the Department of Transportation (H. Doc. No. 115); to the Committee on Appropriations and ordered to be printed.

707. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend the Inter-American Development Bank Act to authorize the

United States to participate in an increase in the resources of the Fund for Special Operations of the Inter-American Development Bank, and for other purposes; to the Committee on Banking and Currency.

708. A letter from the Acting Secretary of the Interior, transmitting drafts of proposed legislation to establish a revolving fund for the Southeastern Power Administration; and to establish a revolving fund for the Bonneville Power Administration; to the Committee on Interior and Insular Affairs.

709. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to declare that the United States holds in trust for the Indians of the Battle Mountain Colony certain lands which are used for cemetery purposes; to the Committee on Interior and Insular Affairs.

710. A letter from the Secretary of Health, Education, and Welfare, transmitting an amendment to draft bill, the Air Quality Act of 1967; to the Committee on Interstate and Foreign Commerce.

711. A letter from the Chairman, Securities and Exchange Commission, transmitting a draft of proposed legislation to amend the Investment Company Act of 1940 and the Investment Advisers Act of 1940 to define the equitable standards governing relationships between investment companies and their investment advisers and principal underwriters, and for other purposes; to the Committee on Interstate and Foreign Commerce.

712. A letter from the Chairman, Federal Power Commission, transmitting a copy of "Sales by Producers of Natural Gas to Interstate Pipeline Companies, 1965"; to the Committee on Interstate and Foreign Commerce.

713. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting reports concerning visa petitions approved, according certain beneficiaries third preference and sixth preference classification, pursuant to the provisions of section 204(a) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. House Joint Resolution 543. Joint resolution to further extend the period provided for under section 10 of the Railway Labor Act applicable in the current dispute between the railroad carriers represented by the National Railway Labor Conference and certain of their employees (Rept. No. 218). Referred to the Committee of the Whole House on the State of the Union.

Mr. SELDEN: Committee on Foreign Affairs. Report of the Special Study Mission to the Dominican Republic, Guyana, Brazil, and Paraguay, 1966; (Rept. No. 219). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ADAIR:

H.R. 9482. A bill to revise the quota control system on the importation of certain meat and meat products; to the Committee on Ways and Means.

By Mr. BARRETT:

H.R. 9483. A bill to amend the Internal Revenue Code of 1954 to increase from $600 to $800 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness; to the Committee on Ways and Means.

By Mr. BOGGS:

H.R. 9484. A bill to amend title XIX of the Social Security Act to permit payment to the recipient of medical assistance, for physician services furnished under the program; to the Committee on Ways and Means.

By Mr. BRADEMAS:

H.R. 9485. A bill to provide for the establishment and development of the Kenilworth National Capital Park in the District of Columbia for the benefit of the people of the United States and, in particular, children; to the Committee on Public Works.

By Mr. EILBERG:

H.R. 9486. A bill to establish a Commission on Trading Stamp Practices to provide for the regulation of trading stamp companies and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GILBERT:

H.R. 9487. A bill to amend the Elementary and Secondary Education Act of 1965 in order to provide assistance to local educational agencies in establishing bilingual educational opportunity programs, and to provide certain other assistance to promote such programs; to the Committee on Education and Labor.

By Mr. HARRISON:

H.R. 9488. A bill to consent to the Upper Niobrara River compact between the States of Wyoming and Nebraska; to the Committee on Interior and Insular Affairs.

By Mr. HATHAWAY:

H.R. 9489. A bill to prohibit trading in Irish potato futures on commodity exchanges; to the Committee on Agriculture.

H.R. 9490. A bill to regulate imports of milk and dairy products, and for other purposes; to the Committee on Ways and Means.

By Mr. HECHLER of West Virginia:

H.R. 9491. A bill to amend title 39, United States Code, to provide for the refusal by the addressee and return to the sender of third-class bulk mail at a charge to the sender prescribed by the Postmaster General; to the Committee on Post Office and Civil Service.

By Mr. HORTON:

H.R. 9492. A bill to amend section 228 of the Social Security Act to eliminate the existing reduction in benefits thereunder on account of other governmental pensions, and in lieu thereof to prohibit the payment of such benefits to any individual whose annual income from all sources exceeds $2,500 (or $3,750 in the case of a couple); to the Committee on Ways and Means.

By Mr. KING of New York:

H.R. 9493. A bill to amend the Internal Security Act of 1950; to the Committee on Un-American Activities.

By Mr. LONG of Maryland:

H.R. 9494. A bill to amend title V of the Social Security Act so as to extend and improve the Federal-State program of child welfare services; to the Committee on Ways and Means.

By Mr. MEEDS:

H.R. 9495. A bill to amend title 39, United States Code, to provide for the refusal by the addressee and return to the sender of third-class bulk mail at a charge to the sender prescribed by the Postmaster General; to the Committee on Post Office and Civil Service.

By Mr. MORRIS:

H.R. 9496. A bill to reclassify certain positions in the postal field service, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 9497. A bill to revise the quota control system on the importation of certain meat and meat products; to the Committee on Ways and Means.

By Mr. NELSEN:

H.R. 9498. A bill to amend the District of Columbia Alcoholic Beverage Control Act to prohibit the sales of alcoholic beverages to persons under 21 years of age; to the Committee on the District of Columbia.

By Mr. NICHOLS:

H.R. 9499. A bill to revise the quota control system on the importation of certain meat and meat products; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 9500. A bill authorizing the sale of standard silver dollars held by the Treasury; to the Committee on Banking and Currency.

By Mr. PETTIS:

H.R. 9501. A bill to amend title XVIII of the Social Security Act to permit payment to an individual for the charges made by physicians and other persons providing services covered by the supplementary medical insurance program prior to such individual's own payment of the bill for the services involved; to the Committee on Ways and Means.

By Mr. POOL:

H.R. 9502. A bill to prohibit desecration of the flag; to the Committee on the Judiciary.

By Mrs. REID of Illinois:

H.R. 9503. A bill to prohibit desecration of the flag; to the Committee on the Judiciary.

By Mr. REINECKE:

H.R. 9504. A bill to amend the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. SCHWEIKER:

H.R. 9505. A bill to exclude U.S. Route No. 22 from Haafsville to Easton, Pa. from being on the Interstate System and to provide for the designation of an alternative route; to the Committee on Public Works.

By Mr. UTT (for himself, Mr. LIPSCOMB and Mr. KING of California):

H.R. 9506. A bill to assist States in collecting sales and use taxes on certain tobacco products; to the Committee on Ways and Means.

By Mr. VANDER JAGT:

H.R. 9507. A bill to reclassify certain positions in the postal field service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WALKER:

H.R. 9508. A bill to revise the quota control system of the importation of certain meat and meat products; to the Committee on Ways and Means.

By Mr. STAGGERS:

H.R. 9509. A bill to amend the Clean Air Act to improve and expand the authority to conduct or assist research relating to air pollutants, to assist in the establishment of regional air quality commissions, to authorize establishment of standards applicable to emission from establishments engaged in certain types of industry, to assist in establishment and maintenance of State programs for annual inspections of automobile emission control devices and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 9510. A bill to amend the Investment Company Act of 1940, as amended, and the Investment Advisers Act of 1940, as amended, to define the equitable standards governing relationships between investment companies and their investment advisers and principal underwriters, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MOSS (for himself and Mr. DINGELL):

H.R. 9511. A bill to amend the Investment Company Act of 1940, as amended, and the Investment Advisers Act of 1940, as amended, to define the equitable standards governing relationships between investment companies and their investment advisers and principal underwriters, and for other purposes; to the

Committee on Interstate and Foreign Commerce.

By Mr. ADDABBO:

H.R. 9512. A bill to prohibit desecration of the flag; to the Committee on the Judiciary.

By Mr. CHAMBERLAIN:

H.R. 9513. A bill to amend title 39, United States Code, to provide additional free letter mail and air transportation mailing privileges for certain members of the U.S. Armed Forces, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 9514. A bill to amend the Internal Revenue Code of 1954 to increase from $600 to $800 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness; to the Committee on Ways and Means.

By Mr. HANNA:

H.R. 9515. A bill to reclassify certain positions in the postal field service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. KING of California:

H.R. 9516. A bill to assist States in collecting sales and use taxes on certain tobacco products; to the Committee on Ways and Means.

By Mr. McCULLOCH:

H.R. 9517. A bill to prohibit desecration of the flag; to the Committee on the Judiciary.

By Mr. PERKINS:

H.R. 9518. A bill to amend the Library Services and Construction Act with respect to the extent of the required matching under titles III and IV thereof; to the Committee on Education and Labor.

H.R. 9519. A bill to amend the Railroad Retirement Act of 1937 to provide a full annuity for any individual (without regard to his age) who has completed 30 years of railroad service; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHNEEBELI:

H.R. 9520. A bill to amend the Internal Revenue Code of 1954 relative to the income tax treatment of business development corporations; to the Committee on Ways and Means.

By Mr. SNYDER:

H.R. 9521. A bill to amend the Internal Revenue Code of 1954 to allow a tax credit for certain tuition and fees paid by individuals to institutions of higher education and to allow a tax credit for certain contributions made by individuals or corporations to institutions of higher education; to the Committee on Ways and Means.

By Mr. BEVILL:

H.J. Res. 544. Joint resolution proposing an amendment to the Constitution of the United States relating to the employment of subversives in the public schools; to the Committee on the Judiciary.

By Mr. GUBSER:

H.J. Res. 545. Joint resolution proposing an amendment to the Constitution of the United States to provide for popular election of the President and the Vice President of the United States; to the Committee on the Judiciary.

By Mr. RODINO:

H.J. Res. 546. Joint resolution to amend the Constitution to provide for representation of the District of Columbia in the Congress; to the Committee on the Judiciary.

By Mr. ROSENTHAL:

H.J. Res. 547. Joint resolution to provide for the designation of the second week of May of each year as National School Safety Patrol Week; to the Committee on the Judiciary.

By Mr. CAREY:

H. Con. Res. 335. Concurrent resolution establishing a joint committee to conduct a study on means of providing for earlier availability of funds for educational assistance programs and of information relating thereto; to the Committee on Rules.

By Mr. EILBERG:

H. Con. Res. 336. Concurrent resolution expressing the sense of the Congress with respect to the establishment of permanent Peace Ambassadors by the United Nations; to the Committee on Foreign Affairs.

By Mr. GARDNER:

H. Con. Res. 337. Concurrent resolution expressing the sense of Congress that highway trust funds should not be curtailed; to the Committee on Ways and Means.

By Mr. O'HARA of Illinois:

H. Con. Res. 338. Concurrent resolution to express the sense of Congress against the persecution of persons by Soviet Russia because of their religion; to the Committee on Foreign Affairs.

By Mr. PERKINS:

H. Res. 459. Resolution authorizing the Speaker to appoint delegates and alternates to attend the International Labor Organization Conference in Geneva; to the Committee on Rules.

MEMORIALS

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

165. By the SPEAKER: Memorial of the Legislature of the State of California, relative to the Hidden Dam on Fresno River, and Buchanan Dam on Chowchilla River; to the Committee on Appropriations.

166. Also, memorial of the Legislature of the State of Idaho, relative to authorizing the establishment of the Sawtooth National Recreation Area and Wilderness; to the Committee on Interior and Insular Affairs.

167. Also, memorial of the Legislature of the State of Idaho, relative to a national minerals policy; to the Committee on Interior and Insular Affairs.

168. Also, memorial of the Legislature of the State of North Dakota, relative to proposing an amendment to the Constitution of the United States, relating to apportionment; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BRADEMAS:

H.R. 9522. A bill for the relief of Spyridon Geroulis; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 9523. A bill for the relief of Mary Lee and daughter Anna Lee; to the Committee on the Judiciary.

By Mr. GARDNER:

H.R. 9524. A bill for the relief of Paul Anthony Kelly; to the Committee on the Judiciary.

By Mr. GILBERT:

H.R. 9525. A bill for the relief of Mr. Vassilios Kaoyssias; to the Committee on the Judiciary.

By Mr. LONG of Maryland:

H.R. 9526. A bill for the relief of Halina Jefimik; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.R. 9527. A bill for the relief of Fotin Petropoulou Gaitano; to the Committee on the Judiciary.

By Mr. ST GERMAIN:

H.R. 9528. A bill for the relief of Maria Fernandes Carvalho; to the Committee on the Judiciary.

By Mr. TUNNEY:

H.R. 9529. A bill for the relief of Susana Tomasa Ibay Valdez; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

72. The SPEAKER presented a petition of Henry Stoner, relative to the conduct of Federal elections; to the Committee on House Administration.

EXTENSIONS OF REMARKS

Opposition to Quie Amendment to the Elementary and Secondary Education Act

EXTENSION OF REMARKS

OF

HON. RICHARD D. McCARTHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1967

Mr. McCARTHY. Mr. Speaker, I am strongly opposed to the proposed Quie amendment to the Elementary and Secondary Education Act.

If this ill-conceived proposal is passed, New York State would stand to lose a total of $121,903,958 in fiscal 1969.

In 1965, Congress, with great difficulty and dexterity, managed to avoid racial and religious antagonisms that earlier had killed innumerable Federal aid to education bills. In a masterful stroke, the authors of the legislation devised a law that provides assistance geared to pupils rather than schools.

The law provides assistance to individual school districts based on the number of their children from families with annual incomes under $3,000. Under the present law, Federal funds remain under the control of public officials but pupils in parochial schools will qualify to receive the same kind of supplementary assistance as those in public schools. This includes programs such as remedial reading and guidance counseling.

No money goes directly to any private or parochial school.

Such a program involves some onerous and detailed Federal requirements. The present act has obvious imperfections. But until a better plan is devised, I believe we are faced with a choice of either the present act or no act at all.

As a substitute for this delicate and intricate compromise, the Republican minority of the House Education and Labor Committee under Representative QUIE, of Minnesota, proposes the substitution of block grants to the States. It appeals to racist sentiment in some Southern