United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 90th CONGRESS, SECOND SESSION

SENATE—*Wednesday, July 24, 1968*

The Senate met at 12 noon, and was called to order by the President pro tempore.

Rev. Haskell R. Deal, minister, Eldbrooke Methodist Church, Washington, D.C., offered the following prayer:

Eternal Creator, our God and Father, we come to Thee in the faith that Thou art concerned in what we are doing, and seeking to do. We invoke Thy blessing upon us as Thy servants. Grant to us, we beseech Thee, wisdom and courage, as the duties and responsibilities of these troublesome times confront us. Be guidance for us as we seek solutions for our problems at home and abroad.

We pray for our leaders who are giving their lives and talents, in efforts to heal the ills of our own Nation and the nations of the world. Grant to their efforts the great blessings of peace, order, and good will everywhere.

For our own rich heritage, which has been glorious evidence of Thy guidance in our past, we thank Thee. We pray that we may continue to trust and follow Thy way, O Lord. Reveal Thy way to us and give us the insight and strength to walk in it, for Christ's sake. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, July 23, 1968, be dispensed with.

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

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask that there be a brief period for the transaction of routine morning business, to be terminated at 12:15 p.m., under the order of yesterday, with statements made therein not to exceed 3 minutes.

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

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

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

On July 21, 1968:

S. 1129. An act for the relief of Demetra Lani Angelopoulos; and

S.J. Res. 157. Joint resolution to supplement Public Law 87-734 and Public Law 87-735 which took title to certain lands in the Lower Brule and Crow Creek Indian Reservations.

On July 23, 1968:

S. 1808. An act for the relief of Miss Amalia Seresly;

S. 3143. An act to amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such act; and

S.J. Res. 172. Joint resolution extending the duration of copyright protection in certain cases.

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed, without amendment, the following bills and joint resolution of the Senate:

S. 2908. An act to authorize the Secretary of the Army to quitclaim certain real property in Muscogee County, Ga.;

S. 3495. An act to authorize the Secretary of the Army to modify certain use restrictions on a tract of land in the State of Iowa in order that such land may be used as a site for the construction of buildings or other improvements for the Iowa Law Enforcement Academy; and

S.J. Res. 193. Joint resolution to designate the National Center for Biomedical Communications the Lister Hill National Center for Biomedical Communications.

The message also announced that the House had passed the joint resolution (S.J. Res. 181) to authorize the President to designate the week of August 4 through August 10, 1968, "Professional Photography Week," with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 18188) making appropriations for the Department of Transportation for the fiscal year ending June 30, 1969, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BOLAND, Mr. MCFALL, Mr. YATES, Mr. MAHON, Mr. MINSHALL, Mr. JONAS, and Mr. BOW were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 6729. An act to amend the Dependents Assistance Act of 1950 in order to make members of the Reserve and National Guard ordered to active duty for training for periods of 30 days or more eligible for quarters allowances and to make allotments;

H.R. 13720. An act to amend title 37, United States Code, to modify requirements necessary to establish entitlement to incentive pay for members of submarine operational command staffs serving on submarines during underway operations;

H.R. 15268. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Boy Scouts of America for use in the 1969 National Jamboree, and for other purposes;

H.R. 16254. An act to amend title 10, United States Code, relating to the authorized strengths and grades for certain medical, dental, veterinary, medical service, and biomedical sciences officers of the Armed Forces;

H.R. 17780. An act to direct the Secretary of Defense to pay the special pay authorized under section 310 of title 37, United States Code, to certain members of the uniformed services held captive in North Korea;

H.R. 18146. An act to amend title 10, United States Code, to correct an inequity affecting officers of the Supply Corps and Civil Engineer Corps of the Navy;

H.J. Res. 1299. Joint resolution authorizing the President to proclaim annually the week including September 15 and 16 as "National Hispanic Heritage Week"; and

H.J. Res. 1404. Joint resolution authorizing and requesting the President to proclaim the week of November 17 through 23, 1968, as "National Family Health Week."

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 6. An act to authorize the Secretary of the Interior to construct, operate, and maintain the initial stage of the Oahe unit, James division, Missouri River Basin project, South Dakota, and for other purposes;

S. 1532. An act to require that contracts for construction, alteration, or repair of any public building or public works of the District of Columbia be accompanied by a performance bond protecting the District of Columbia and by an additional bond for the protection of persons furnishing material and labor, and for other purposes;

S. 3456. An act to provide that the prosecution of the offenses of disorderly conduct and lewd, indecent, or obscene acts shall be conducted in the name of and for the benefit of the District of Columbia;

H.R. 25. An act to authorize the Secretary

of the Interior, in cooperation with the States, to conduct an inventory and study of the Nation's estuaries and their natural resources, and for other purposes;

H.R. 10673. An act to amend title III of the Packers and Stockyards Act, 1921, as amended; and

H.R. 18065. An act to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H.R. 6729. An act to amend the Dependents Assistance Act of 1950 in order to make members of the Reserve and National Guard ordered to active duty for training for periods of thirty days or more eligible for quarters allowances and to make allotments;

H.R. 13720. An act to amend title 37, United States Code, to modify requirements necessary to establish entitlement to incentive pay for members of submarine operational command staffs serving on submarines during underway operations;

H.R. 15268. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Boy Scouts of America for use in the 1969 National Jamboree, and for other purposes;

H.R. 16254. An act to amend title 10, United States Code, relating to the authorized strengths and grades for certain medical, dental, veterinary, medical service, and biomedical sciences officers of the armed forces;

H.R. 17780. An act to direct the Secretary of Defense to pay the special pay authorized under section 310 of title 37, United States Code, to certain members of the uniformed services held captive in North Korea; and

H.R. 18146. An act to amend title 10, United States Code, to correct an inequity affecting officers of the Supply Corps and Civil Engineer Corps of the Navy; to the Committee on Armed Services.

H.J. Res. 1299. Joint resolution authorizing the President to proclaim annually the week including September 15 and 16 as "National Hispanic Heritage Week"; and

H.J. Res. 1404. Joint resolution authorizing and requesting the President to proclaim the week of November 17 through 23, 1968, as "National Family Health Week"; to the Committee on the Judiciary.

EXECUTIVE COMMUNICATIONS ETC.

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

REPORT OF OFFICE OF CIVIL DEFENSE

A letter from the Director, Office of Civil Defense, reporting, pursuant to law, on property acquisitions of emergency supplies and equipment for the quarter ended June 30, 1968; to the Committee on Armed Services.

REPORT OF SELECTIVE SERVICE SYSTEM

A letter from the Director, Selective Service System, transmitting, pursuant to law, their first semiannual report, covering operations of selective service during the period from July 1, 1967 to December 31, 1967 (with an accompanying report); to the Committee on Armed Services.

REPORT OF FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES

A letter from the Chairman, Foreign Claims Settlement Commission of the United States, transmitting, pursuant to law, the first annual report of its activities for the period ended December 31, 1967 (with an accompanying report); to the Committee on Foreign Relations.

REPORT OF GRANTS TO NONPROFIT INSTITUTIONS AND ORGANIZATIONS FOR SCIENTIFIC RESEARCH PROGRAMS

A letter from the Deputy Assistant Secretary of the Interior for Administration, transmitting, pursuant to law, a report for the Department covering grants made during the calendar year 1967 to nonprofit institutions and organizations for support of scientific research programs (with an accompanying report); to the Committee on Government Operations.

PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Commerce:

"S.J. RES. 9

"Joint resolution relative to the operation of foreign domiciled carriers in California

"Whereas, Congress has delegated to the Interstate Commerce Commission through Part II of the Interstate Commerce Act the power and authority to regulate transportation by motor carriers in foreign commerce; and

"Whereas, Motor carriers domiciled in Mexico are presently performing transportation service in foreign commerce within the territorial limits of the United States and the State of California by transporting goods between California and Mexico; and

"Whereas, Such motor carriers operating in foreign commerce within the territorial limits of the United States have failed to comply with the requirements of Part II of the Interstate Commerce Act and the rules and regulations promulgated by the Interstate Commerce Commission pursuant thereto; and

"Whereas, The Interstate Commerce Commission has not required such motor carriers to operate according to such laws and regulations; and

"Whereas, such carriers continue to operate outside the scope of applicable federal law and regulation; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the Congress of the United States to direct the Interstate Commerce Commission to restrain the illegal operation of foreign domiciled motor carriers within the territorial limits of the United States and the State of California; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the members of the Interstate Commerce Commission, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A concurrent resolution of the Legislature of the State of Louisiana; to the Committee on Finance:

"H. CON. RES. 31

"Concurrent resolution to memorialize Congress with respect to amendments to provisions of the Social Security law relating to determining the need of recipients of old age benefits from the states

"Whereas, Congress recently provided for an increase in social security benefits and, beginning in 1968, persons receiving social security benefits from the United States Government under the federal old-age, survivors, and disability insurance benefits laws began to receive this increase in the monthly payments, and

"Whereas, the increase in social security benefits was enacted by the United States Congress in recognition of the rapid increase in the cost of living index of all the people of the United States, and

"Whereas, in this state many persons over sixty-five years of age are receiving Old Age Assistance Benefits, and in most cases the total amount of social security benefits received from the United States Government plus the Old Age Assistance benefits paid to persons over sixty-five years of age is not adequate to meet the greatly increasing expenses incurred for day-to-day living necessities, and

"Whereas, under the provisions of federal old-age, survivors, and disability insurance benefits laws the various states, in determining the need of recipients of old age assistance benefits, are permitted to disregard not in excess of seven dollars and fifty cents of any income, including social security income of a recipient, and in addition, the state may disregard from earned income the first twenty dollars of eighty dollars per month, plus one-half of the remainder thereof, and

"Whereas, by placing this restriction upon the states in determining the amount of Old Age Assistance benefits recipients may receive, many persons over sixty-five years of age who have no substantial income and who depend upon the benefits received from social security payments and old age assistance benefits to pay for their basic needs of life, have found themselves in necessitous circumstances, and

"Whereas, it was the intent and purpose of the federal old-age survivors and disability insurance benefits laws that these benefits assist persons in meeting their ordinary expenses after they have reached retirement age, and

"Whereas, the members of the Louisiana Legislature now have under consideration a bill to require that the Louisiana State Department of Welfare increase the amount of any income which may be disregarded in determining the amount of need for recipients of Old Age benefits to the maximum amount now permitted by the federal law, which is only the seven dollars and fifty cents now permitted under federal law.

"Now therefore be it resolved by the House of Representatives of the Legislature of Louisiana, the Senate thereof concurring, that the members of the United States Congress are hereby strongly urged and requested to consider legislation which would amend the social security laws so as to permit and require all states, in determining the need of old age recipients, to disregard from income not only the amount of the increase in social security benefits which became effective in 1968 but also any other increase in social security benefits which they may receive in the future.

"Be It Further Resolved that the Clerk of the Louisiana House of Representatives shall transmit copies of this Resolution without delay to the members of the Louisiana delegation in both houses of the United States Congress and to the presiding officer of each of the houses of the Congress.

"JOHN S. GARRETT,
"Speaker of the House of Representatives.
"C. C. AYCOCK,
"Lieutenant Governor and President of the Senate."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLELLAN, from the Committee on Government Operations, without amendment:

S. 3416. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the rendering of direct assistance to and performance of special services for the Inaugural Committee (Rept. No. 1450).

By Mr. RIBICOFF, from the Committee on

Government Operations, without amendment:

S. 3640. A bill to establish a commission to study the organization, operation, and management of the executive branch of the Government, and to recommend changes necessary or desirable in the interest of governmental efficiency and economy (Rept. No. 1451).

By Mr. SPONG, from the Committee on the District of Columbia, without amendment:

H.R. 9606. An act to exempt from taxation certain property of the National Society of the Colonial Dames of America in the District of Columbia (Rept. No. 1452).

By Mr. TYDINGS, from the Committee on the District of Columbia, without amendment:

H.R. 10213. An act to amend the Life Insurance Act of the District of Columbia, approved June 19, 1934 (48 Stat. 1125) (Rept. No. 1453).

By Mr. HILL, from the Committee on Labor and Public Welfare, with an amendment:

H.R. 15758. An act to amend the Public Health Service Act so as to extend and improve the provisions relating to regional medical programs, to extend the authorization of grants for health of migratory agricultural workers, to provide for specialized facilities for alcoholics and narcotic addicts, and for other purposes (Rept. No. 1454).

By Mr. MONRONEY, from the Committee on Post Office and Civil Service, with amendments:

H.R. 15387. An act to amend title 39, United States Code, to provide for disciplinary action against employees in the postal field service who assault other employees in such service in the performance of official duties, and for other purposes (Rept. No. 1455).

INTERGOVERNMENTAL COOPERATION ACT OF 1968—REPORT OF A COMMITTEE (S. REPT. NO. 1456)

Mr. MUSKIE. Mr. President, from the Committee on Government Operations, I report favorably, with an amendment, the bill (S. 698), to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes. I ask unanimous consent that the report be printed.

The PRESIDENT pro tempore. The report will be received and the bill will be placed on the calendar; and the report will be printed, as requested by the Senator from Maine.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. LONG of Louisiana, from the Committee on Finance:

Edward C. Sylvester, Jr., of Michigan, to be an Assistant Secretary of Health, Education, and Welfare.

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

Thirty-three postmaster nominations.

BILLS INTRODUCED

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

By Mr. DOMINICK:

S. 3874. A bill relating to the assignment of a sole surviving son of a family to duty in a combat zone; to the Committee on Armed Services.

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

By Mr. NELSON (for himself and Mr. BAYH, Mr. HARRIS, Mr. HARTKE, Mr. CHURCH, Mr. MONDALE, Mr. HART, Mr. MAGNUSON, Mr. METCALF, Mr. MOSS, Mr. PELL, Mr. RANDOLPH, Mr. RIBICOFF, Mr. WILLIAMS of New Jersey, Mr. YOUNG of Ohio, and Mr. MCGOVERN):

S. 3875. A bill to establish a community self-determination program to aid the people of urban and rural communities in securing gainful employment, achieving the ownership and control of the resources of their community, expanding opportunity, stability, and self-determination, and making their maximum contribution to the strength and well-being of the Nation; to the Committee on Finance.

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

By Mr. PERCY (for himself and Mr. BAKER, Mr. BOGGS, Mr. BROOKE, Mr. CASE, Mr. FONG, Mr. GRIFFIN, Mr. JAVITS, Mr. JORDAN of Idaho, Mr. KUCHEL, Mr. PEARSON, Mr. PROUTY, Mr. SCOTT, and Mr. TOWER):

S. 3876. A bill to establish a community self-determination program to aid the people of urban and rural communities in securing gainful employment, achieving the ownership and control of the resources of their community, expanding opportunity, stability, and self-determination, and making their maximum contribution to the strength and well-being of the Nation; to the Committee on Finance.

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

By Mr. PROXMIRE:

S. 3877. A bill for the relief of Alexandros Marlis; to the Committee on the Judiciary.

By Mr. HARTKE:

S. 3878. A bill to amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act so as to provide certain exemptions from provisions of such acts relating to supplemental annuities; to the Committee on Finance.

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

S. 3874—INTRODUCTION OF BILL RELATING TO THE ASSIGNMENT OF A SOLE SURVIVING SON OF A FAMILY TO DUTY IN A COMBAT ZONE

Mr. DOMINICK. Mr. President, I introduce, for appropriate reference, a bill to extend the sole surviving son clause to the last remaining son in a family that has incurred the loss of one of more of its members as a direct consequence of the hazards incident to service in a combat zone as a civilian officer or employee of the Federal Government.

We now offer this protection to famlies who have lost members while serving with the military service; however, we have continued to ignore the fact there are thousands of civilian, Government employees serving in a combat zone who are in as great a danger. The Agency for International Development is a case in point. The AID employees, working hand-in-hand with our military forces in many instances, provide health, educational, and community action services to the South Vietnamese. Yet, if an AID employee is killed while serving his country in Vietnam, his family is offered no security from having its sole surviving son assigned to Vietnam.

I think it is imperative this inequity be corrected, in the face of what seems to be a protracted involvement in Southeast Asia. As long as the area is designated a conflict area by the President, as it is now, our civilian employees should be accorded the same recognition as our military.

Mr. President, we insure that no one family carries too much of the military sacrifice for our Nation; we should insure that no one family carries more of the burden simply because its members are used by our Government in a civilian capacity.

Mr. President, I ask unanimous consent that my proposed bill be printed at this point in my remarks.

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

The bill (S. 3874) relating to the assignment of a sole surviving son of a family to duty in a combat zone, introduced by Mr. DOMINICK, was received, read twice by its title, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

S. 3874

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 53, of title 10, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 1041. Limitation on assignments to combat zones

"Except during a period of war or a national emergency declared by the Congress after the date of enactment of this section, no member of the armed forces who is the sole surviving son of a family shall be assigned to duty in a combat zone, unless such member volunteers for such duty, if the father or mother or one or more brothers or sisters of such member (1) were killed in action or died in line of duty while serving in the armed forces, or subsequently died as the result of injuries received or disease incurred during such service, or (2) were killed as the result of hostile action while serving in a combat zone as a civilian officer or employee of the United States, or subsequently died as the result of injuries received or disease incurred during such service. As used in this section the term 'combat zone' means any area which the President by Executive Order designates as a combat zone for purposes of section 112 of the Internal Revenue Code of 1954."

SEC. 2. The table of sections at the beginning of chapter 53 of title 10, United States

Code, is amended by adding at the end thereof the following:

"1041. Limitation on assignments to combat zones."

S. 3875—INTRODUCTION OF BILL—COMMUNITY SELF-DETERMINATION ACT

Mr. NELSON. Mr. President, I am introducing, on behalf of myself and Senators HARRIS, HART, MAGNUSON, METCALF, MONDALE, MOSS, PELL, RANDOLPH, RIBICOFF, WILLIAMS of New Jersey, YOUNG of Ohio, and McGOVERN, the Community Self-Determination Act of 1968. This act contains the hope of enormous benefits for the poor of this Nation. It can become a catalyst to draw all of society into the effort to eradicate poverty in the United States. Those of us sponsoring this measure consider it a creative self-help proposal which brings jobs to areas where they are needed, both rural and urban—and, equally important, control and operation of the program are at the local level in the hands of local people.

To be sure, there will be problems, but the criticisms of this concept that have been offered in the past simply do not hold up.

It has been said that the poor are unable to mobilize themselves for any massive self-improvement effort. This is not true. In the countryside, the overwhelming success of the REA program shows what rural residents can achieve once given the chance. In numerous cities throughout the country self-help projects have involved local citizens in constructive action. The Community Self-Determination Act would provide the mechanism for the active participation of the poor in their own development.

It has been said that private business in this country will not assume the risks of investing in poor areas. This is not true. Efforts by private enterprises in Rochester, N.Y., Washington, D.C., and many other cities show that business wishes to play a constructive role. This act would provide the incentive for the private sector to participate in the anti-poverty effort without being asked to take unreasonable risks.

It has also been said that it is futile even to think of proposing bold new legislation in Congress, for no measure could get the necessary support. One of the remarkable things about this proposal is the broad bipartisan support it has received both within and outside the Congress from people of all walks of life representing all shades of political opinion.

In conclusion, I urge all Members of Congress and all concerned citizens in this country to respond positively to the Community Self-Determination Act. It is a measure of enormous worth which deserves to become an operating program as soon as possible.

Mr. President, I ask unanimous consent to have the following printed in the RECORD:

A joint statement by myself, the Senator from Illinois [Mr. PERCY], the Senator from New York [Mr. JAVITS], and the Senator from Oklahoma [Mr. HARRIS] on the bill.

An article published in the New York Times on June 21, 1968, entitled "Negroes To Set Up Company Upstate."

A magazine article entitled "Cooperative Communities North and South: A Response to Poverty," written by Arthur Tobier.

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

JOINT STATEMENT BY SENATORS NELSON, PERCY, JAVITS, AND HARRIS ON COMMUNITY SELF-DETERMINATION ACT OF 1968, JULY 24, 1968

It is apparent that the United States is confronted with poverty on a massive scale. Its continued existence, in this the most affluent nation on earth, makes a mockery of our highest ideals. We used to refer to "pockets" of poverty; however, it is now clear that the metaphor is too limited. For poverty does not simply occur in pockets; it devastates huge segments of our cities and cripples vast areas of our countryside. We can no longer afford to think only in terms of prosperous America; we must face the fact that submerged America has dimensions that we are only now beginning to realize.

The past and present efforts of government, business and charitable institutions have had significant effects in certain localities, but they have not diminished the crisis proportions of the problem as a whole. Clearly, our response to poverty has been inadequate, not only in scale, but also often in direction.

We feel that a new approach is needed. Such an approach must take into account a number of basic facts:

Poverty stricken people do not wish to be guinea pigs, being constantly probed and tested, but without ever finding their trapped condition altered. Like everyone else, they want the chance to influence their own destinies—to be participants in the effort of building a more prosperous America.

Poverty is not an isolated phenomenon that can simply be cured from spot to spot. It does little good to raise employment and standards of living in the cities if new floods of migrants pour in from an economically devastated countryside. For an anti-poverty effort to be successful, it must be comprehensive. It must affect all occupational and ethnic groups in all areas of the country.

At the same time, we must recognize that every area has its own unique problems. A solution in St. Louis might be a disaster in Detroit, if applied rigidly and insensitively. The approach that we are espousing this morning solves this problem by leaving decisions on specific problems to people who live in, and intimately know, the areas involved.

Finally, it is clear that we do have the resources to overcome this problem. The question is not just one of quantity, though we must not shrink from necessary costs. It is also a question of establishing a system that will enable existing resources to be made available where they are most needed.

We feel that we have such a plan in the Community Self-Determination Act, which we and other Senators of both parties are introducing today.

This bill owes its existence to the dedicated efforts of nonpartisan citizen groups. The Congress of Racial Equality (CORE), in conjunction with Mr. Gar Alperovitz and Mr. John McClaughry while at the Harvard Institute of Politics, and distinguished lawyers and businessmen from many areas all worked diligently to produce a workable, effective proposal. More recently, this plan has earned the enthusiastic support of political leaders of both parties.

The Community Self-Determination Act is a comprehensive proposal to meet poverty wherever it exists. It is a program of business and finance that promotes the initiative of local residents and of the business community.

Any poverty community would be able to establish a Community Development Corporation to own and manage productive business enterprises. Any profits would be used to finance needed community social services. These corporations would be certified by a national Board established by the President, but decisions would be made by those with the greatest stake in the project: the local citizens themselves. It is a complex measure and will require thorough hearings and perhaps some modification. But citizen response in early community efforts of this kind shows the practicality of the project. Areas as diverse as Crawfordville, Georgia, and Rochester, New York, have demonstrated that local residents are eager to establish community enterprises.

But these early efforts also show the difficulties of each community acting only on its own. The Community Self-Determination Act would provide necessary help.

One element of assistance would be a network of Community Development Banks. Through these new banks, the Community Corporations would receive necessary investment funds. A new national development bank, patterned on the Domestic Development Bank which was previously introduced by Senator Javits and other Senators, would be created to serve as a secondary institution and to provide financial assistance directly where no community bank or corporation is in existence. A federal tax incentive program would encourage the private business sector to enter into Turnkey agreements with the local Community Corporations. In this way business and industry would be established in poor communities, with the community itself assuming the major portion of responsibility and direction.

The Community Self-Determination Act is a bold new step along an unfamiliar path. But we must not fear the innovative and prefer the established. For if this nation is to fulfill its great promise, it must never fall back on whatever happens to exist. It must never remain content with the present, but must always step forward confidently into the future.

[From the New York Times, June 21, 1968]

NEGROES TO SET UP COMPANY UPSTATE—ROCHESTER GROUP, AIDED BY XEROX, TO MAKE GOODS

(By John Kifner)

ROCHESTER, June 20.—The Xerox Corporation and FIGHT, a militant Negro organization, announced plans today for a Negro-owned manufacturing corporation that is projected to grow into a $1-million-a-year business.

The new corporation will manufacture electrical transformers and metal stampings.

While many persons in the antipoverty field have been speaking increasingly of the need for economic development, efforts in the past have concentrated on job training programs or helping small-business men. Recently there have been proposals to induce private businesses to locate plants in the slums.

The new corporation, which is to employ about 100 people, is the first attempt by the Government and private industry to start a wholly Negro-owned and operated large-scale business.

The project was announced at a news conference this morning at FIGHT's storefront headquarters in a rundown Negro section, where the organization's leader, Minister Franklin D. R. Florence, called it "a first for the nation—more radical and militant than all the riots put together." FIGHT stands for Freedom, Integration, God, Honor, Today.

As Mr. Florence read his statement, a half dozen Xerox officials and other white busi-

nessmen in gray suits stood behind him in the sparsely furnished office, which is decorated with pictures of Stokely Carmichael, H. Rap Brown, Muhammed Ali and Che Guevara.

The project is the result of negotiations and planning that began last November between Xerox and FIGHT, formed here a little over three years ago with assistance from Saul D. Alinsky, the Chicago-based community organizer and "professional radical."

After studies by its executives and a FIGHT official, Xerox agreed to provide a full-time manufacturing expert and financial analyst as well as other technical advice, and to guarantee to purchase $500,000 worth of products for each of the first two years.

The corporation, to be called Fighton, will be supported by a $445,677 training grant from the Department of Labor, reportedly increased from a lower figure by Secretary Willard W. Wirtz.

Rochester Business Opportunities Corporation, an organization formed last January by local industries and banks to provide loans and banking to establish Negro businesses, will spend about $200,000 to buy and renovate a plant to lease to the new corporation, and will urge its members to purchase the new corporation's products.

The plant, now a boarded-up clothing factory, is in the predominantly Negro seventh ward, a few blocks from the scene of summer rioting in 1964.

G. E. Powell, manager of manufacturing for Xerox's system information division, and chairman of the study team that recommended establishing the new corporation, said that the studies projected a $1.2-million sales volume by 1970. The only question about the project, he said, "Why didn't we do it sooner?"

The establishment of the new corporation and other developments in this wealthy upstate industrial city appear to represent gains for FIGHT.

The Business Opportunities Corporation—which grew out of a proposal last fall from the Eastman Kodak Company and has already helped set up 10 small businesses—and efforts by local stores, often working with FIGHT to hire Negroes, appear to represent an increased involvement on the part of industry, coming, some businessmen concede as a result of FIGHT's challenges.

In an interview, Mr. Florence described the venture as "black capitalism" and said that the profits would go back to the community in day-care centers, remedial education and job-training programs.

He said the products had been chosen because of high demand, because production was unlikely to be automated, causing a loss of jobs, and because the manufacturing was largely suited to men.

"We are not talking about a shoddy product—that's tokenism," he said. "We're talking about highly competitive component parts. We have to get into the main stream."

COOPERATIVE COMMUNITIES NORTH AND SOUTH: A RESPONSE TO POVERTY

(By Arthur Tobier)

Eighteen months ago, neither the Bedford-Stuyvesant Community Cooperative Center nor Crawford Enterprises in Crawfordville, Ga., existed. A year from now it is conceivable though unlikely that they will no longer exist.* But they are important now because they represent—in varying stages of development—a major new approach to problems of American poverty and community organization that has been taking shape across the country. Further, they have found their form at a time when the government's conventional antipoverty measures and conventional corporate incentive approaches have met with growing disenchantment. For one thing, conservative opposition to government payments to the poor, or even special tax deductions for private corporate services for the poor, makes massive resource allocation through either channel unlikely. Secondly, recent experience with corporation involvement in slum activity has shown a deep reluctance on the part of such institutions to undertake operations of significant scale. And finally, the community militants themselves have indicated their suspicions of the large corporation, and may well hinder corporate efforts, if any are made. Given this situation, the prognosis for the present course is very spotty success at best, utter failure at worst, and the likelihood that we will still have a "ghetto" problem in 1975.

It is for these reasons that attention is now being turned to the self-help programs that have been successfully developed and are now operating in different parts of the country. There are, for example, community-controlled experimental public and private schools (Boston, Ann Arbor, Washington, D.C., New York); there are cooperatively owned housing projects, supermarkets, and credit unions (all powerful sources of capital accumulation); there are community-controlled health facilities, furniture factories, pharmacies, and electronics firms. For the most part, these experiments are not integrated in one locale or within one structure. But the obvious form of this structure—the community corporation—has already been established. In Columbus, Ohio, for example, ECCO (East Central Citizens Organization) compasses all inhabitants in a 20-square-block area. ECCO is similar in legal form to the typical cooperative, and it operates on a one-man one-vote basis. It now controls such community functions as recreational, teenage, and educational programs, and it is legally considered a corporation able to contract with the city to provide its own sanitation and some submunicipal police services.

What would happen, it is being asked by professional political planners, if the community corporation were taken a step further and hooked into the experiences of American industry on the one hand and the Israeli kibbutz on the other? Both—through loans, technical assistance, and profitmaking—achieve self-sustaining growth. Both pay back loans. A mixture of the two institutional ideas (drawn, interestingly, from both the conservative and radical traditions) would make use of no legal machinery or social arrangements which haven't already been proved in a variety of American experiments. These arrangements include a substantial body of existing and proposed tax law and legislaton connected with housing, foreign aid, depressed areas development, and agricultural coops. Such a mixture of profit-motive and cooperative enterprise might likely take the shape of community corporations. (Senator Robert Kennedy's Bedford-Stuyvesant program embraces two corporations but only one is community-based, and the economic component is set up to operate independent of community organization.) The first of these corporations could be profit-making, the second, nonprofit, and one would support the other. Thus, the first might own a community supermarket, a pharmacy, furniture store, gas station, furniture factory, bus and taxi service, day care center, housing development, housing repair service, and laundromat; while the second provided aid to welfare mothers, job training, community submunicipal police, teenage training, recreation, and a variety of other services to help draw the community together.

Further, what would happen if a mechanism were developed that kept the profit in the community, permitted the money to bypass the political process of reappropriation, and itself became the basis of local political power, with the community even assuming part of its own tax base (as Jefferson once proposed)?

The most vivid example of it is to be found in the rural South.

COUNTY ORGANIZATION

Crawfordville (Ga.) Enterprises grew out of one of the most bitter school desegregation battles in the South. In 1964, Negroes in Taliaferro County (population 3,500; located near Athens in the northeastern part of the state) asked the segregated school system to permit its 750 Negro school pupils the use of the county's only gymnasium, located in the white high school. The whites opposed sharing it, and the Negro community began an all-out fight for desegregation. When the demonstration brought out whites fighting in the streets the Negroes asked Martin Luther King's Southern Christian Leadership Conference in Atlanta to send organizers to help them. Six months after the battle started, it ended with the school system ordered by the courts to integrate. In defiance, the whites took their children out of the Taliaferro County schools and sent them to public schools in adjoining counties. Normally that would have been all of it. But Randolph Blackwell, a rural economist, and one of the group sent to Crawfordville by SCLC, refused to let it end there.

SCLC and the United Presbyterian Church had funded a small silk screen operation in Crawfordville six months after the school fight, but it never developed because of a lack of technical help. Blackwell, having watched the project dwindle for a year and a half, became convinced of the need for a new approach. Moving with what now seems like absolute clarity, he set up the Southern Rural Action Project in September 1966, convinced the Citizens Crusade Against Poverty to fund it for 12 months (and then for another six months last October), and designated ten counties, including Taliaferro, in which to implement self-help projects.

The approach in all of the counties was the same but most of the time and energy was focused on Taliaferro County. Blackwell sought to combine all the elements of community development in one place and under one organization—from community-run businesses and credit unions to co-op housing, youth programs, and child care. With $5,200 from the National Council of Negro Women and a $5,000 grant from the Stern Family Fund, he set in motion Crawfordville Enterprises—community-based and community-run. A membership fee of 25 cents carried with it voting rights, but no property rights. The corporation was established as sole proprietor of its assets; everyone in the county was made eligible for membership. With money from the two grants, Blackwell got Crawfordville Enterprises to buy 24 industrial sewing machines, lease equipment, and pay a stipend to trainers. Then he subcontracted work orders with two manufacturers in North Carolina and Georgia. Power in Crawfordville Enterprises was vested in a nine-man board, with slots for three workers in the community corporation, three county residents, and three outsiders. A school teacher who had business training at a Southern Negro college, and who had been fired from his job for participating in the county school fight, was named board chairman of the corporation and manager of the garment plant, though he had never been in one before. The Georgia Labor Department expressed doubt to Blackwell that people in Crawfordville could be trained

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* This analyisis turns out to be optimistic. Two weeks after completion of this article the District Court padlocked the center permanently. Despite the increasing activity there, which is mentioned on page 17, it proved insufficient to overcome the financial difficulty. A.T.

to operate industrial machines. But the plant opened on schedule in a log building that some 40 years before had been Taliaferro County's first public school for Negroes. A training course was begun and has been maintained; and new employees are brought through it regardless of their initial qualifications. So far none of the trainees has been unemployable, and only four have failed to become sewing machine operators.

In 40 years that separated the factory from the school nothing much had changed in the landscape of Taliaferro County. Then the weight and the tempo of the days altered. The garment plant turned over subcontracts several times, improving the profit position on each occasion, the OEO approved a $212,000 grant and 60 additional machines were added to the plant, employment now has risen there to some 70 workers, most of them women who, if they had ever been gainfully employed before, never earned more than $15 per week; an industrial silk screen processing operation was started in one part of the garment factory; a woodworking plant has begun turning out frames for box springs and by late spring it will employ more than fifty men, most of whom at this point are unemployed.

And now even the enduring landscape is giving way to further change. A new cement block plant with capacity for 100 industrial sewing machines has started to rise on part of a 52-acre tract of land Crawfordville Enterprises bought for $6,000. The new building will house expanded garment and silk screen operations. A commercial laundry will operate in the space vacated by the garment makers. And a spring stamping plant will be started shortly.

On the same tract of land, Crawfordville Enterprises will build 80 houses on half-acre sites, as well as a complex of commercial businesses, including the first restaurant in the county in which Negroes will be able to dine, a grocery store, and a beauty salon-barbershop. There might even be a drug store and a gas station.

Last September, the corporation started a day care center with 40 children and two teachers who had lost their teaching posts during the desegregation struggle. The children, most of whose mothers work in the garment factory, get standard preschool fare now. The children arrive at school with their parents (the plant is a short walk away), they eat their lunch in the plant lunchroom, and they leave in the late afternoon when the factory lets out. It is hoped that before long enrichment programs will begin on a more intensive basis, and an experiment in beginning reading is to be conducted this spring.

Meanwhile, the community action aspect of Crawfordville Enterprises has also started to take shape. A credit union and agricultural cooperative have formed. A youth program screens commercial films (a first for the county) every Thursday night, followed by audience discussion on the film's content and its relevance to their lives.

Seven committees have beeen formed dealing with every aspect of the community's life. As the committees develop programs, Blackwell says, Crawfordville Enterprises follows a natural progression, extending and organizing the community at the same time. What keeps the enterprise going is the dynamics of the situation, not any one person. Some of the women working on the sewing machines cannot quite comprehend in what way they own Crawfordville Enterprises, or how it came into being. Why now, they ask, after a lifetime of hard times? But in the morning, their children go off without fail to the day care center, and they themselves go off to their jobs. In the evening, they will go to one of a dozen meetings to discuss programs for Crawfordville Enterprises. Once in a while they get blocked on structural problems, Blackwell says. "Structure is important, but I tell them not to get lost in it. I tell them to act. They will acquire the experience and then they will understand."

Blackwell estimates that there are 1,000 manufacturing companies in Georgia alone that subcontract out their work, and he feels that he could convince at least one hundred of these to do business with the community coops in Taliaferro and the other nine counties. The latter are not as far along as Crawfordville, he says, but they all have the potential. If Southern Rural were to be closed down for lack of funds (a real possibility)—thus forcing Blackwell and the agent he has on his payroll to travel the South drumming up business for the ten projects—Blackwell believes that the momentum of the present enterprise would carry the corporation through. But he admits not being eager to gamble on the possibility.

Thus far there's been no wide path beaten to Crawfordville's door by eager investors. Foundation people have been by to look and to talk; but they say they don't understand, according to Blackwell. The experiment is simple and concrete, however, and it is built along lines that go back to the start of trade unionism in England, as well as to movements in Spain, France, and this country. By August, moreover, Crawfordville Enterprises expects to move their bookkeeping to the profit side of the ledger, and this just two years after its beginnings. Perhaps then, Blackwell says, it will be easier for people to understand.

"The trouble is that the ideas and the socially conscious entrepreneurs who could move the ideas have been imprisoned for the past 20 years in the structure and rationales of the poverty programs. The poverty officials have been trained to think programmatically but their programs are not viable and they cannot get beyond that. I don't even think you can make our mechanism work in the city anymore because we have permitted the city to become too large and unwieldy. We treat population flow as if it were sacrosanct, and so we've allowed rural America to stagnate and the cities to boil over. What we need is planning, on a national scale, of the population sizes of our cities, big and small. There'd be nothing remarkable about doing that. It's been accomplished elsewhere.

"I think the future of the cities depends on how well we develop rural America. There is no reason small towns in this part of Georgia cannot be made to support populations of 50,000 where they now have 2,000. The cities, on the other hand, have become economically, politically, socially, and culturally unviable because they have 10 million where they should have 5 million, and 2 million where there should be 1 million. When you know this country here," Blackwell said, recalling his own upbringing in the rural South and looking out over the soft green land, "and you know the places in the city where those who leave here must go, you have to know then that the man who makes that journey has been brought to an extreme state."

IN THE HEART OF THE HEART OF THE CITY

Air mileage between Crawfordville, Ga., and Bedford-Stuyvesant, New York City's most populous Negro community, is substantial but the social distance, for many, is slight. Yet what the Community Cooperative Center, a community-based but privately owned complex of child care facility, drug store, and gas station, has gone through during the past 18 months bears out most of Blackwell's thesis about community organization in the city. It has been almost an ad hoc enterprise, it has created enemies among local merchants, broken laws, been the victim of bureaucratic red tape and harrassment, experienced palace uprisings among its staff, and it probably comes close to enjoying popular obscurity in the 600-block section of the city it was created to serve. The problems, as real as they are or as much of a sell as they sometimes may appear to be for the people involved, do not deny the accomplishment of this effort. The day care group has put its hands on a key mechanism for dealing with poverty: it has caught the notion, perhaps the funny side of it but still the essence, of what no other antipoverty effort in Bedford-Stuyvesant has been able to get close to in the five years since the government and private sources started pouring some $20 million into the community.

The idea of a day care center supported by businesses was developed primarily through the efforts of two sociologists, Gerald Schaflander and Henry Estzkowitz, and about fifteen of their students. Together, they represent veterans of the civil rights movement, advocates of "action sociology," and the socially committed student who nevertheless is uncommitted on the left or right politically. In the fall of 1966, when the professional and intellectual communities started to acknowledge their disappointment with the government's poverty program as well as the wrenching fragmentation of the civil rights movement, Schaflander and Estzkowitz brought some of their students and friends together to organize an effort involving both blacks and whites. This effort would emphasize action more than organization, and from it the participants could learn something and develop their skills. Above all it would have an immediate effect on the lives of poor people. They hit on the idea of a day care center for children five weeks to five years old because it would fill a need. The New York City Health Code makes no provision and grants no health permits for child care centers that enroll children under three. Such a center would permit mothers to work and give their children experiences they might not normally have at home.

The original plan also called for setting up a supermarket. But the group did not have the equity capital nor their own manufacturers and suppliers, and when it tried to link up with the national cooperative movement it found an institution no more capable or anxious to involve itself in the slums, Schaflander said, than corporate enterprise. So for the business components of their enterprise they settled on a discount gas station and drug stores specializing in generic drugs. Both offered the potential of high volume business, their wholesale price structure permitted a good markup even at discounted retail prices, and the goods in which the businesses traded were essential to the community.

With a nucleus of some fifteen people comprising a temporary organizing committee, a corporate structure was laid down and a board of directors elected, half of them black and half white, and this racial ratio was written into the corporate bylaws with the stipulation that once the racial composition of the board came unbalanced corporate funds would be frozen. Little interest was shown in the project by community leaders. Money had to be raised from individuals, most of whom had been early contributors to CORE and SNCC. But money came in and a building was leased on Atlantic Avenue under an elevated Long Island Railroad spur not too far from the commercial center of Bedford-Stuyvesant. The building didn't come cheaply—according to one source monthly rental is more than $2,000—but it was the size of a small armory shell and adjacent to a gas station. With the help of youths from the community hired at $2 an hour, the building was renovated and opened as a day care center in February, charging $8.50 a week per child and permitting mothers without the money to work for it in the center. At the same time, the group took a $900 a month lease on the gas station. The drug store, built into the street level of the child care building by altering part of the frontage, was opened in June. A second drug

store was opened around the corner on the main shopping artery. Community people were hired as baby attendants and kitchen personnel, and college students were taken on as instructors and counselors. The payroll, at its height, numbered about sixty and totaled $4,800 a week.

The day care center, as expected met an immediate need. But, as mentioned above, it virtually had to break the law to do it and operate without a health certificate. The number of children at the center fluctuated for reasons no one has had time to understand. Parents registered, withdrew, and reregistered as if following some cycle of seasons. At its busiest the center cared for 175 children. It has had as few as 30. Most of it was a babysitting operation with regular injections of enrichment: train rides, visits to parks, story-time. Twice a week, a staff psychologist, administered tests, advised parents, and put together sets of records for the eventual development of a curriculum. But unlike Crawfordville, there was never any attempt to organize the parents. They left their children in the morning beginning at 7 a.m., picked them up as late as 7 p.m. The staff worked on two shifts. Occasionally meetings on child development were held for parents. But that was all and it is not even certain the parents supported the businesses.

These latter promised to be and were troublesome from the start. Unbranded gas and generic drugs have a difficult time of it among the poor particularly. The poor want to know what they are getting for their money, even if what they know is no more than what advertising has told them. Thus it took more time than expected to build up gas sales. In addition a sign that advertised their gas as the least expensive in the area, the sale of which "helps care for babies," violated a city ordinance prohibiting the posting of advertising, other than the price of gas, at gas stations. So the center was hit with summonses which were ignored and which kept coming with increased fines.

The drug stores never really got off the ground, averaging $50 a day gross, even with some local advertising and prices that in some cases were 150–200 per cent cheaper than branded merchandise in nearby drugstores.

Last November, having spent a third of a million dollars, the Community Cooperative Center had itself declared bankrupt, worked out a settlement with its creditors, and reorganized, cutting staff sharply in the process. It also took about fifty children above two years of age off the rolls, and refocused on the infants. The retrenchment was taken in stride. In fact, enrollment is starting to increase again, business is picking up, and Schaflander plans to start a drugstone and gas station-supported child care center in the Roxbury section of Boston within a few months. He will use the same mechanisms established in Brooklyn. The Roxbury center, if it goes ahead according to plan, will be staffed by volunteer college students working in the gas station, drug store, and in three shifts at the center. Schaflander says 250 students have been recruited and trained. At the same time, the operation he says, will benefit from the past mistakes—which he feels were those of carrying a large payroll and taking in children under two.

By age two, the sociologist believes, the emotional problems of poor children are fixed. Head Start, in his view, is too late. What needs to be done is to build a new kinship institution, a total new family environment, a kibbutz, a black kibbutz, where the children are cared for 24 hours a day and the parents join them at meals and on the weekends.

After Roxbury, Schaflander looks forward (unrealistically to some) to organizing in Newark, Harlem, Watts, and Detroit. When they acquire the capital, they'll add supermarkets and clothing stores to the complex, and according to Schaflander, whatever other products meet basic needs which can be identified and marketed and it will all connect into a national network. As they develop these operations, some of Schaflander's younger associates predict, they will begin organizing the community in whichever way seems necessary and possible.

SKEPTICISM AND OPTIMISM

Among those professionals and laymen now laboring in urbia, poverty, planning and politics, there is general admiration for what self-supporting community corporations could do about organization. But the admiration goes with a good deal of skepticism about the mechanism's ability to cut through the social and political forces that called it into being. Where is the seed money going to come from if the channels to government and private sources are choked? More important, perhaps, how will such ventures contend with the high rate of small-business failure in the country.

There is a group now at the Institute of Politics of the John F. Kennedy School of Government at Harvard and at the M.I.T. city planning department trying to answer that question by developing models applicable to Negro, Polish, Irish, and Italian neighborhoods, as well as to stagnant rural communities whether in New Hampshire, Wisconsin, or the Deep South. The planning group plans to go into operation around Boston next fall.

They believe the twin community corporation form offers among other things a broad range of alternative political appeals, ranging from such conservative decisions as distributing all profits to shareholders to more radical ideas of cooperative use of all funds. If the basic form permits variations decided by the community, they argue, it can also draw on a wide range of political support: sentiment for self-help and local control on the right, participatory democracy on the left. Further, they feel that Congress, if it ever chose to support the mechanism with legislation, might add to the political appeal offering the community corporations incentives for each person it managed to get off the welfare rolls and into productive activity, and each dropout it managed to get back into school.

The Harvard-M.I.T. group sees the mechanism as a long-range solution. The first step is to find seed money. The experiments will then pursue alternative strategies and be costed out. If the experiments succeed, the group feels it can muster an argument for congressional action in four to five years. At that point, the principles evolved from a belief in self-help, community participation, and power for the poor will be redeemed and again be made part of the effort to eliminate poverty in America.

THE COMMUNITY SELF-DETERMINATION ACT

The Community Self-Determination Act is a fundamentally new approach to the problems of lower income communities. It is based not on governmental paternalism, but on local self-help, ownership, and decision-making. Instead of creating new government agencies, the Act creates a new institutional structure so that the people of poor communities can achieve economic development and the ownership of productive resources through their own efforts and under their own control.

The basic element in the program is the Community Development Corporation (CDC), a stock business corporation formed by the residents of any area which is substantially below national norms in income or employment. Every over-16 resident may become a stockholder by buying a $5 share or by earning it through contributed labor; each, however, is limited to one share and one vote.

The formative process, supervised by a Community Corporation Certification Board, involves pledge cards, escrow deposits, and community referendums, so that competition is preserved and the will of the community freely expressed.

The CDC owns and manages subsidiary businesses in the community, and conducts a broad range of social service programs as desired by its stockholders. It thus resembles both a modern conglomerate corporation and a charitable foundation. Its subsidiaries channel their profits to the CDC to finance both additional investment and the service programs.

Financing business requires capital and credit. The Act creates a system of CDC-owned Community Development Banks (CDBs). The CDBs resemble the National Land Bank Associations which for fifty years have been an important part of the national Farm Credit System. They are capitalized and owned by the CDCs themselves, and their initial capital is multiplied by the sale of income bonds backed by a special Federal Reserve escrow fund. A U.S. CDB is also created to serve as a secondary financial institution, similar to the Federal Home Loan Banks.

The plan contains a number of tax incentives to encourage outside companies, like GE, Safeway Stores, or Xerox, to come into the area, establish a new plant, train local people to manage it properly, then sell it at a profit to the CDC as a new subsidiary. Other provisions reduce taxation on profits utilized for necessary community services. An important provision authorizes SBA grants to CDCs to enable them to contract for competent management training.

Experiments are already under way in many parts of the country which embody some or all aspects of the proposed program. Notable are Arthur Fletcher's Self-Help Cooperative in East Pasco, Washington; Randy Blackwell's silk screen factory in Crawfordsville, Georgia; EG&G-Roxbury in Boston; and the Xerox-backed Fighton Company in Rochester. The program is adaptable to urban ghettos, depressed rural areas, and Indian reservations alike.

Total cost of the Act is estimated to be under $1 billion for Fiscal Year 1970. Benefits will phase out as communities develop economically. The basic legislation has been sponsored by a large number of Republican and Democratic Congressmen and Senators. It was developed through the initiative of the Congress on Racial Equality (CORE), with the cooperation of legislative technicians representing views from conservative to radical.

FINDINGS

Section 2. The Congress hereby finds that—

(a) despite the unsurpassed affluence of the United States, there exists today a nation within a nation composed of millions of Americans in urban slums and declining areas of the countryside who live in poverty, misery and despair. The United States cannot achieve its full potential until all of its people have a full and fair opportunity to earn, own, and enjoy their share of America's growth and prosperity, and to exercise effective control over their life situations.

(b) programs and policies which tax some to support others offer no hope and no opportunity to those who have the capacity to become productive, contributing citizens. Handouts are demeaning; they do violence to a man, strip him of dignity, and breed in him a resentment toward the total system. The nation must find ways, instead, to help presently non-productive citizens achieve the independence, self-respect, and well-being enjoyed by their more fortunate fellows.

(c) the people of poor urban communities and declining rural areas should be assisted in their efforts to achieve gainful employment and the ownership and control of the resources of their community, including businesses, housing, and financial institutions.

(d) the problems of our cities cannot be solved without dealing with the inseparably related problems of rural America. Special help should thus be offered for efforts which improve the economic conditions and standard of living of the people of declining and depressed rural areas, and which reduce their out-migration from such areas to the overcrowded and explosive urban centers.

(e) the private enterprise system and the independent sector should be offered new incentives to join with the people of a community in a partnership for individual and community improvement, especially in providing technical and managerial expertise, offering training for jobs with a future, providing investment capital, and building productive plants and facilities for sale to members of the community. Such a program should be designed to permit the people of a community to utilize a share of the profits of community-sponsored enterprises to provide needed social services, thereby reducing the burden of taxation upon the rest of society.

(f) programs designed to achieve these ends should also aim to restore to the people of local communities the power to participate directly and meaningfully in the making of public policy decisions on issues which affect their day to day lives. Such programs should aim to free local communities from excessive interference and control by centralized governments in which they have little or no effective voice.

(g) order, stability, and progress can be achieved only when the people of a community actively participate in, and are responsible for, their own affairs in such areas as education, neighborhood planning, economic development, recreation and beautification, and social services and welfare.

(h) to achieve these ends, the people of a community must organize for responsible action, in such a way as to reduce fragmentation, create order and stability, make optimum use of community resources, and maximize the opportunity for creative leadership and self determination.

(i) the role of government at all levels should be to reinforce, guarantee, and support individual and mutual self-help efforts to make their maximum contribution to the strength and wealth of the nation. As that goal is approached, government incentives should be correspondingly phased out and government investment repaid, leaving the once dependent people to make their way as independent, unsubsidized participants in our national life.

PURPOSE

Section 3. It is therefore the purpose of this Act to provide for the establishment of community development corporations, community development banks, and other supporting programs and provisions, in order to mobilize the talents and resources of the people of this "nation within a nation" to help they play a more meaningful and rewarding role in building a better, stronger, and more confident America.

Title I—Community development corporations

This title creates the basic mechanism for the community self-determination program, the Community Development Corporation, and outlines its organization process.

Part A—National Community Corporation Certification Board

This part establishes an independent agency of the Federal Government, to supervise the organization of Community Development Corporation—"CDC's". In many respects the Board will perform functions similar to those of the National Labor Relations Board in conducting union certification procedures.

The Board is composed of five members, appointed by the President with the advice and consent of the Senate for staggered 5-year terms. Board members are to be compensated at the same rate as members of the Federal Home Loan Bank Board.

The Board is empowered to perform a number of specified functions relating to the process of organizing community development corporations. These functions include: issuing provisional and final corporate charters, conducting and supervising referenda, providing counsel and technical assistance in the organization process, collecting and disseminating relevant information, developing appropriate forms for corporate charters and bylaws, and requiring annual reports of corporations so chartered. The Board also acts as a ministerial agent in releasing an initial seed-money grant to a CDC upon its final chartering, but does not administer a program in the usual sense.

A National Advisory Committee on Community Development is created to advise the Board on its policies and operations, and to exert a critical review of the Board's activities and the activities of CDC's chartered by it. The Board is required to make an annual report to the President and Congress.

Part B—Community Development Corp.

The Community Development Corp.—CDC—is a corporation organized by the people of an urban or rural community "for the purpose of expanding their economic and educational opportunities, increasing their ownership of productive capital and property, improving their health, safety, and living conditions, enhancing their personal dignity and independence, expanding their opportunities for meaningful decisionmaking, and generally securing the economic development and social well-being and stability of their community area."

The CDC is a regular stock corporation having the usual powers incident to a business corporation. The community area in which the CDC functions may range in population from 5,000 to 300,000 residents aged 16 and above, of whom 10 percent must be CDC shareholders.

Any resident of the community area may become a CDC shareholder by buying CDC stock, which is priced at $5 par value. "Sweat equity" may be accepted in lieu of cash purchase of stock. Each stockholder has one vote in the affairs of the corporation, as do class C stockholders of the Federal Banks for cooperatives.

FUNCTIONS OF THE CDC

The functions of the CDC would fall into six categories:

First. Neighborhod services and community improvement: basic education, child welfare, day care, preschool training, health, consumer education, home-ownership counseling, college placement assistance, job finding, recreation, legal aid, and so forth.

Second. Owner of stock of business enterprises in the CDC area.

Third. Sponsor, owner, or manager of housing in the community.

Fourth. Advocate planning for neighborhood renewal, model cities, and so forth.

Fifth. Representation of community interests in other areas of public policy and concern.

Sixth. Encouragement of business, labor, religious and other voluntary participation in the self-help efforts of the community.

FINANCING OF THE CDC

The CDC would, once in operation, be financed by—

First. Earnings from affiliated businesses;

Second. Contracts for services, with private sector and government agencies, on a cost-plus-fixed-fee basis; and

Third. Grants from the community development fund, earmarked for charitable and educational purposes, which would not be subject to Federal tax.

In the initial stages of CDC operation, before any substantial ownership of commercial businesses is achieved, primary reliance would be on the contract mode, due to its lower capital requirements, guaranteed profitably, and generation of capital. Later, dividends from commercial businesses could become the primary source of CDC income.

DIRECTORS

The stockholders would choose nine CDC directors—plus two more for each 10,000 stockholders in excess of 25,000—for 1-year terms, or for staggered 2-year terms, as specified in the CDC charter. The charter would include provisions for insuring fair and democratic operation, such as secret balloting, adequate notice, open and regular board meetings, and proxy procedures. At the option of the community, it could also provide for a Federal structure of representation for distinct groupings within the area.

Regular open meetings of the entire CDC stockholding membership would be held at least twice a year, and a petition of 20 percent of the membership could force a special meeting.

All records of the CDC would be open to inspection by members and the disclosures of related transactions would be required. The directors would appoint the executive officers of the CDC and the members of the business management board and the directors of the Community Development Bank. The directors would be required to make an annual report to stockholders—and also file with the NCCCB—covering the CDC activities and operations of the previous year.

BUSINESS MANAGEMENT BOARD

The function of the business management board is to provide overall management to CDC-owned businesses. It will be required to set and maintain reasonable standards to insure that they avoid both excessive retention of earnings and irresponsible distribution of required operating funds. That is, the BMB would exercise the rights of CDC as stockholder for each business, but would insulate business management decisions from immediate interference by CDC directors and stockholders. The responsibilities of the BMB, and the area in which it would have full management discretion, would be set forth in the CDC charter, as approved by the NCCCB.

The board would have nine members, appointed by the CDC directors to serve staggered 3-year terms. No more than three of the board members could simultaneously be CDC directors. The members would be bonded for faithful performance of their duties like any other persons with comparable fiduciary responsibilities.

The board, acting for the CDC, would purchase and hold the stock of community businesses, elect directors, and exercise general stockholders' prerogatives on CDC's behalf. The funds to finance the acquisition of stock would be transferred to the CDC for its use, in accordance with the CDC charter. The board could distribute income to the CDC or allocate it to reinvestment, provided that no more than 80 percent or less than 20 percent is distributed to CDC.

Part C—Organization of Community Development Corps

A CDC may be organized in any geographic area, if the residents of the area so desire, so long as the area has between 5,000 and 300,000 residents 16 years of age or older and has either a rate of unemployment that is proportionately greater than the national average or a median family income that is proportionately lower, as provided in section 138.

Any five or more residents of the community area—the "incorporators"—may apply for a charter as a CDC by filing articles of incorporation and certain other documents with the National Community Corporation Certification Board—the "Board."

The act's organizational provisions are

designed to guarantee to all the residents of any area in which a CDC is proposed, and to all representative groups thereof, a full and fair opportunity to participate in the process of organizing the CDC and influencing the direction that it will take once it has been finally chartered. Accordingly, the act provides that once one set of incorporators has taken the initial step toward the establishment of a CDC within a particular area a 60-day initial organization period must elapse before those incorporators may complete their application for a charter. During this initial organization period other sets of incorporators may take the initial step toward the establishment of competing CDC's within the same or any larger or smaller overlapping area and with the same or different goals. In this fashion, the act insures that all elements within an area will have equal opportunity to define the community and the objectives of the CDC that is proposed to be established.

Once the 60-day initial organization period has elapsed any such set of incorporators may complete its application for a charter as a CDC by filing its articles of incorporation and organizational certificate that will provide essential economic data with respect to the community proposed, and pledge cards personally signed by at least 5 percent of the residents of the proposed community.

The requirement that any such set of incorporators must at this stage submit pledge cards signed by 5 percent of the residents of that community is one of several organizational provisions designed to insure that there is community support for a CDC in any area in which one is proposed and that the residents of such an area actually consider themselves to be part of a community. Manifestly, any proposed CDC that cannot meet this threshold, 5 percent requirement should be eliminated at this stage and the act so provides.

Any and all CDC's proposed to be established in the potential community so-called, which is defined by section 135(a) as "the geographic area included within the combined perimeter" of the community proposed by the first set of incorporators and any other larger or smaller area proposed that includes any portion of the area first proposed, that satisfy the threshold 5 percent requirement and have otherwise submitted a proper application to the Board will ordinarily receive conditional charters not more than 30 days after the expiration of the initial organization period.

In order to further guarantee that there is support for a CDC in its community, the act contains further organizational requirements that all CDC's so conditionally chartered must pass. These further requirements are designed to disclose the largest geographic area in which there is community support for a CDC and to permit the residents thereof to determine by referendum which of the CDC's proposed to be established therein shall receive a final charter. If only one CDC has qualified to receive a conditional charter, it alone will be authorized to attempt to comply with the further organizational requirements of the act. However, not infrequently conditional certificates will be issued to more than one proposed CDC in more than one overlapping community and the act must provide a method of permitting the residents of these overlapping communities to determine the boundaries of the community that will yield a CDC with the broadest popular support.

The act's further organizational requirements can be best understood by observing that they are designed simply to permit the community to define itself and to create a CDC as it sees fit. These provisions may be summarized as follows:

First. A further 45-day organizational period follows the issuance of conditional charters to one or more proposed CDC's, during which they are required to submit, first, additional pledge cards to total 10 percent of the over-16 residents of the proposed community area; and second, satisfactory proof that at least 500 residents have actually paid in $5,000, in aggregate, for stock in the CDC. The act provides that sums so paid in to any conditionally chartered CDC are to be held in escrow by a State or National bank pursuant to an arrangement that will guarantee the return of such sums to those entitled thereto if the CDC does not receive a final charter. Any conditionally chartered CDC that fails to satisfy these requirements within the time allotted is forthwith to be dissolved by the Board.

Second. While this process is underway, the CCCB assembles data and computes the development index of the area. This number, which is a measure of the economic development of the area, is the lesser of two ratios, either the ratio of national unemployment rate to the area's unemployment rate times 100, or the ratio of the Nation's median family income to the area's median family income times 100.

Thus, for example, if the unemployment rate in a proposed CDC area was 12 percent, and the national average was 6 percent, the first ratio would be 50—six-twelfths—times 100. If the Nation's median family income is $7,000, and that in the area only $4,000, the second ratio would be 57—4,000 to 7,000—times 100. The lesser of these ratios, 50, would be the development index of the area. A special bonus of five points would be subtracted from the computed development index of rural areas to provide special consideration for areas from which outmigration is contributing to urban tensions.

If the development index of a conditionally chartered CDC is greater than 90, the CCCB would dissolve the corporation, as being too close to the national norm—100—to deserve special assistance.

Third. If only one such CDC satisfies these further requirements the Board, upon the expiration of the 45-day period, orders an election in the community the CDC has proposed at which the residents, whether or not shareholders, are asked whether they approve the final certification of that CDC. If a majority of those voting so approve that CDC receives a final charter; if not it is dissolved.

Fourth. If more than one such CDC satisfies the act's further organizational provisions a series of elections must be held in order to disclose an area in which a majority of the residents approve the establishment of a CDC and to determine which of the CDCs participating in such a referendum commands the greatest community support. The act is designed so that the first such referendum is held in the potential community and subsequent referenda, if any, are then held in the next largest community proposed by a conditionally chartered CDC participating therein. Such referenda continue until a CDC is finally chartered or it becomes clear that community sentiment opposes the establishment of a CDC in any of the proposed communities, in which case all are dissolved.

All such referenda are required by the act to be by secret ballot, and any resident who is 16 years or older is eligible to vote. The act states that no such referenda shall be valid unless at least 10 percent of the eligible residents actually participate. Clearly, if less than 10 percent of those eligible take the trouble to vote it can safely be assumed that real community interest in the establishment of a CDC is absent.

Subsequently, particular areas within or overlapping an area already served by a CDC may organize their own CDC, although the organizational requirements for such a latecomer are somewhat more stringent. The possibility of such subsequent organization should tend to encourage business aggressiveness and responsiveness to community desires.

Upon final incorporation, the CDC receives a one-time seed-money grant equal to its paid-in capital at the time of incorporation. This both provides initial operating funds and equity capital for a community development bank, and an incentive for the broadest participation in the community.

Part D—Authorization of Appropriations

This part authorizes appropriations for the expenses of the National Community Corporation Certification Board, and for the initial matching grants to newly organized CDC's.

Title II—Community Development Banks

This title adds a new chapter 19 to the National Banking Act, authorizing the creation of community development banks—CDB's—to provide the financial services required by CDC's and the independent businesses in CDC areas.

ORGANIZATION

CDB's would be organized by one or more CDC's in a manner similar to that of ordinary national banks. The participating CDC's would hold all the voting stock and appoint the bank's directors. The banks could be chartered only in CDC areas with a population of 25,000 or more. They would not offer a full range of banking services, but would concentrate on business financing in the area and the provision of ordinary consumer credit to CDC stockholders.

EQUITY CAPITALIZATION

The equity capital of the CDB would be provided by the sale of the bank's stock.

Class A nonvoting stock could be sold to the Secretary of the Treasury as authorized in appropriation acts. It is contemplated that this would be done only in extraordinary cases, however. A franchise tax payable out of net earnings, would afford a return to the Treasury on any investment of Federal funds. Class A stock would not yield dividends.

Class B stock could be issued to any purchaser except the Federal Government and CDC's. It would also be nonvoting, but would be eligible for up to 6 percent noncumulative dividends. It is expected that private organizations, churches, foundations, associations, and businesses, and perhaps state and local governments, would purchase stock in this category. Class B stockholders would have an option to redeem their stock at par over a period of 5 years, after having held it for 5 years.

Class C stock could be sold only to CDC's. It would be voting stock, but would not be eligible to receive dividends. The CDB thus becomes a financial mechanism, but not a source of income, for CDCs.

DEBT CAPITALIZATION AND SECURITY

In addition to equity capital represented by stock sales, the CDB would raise further capital through the sale to the public of income bonds on a 20-to-1 ratio to paid-in capital and surplus. It is contemplated that this will be done through the U.S. Community Development Bank created by title III, which would have authority to issue consolidated CDB bonds much as the Federal intermediate credit banks issue consolidated farm credit obligations.

In addition to normal banking reserves and a guarantee fund, CDB income bonds would be further secured by CDB's option to call bond retirement funds from a special Federal Reserve guarantee fund. This fund would be capitalized from the excess earnings of the 12 Federal Reserve banks, as was the Federal Deposit Insurance Corporation in 1933. The Federal Reserve surplus would be deposited into the fund each year and invested in long-term U.S. Treasury securities.

The amount of the Federal Reserve surplus added to the fund each year would be sufficient, when carried forward at compound interest, to cover the aggregate income bond obligations of all CDB's at maturity on a 1 to 4 basis. If a CDB's financial position precluded immediate satisfaction of its obligations to bondholders when due, the CDB could call in capital from the fund, just as the World Bank can call in subscriptions from member nations to meet emergencies. This right would assure private creditors of prompt payment of obligations when due.

Assuming CDB's issue an aggregate $2 billion in income bonds in 1969, and that the Treasury securities held by the fund bear 4 percent interest compounded quarterly over 20 years, some $236 million of the Federal Reserve System's excess earnings would suffice to produce $500 million in capital—1 to 4 coverage—in 1989. The estimated Federal Reserve excess earnings for fiscal 1969 is in excess of $2 billion, of which the amount put into the fund would be approximately one-eighth. The entire $2 billion, if similarly used, would cover aggregate CDB income bonds of about $17.7 billion.

In case the aggregate amount of CDB obligations exceeded the amount that the Federal Reserve surplus could legally cover, and assuming Congress did not appropriate additional funds to extend the coverage, priorities would be established to insure that the bonds of the CDB's located in the poorest areas would be covered before those of more affluent areas.

EARNINGS

A the end of ech fiscal year each CDB would apply its earnings in excess of operating expenses during the year to—in order: First, making up any losses in excess of its reserves and bad or doubtful debts; second, restoring the amount of impairment, if any, of its capital; third, creating and maintaining a reserve account for bad and doubtful debts; fourth, paying a franchise tax to the Treasury of up to 25 percent of the net earnings then remaining, not to exceed a rate of return on Treasury holdings of class A stock equal to the average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due; fifth, paying dividends to other class A stockholders, at a rate not in excess of 6 percent; and sixth, purchasing stock in the U.S. Community Development Bank, the proceeds of which shall be used to retire any Government capital of that bank.

LOANS AND ELIGIBLE BORROWERS

The CDB may make loans and extend credit to eligible borrowers in a number of categories:

First, individual CDC stockholders—but not the general public—for normal consumer credit;

Second, small businesses in the community—partnerships, proprietorships, or corporations—which are at least 75-percent owned by resident CDC stockholders;

Third, small business concerns in the community owned less than 75 percent by CDC stockholders but whose owners have agreed to give the CDC the right of first refusal if the business is to be sold;

Fourth, subsidiaries of the CDC itself—at least 51 percent CDC owned;

Fifth, an outside corporation which has entered into a turnkey agreement with a CDC;

Sixth, a cooperative, at least 75 percent of the members of which are CDC stockholders; and

Seventh, a nonprofit, limited dividend or cooperative housing sponsor operating in the community.

LOAN TERMS AND LIMITATIONS

Business loans may be made only to eligible borrowers, and only when such borrower has demonstrated his capacity for managing the business—as evidenced by previous business performance—or has entered into a satisfactory technical assistance and/or training contract, under a turnkey arrangement or otherwise. Such loans may be made up to 90 percent of required capital, with up to 20 years for repayment. Housing sponsors in the community could obtain short-term, market-rate financing for front money, and where funds are not otherwise available for construction loans.

The CDB charter would include a statement of policy emphasizing CDB's responsibility to make capital available to promising but inexperienced borrowers, or for unorthodox business ventures, which would, if successful, yield significant benefits to the community.

The CDB would be fully authorized to make participation loans with regular commercial lenders to eligible borrowers, and its policy would be to seek to arrange such participations wherever possible.

The CDB would not be authorized to issue or deal in securities, engage in acceptable financing, sell insurance, offer credit cards or make credit guarantees. Its main purpose is to channel capital to businesses; its secondary purpose is to provide normal banking services to individual depositors within the community. It is not expected that the CDB would tie up its capital in mortgage loans, except under extraordinary circumstances.

CONFORMING AMENDMENTS

Sections 202 to 206 of the bill amend various provisions of other acts to facilitate the operation of the community development banking system.

Title III—U.S. community development bank

The purpose of this title is to create a U.S. Community Development Bank to serve as a secondary financial institution and as a source of technical, managerial and financial expertise to CDB's, and to promote the economic development of communities and areas where no CDB has been established. In the former respect, the USCDB would stand in relation to local CDB's as a Federal intermediate credit bank stands to production credit associations, or as a Federal home loan bank stands to local savings and loan associations. In the latter respect, the bank would resemble the World Bank and International Development Association.

This title would authorize the incorporation of the USCDB, which would not be an instrumentality of the U.S. Government. The President of the United States would appoint the incorporators and first board of directors. Six directors would always be Presidential appointees; the remaining twelve, initially Presidential appointees, would later be elected by CDB's holding stock in the bank. A community advisory committee, composed of from 15 to 21 persons from CDC and similar areas served by the bank, is created.

CAPITALIZATION

Class A stock of the USCDB would be purchased by the Secretary of the Treasury. It would be nonvoting stock and would not be eligible for dividends. Of the $2 billion of class A stock the Secretary is authorized to purchase, $1.5 billion would be specifically authorized by appropriation acts. The remaining $500 million could be purchased by the Secretary out of public debt proceeds only upon call of the bank to meet an emergency situation. This $500 million call feature, analogous to similar provisions in the Federal home loan bank statute and the World Bank charter, provides the security to creditors.

Class B stock in amounts up to $2 billion may be bought and held by any person or organization other than the Federal Government. Dividends of not to exceed 6 percent can be paid on this stock which shall have voting rights. At the end of each fiscal year, each CDB would be required to buy class B stock in the USCDB in an amount equal to its entire net earnings after meeting other requirements of title II. Whenever a CDB purchases such Bank stock, the Bank is directed to redeem an equal amount of class A stock held by the Secretary of the Treasury, at the Secretary's request. From the funds so received, the Secretary is directed to retire an equal amount of public debt.

BONDS AND INDEBTEDNESS

The Bank is authorized to issue and/or guarantee bonds, debentures, and other certificates of debt, up to an amount equal to five times its paid-in capital and surplus. In addition, it is authorized to issue consolidated bonds backed by CDB bonds, up to an amount equal to 10 times its paid-in capital and surplus. In addition, it is authorized to issue consolidated bonds backed by CDB bonds, up to an amount equal to 10 times its paid-in capital and surplus; this authority is intended to relieve local CDB's of the problems associated with entering the securities market.

FUNCTIONS

The USCDB is authorized to—

First, serve as a secondary banking institution for CDB's, through discounts, notes, loans, advances, and so forth;

Second, make, participate in, or guarantee loans for business and commercial facilities, or public development facilities, in low-income areas designated as "investment areas" by the Secretary of Labor;

Third, provide interim financing for construction of such facilities;

Fourth, plan, initiate, own, and manage such facilities until a suitable buyer can assume ownership;

Fifth, provide management training and technical and other supportive assistance to CDB's and other borrowers; and

Sixth, create investment opportunities by bringing together facilities, capital, and management.

The USCDB may establish branch offices to facilitate its activities.

EARNINGS

The net earnings of the USCDB shall be applied as follows:

First, to restoring any impairment of capital;

Second, to creating and maintaining a surplus account;

Third, to paying a franchise tax computed with reference to the amount of class A stock outstanding;

Fourth, to establish contingency reserves;

Fifth, to declare dividends on class B stock, up to 6 percent; and

Sixth, to retire class A stock held by the Treasury.

This retirement feature, built into the Federal farm credit system as early as 1916, assures that eventually all Government stock will be retired and the banks will be wholly owned by CDB's and other private stockholders.

MISCELLANEOUS

A number of operating principles are set forth, along with certain limitations on financing. An annual audit and report by the General Accounting Office is required, as is an annual report to Congress and the President. Technical amendments permit the participation of national banks as CDB stockholders.

Title IV.—Tax amendments

Part A—Community Development Corporations

Community development corporations, as business corporations, are subject to the provisions of the Internal Revenue Code. Since the purpose of the Act is to permit the use of business profits for social service programs under the control of the people of the

community, instead of routing the tax revenues to Washington and then back in the form of grants, three special amendments are added to the Code. These amendments liberalize the tax treatment of CDC's until such time as the CDC area achieves a development index equal to the national average and maintains it over a period of 5 years.

First. Under present law a corporation pays a basic 22-percent income tax rate on all its taxable income. In addition, the Code imposes a surtax of 26 percent on taxable income in excess of $25,000. The $25,000 amount is known as the surtax exemption. A group of corporations, all of which are owned by a parent corporation—in this case, the CDC—have a choice in filing their returns: they can either file a consolidated return and use only one $25,000 surtax exemption for the group; or they can claim the exemption for each member corporation and pay a basic income tax rate of 28 percent, 6 percent over the normal rate. This bill would amend section 1563 of the Code to permit a group of CDC subsidiary corporations to retain all the individual surtax exemptions without paying the additional 6-percent tax.

Second. To effect the purposes of the act, the tax rates and surtax exemptions for CDC subsidiaries are liberalized, depending on the development index of the CDC area—see title I, part C. This tax treatment is available only to corporations wholly owned by a CDC or by an employee trust; hence no benefits from the tax treatment flow into individual pockets. In the case of an area at the national norm for unemployment and family income, no tax advantages would accrue. At the other extreme, CDC subsidiaries in a desperately poor CDC area would be eligible for a basic tax rate of zero percent on the first $50,000 of taxable income, 6 percent on the second $50,000, 12 percent on the next $50,000, and 22 percent—the basic rate—on amounts in excess of $150,000. In addition, CDC subsidiaries in the desperately poor area could claim a surtax exemption of up to $200,000. Less-poor areas would get reduced benefits in accordance with their development level. The surtax would remain at 26 percent for all corporations.

Third. Ordinarily, subsidiary corporations can pass dividends to their parent corporation, which can then deduct 85 percent of such dividends from its own gross income. An amendment to section 243 of the code permits the CDC to deduct a full 100 percent of its dividend income from subsidiaries.

Part B—Turnkey Tax Provisions

The purpose of these amendments is to encourage major businesses to establish profitable plants or facilities in CDC areas, to train community residents to manage and work in them, and eventually to divest them entirely to CDC ownership and management.

The outside company and the CDC would enter into a turnkey contract, specifying the obligations of both parties, and setting forth such items as a description of the productive facility, the training of CDC personnel to manage the business, the timetable for sale, and so forth. To make a turnkey contract attractive to an outside corporation, six amendments are made to the Internal Revenue Code.

First. The turnkey contractor can elect rapid amortization of the turnkey facilities, depending on the development index of the CDC area involved. This provision parallels the rapid tax amortization program for defense investment during and after the Korean war, and the similar provisions for amortization of grain storage facilities, reenacted by Congress in 1953. In desperately poor areas, turnkey facilities could be amortized in as little as 36 months.

Second. Ordinarily, when a corporation claims an investment tax credit toward the cost of machinery and equipment, and then sells the machinery or equipment, the corporation is subject to a tax credit recapture provision. A turnkey contractor, however, could sell the turnkey facility to a CDC and not be subject to recapture of the investment credit.

Third. The turnkey contractor could claim an additional tax credit of 10 percent of the wages and salaries of CDC stockholders employed in the turnkey facility. This credit, patterned after the Human Investment Act now before Congress, would extend to investment in employees the same tax advantage given to investment in machinery. The higher rate of the credit—10 percent versus 7 percent—is due to the impermanence of the investment in human skills as compared to that in tangible property owned by the company.

Fourth. Upon selling the turnkey facility to a CDC, the turnkey contractor would normally incur a capital gain subject to tax. Under the bill, if the proceeds of the sale are reinvested in another turnkey operation or in class B stock of a CDB, the capital gains are not recognized for tax purposes. This provision, designed to encourage continuous investment in turnkey projects, is analogous to transfer of basis upon selling an old home and buying a new one.

Fifth. When a turnkey contractor has elected rapid amortization of depreciable property, and then sells the property to the CDC, he would ordinarily be subject to a tax recapture of the benefits of the rapid amortization. The bill provides that when a turnkey sale results in nonrecognition of capital gain, by virtue of reinvestment in another turnkey project, then the recapture of depreciation is limited to the recognized gain only.

Sixth. To encourage the turnkey contractor to continue to assist the management of the turnkey facility even after its divestiture of CDC ownership, the bill provides for a sustained profitability tax credit, equal to 15 percent of the profits generated from the operation of the turnkey facility for 5 years after sale to the CDC.

Part C—Miscellaneous Tax Provisions

An additional tax feature of the bill includes three changes to facilitate the financing of CDC subsidiaries by employee benefit trusts. One would make it clear that an employee trust may borrow funds to purchase the stock of a CDC subsidiary without jeopardizing the trust's "exclusive benefits" status or conflicting with present tax regulations. A second would permit such a trust to distribute income currently to its employees, as an immediate profit-sharing incentive. A third change would protect the tax deductible status of CDC subsidiary contributions to employee trust, notwithstanding the fact that the contributions are used to repay a bank loan.

Finally, reporting requirements are included to facilitate Treasury analysis of the actual costs in foregone revenue of the turnkey and the CDC programs. The purpose of this is to ensure the availability of subsequent cost-benefit studies as needed for congressional review.

Title V—Miscellaneous amendments

Part A—Small Business

This part makes two minor amendments to the small business title of the Economic Opportunity Act, and adds an important new section to provide technical and management assistance and training to CDC and turnkey facility personnel.

Section 501 amends the purpose clause of title IV of the Economic Opportunity Act to include CDC's among the business concerns to be strengthened and aided by the act.

Section 502 provides for the coordination of loan applications by business borrowers located in CDB areas. It adds a proviso to subsection 402(a) of the Economic Opportunity Act which prohibits economic opportunity loans to borrowers n CDB areas until their loan applications have been turned down by the CDB. The purpose of this amendment is to require business borrowers to work through the local CDB wherever possible.

Section 503 adds an important new section to the Economic Opportunity Act. It authorizes the Small Business Administrator to make grants of up to 90 percent of the costs of technical and management assistance and training programs contracted for by CDC's or their subsidiaries. The grants may be made for, among other things: First, the identification and development of new business opportunities, joint ventures, and turnkey agreements; second, market surveys and feasibility student; third, organizational plannng and research, including analysis of capital structure and requirements, costs and taxes, labor force availability, site evaluation, local government relations, and available governmental assistance; fourth, plant or facility design, layout, and operation; fifth, marketing and promotional assistance; sixth, business counseling, management training, and legal and other related services, with special emphasis on management training using the resources of private business, and of sufficient scope and duration to develop management expertise within the corporaton; and seventh, encouragement of subcontracting to CDC's by established businesses, and cooperative efforts to train and upgrade CDC personnel.

Using the proceeds of the grant, the CDC would enter into a contract with a firm, company, organization, educational institution, or governmental agency of its choice to obtain the specified assistance and training. The Small Business Administration could itself provide the assistance on a reimbursable basis, using its own personnel, if the CDC so decided. Provision is made for careful evaluation of the management or technical assistance provided by the contracting firm or agency. The President is authorized to transfer the program to the Department of Commerce if he sees fit, as with title IV of the Economic Opportunity Act.

Part B—Other Provisions

Section 511 requires the Secretary of Labor to collect and compile statistics on subemployment in the Nation, with the goal of eventually using this more sophisticated concept in the computation of the development index used in this act.

Section 512 amends section 701 of the Housing Act of 1954 to permit State planning agencies to provide assistance to CDC's in urban area planning, using 75 percent Federal matching funds.

Section 513 amends section 312 of the Housing Act of 1964 to permit the Secretary of Housing and Urban Development to make home and business rehabilitation loans in CDC areas, as well as in urban renewal areas and concentrated code enforcement areas, retaining the present provision that funds must be unavailable on reasonable terms from local sources.

Section 514 amends the Economic Opportunity Act of 1964 to permit the designation of CDC's as community action agenices, but prohibits community action grants to CDC's which have elected to be treated as normal business corporations, distributing dividends to stockholders.

Mr. NELSON. Mr. President, I send the bill to the desk and ask that it be appropriately referred.

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

The bill (S. 3875) to establish a community self-determination program to aid the people of urban and rural communities in securing gainful employment, achieving the ownership and control of the resources of their community, ex-

panding opportunity, stability, and self-determination, and making their maximum contribution to the strength and well-being of the Nation, introduced by Mr. NELSON (for himself and other Senators), was received, read twice by title, and referred to the Committee on Finance.

S. 3876—INTRODUCTION OF BILL ENTITLED "COMMUNITY SELF-DETERMINATION ACT"—AMENDMENT

Mr. NELSON. Mr. President, I yield 2 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 minutes.

Mr. PERCY. Mr. President, I appreciate the distinguished Senator from Wisconsin yielding to me. I am proud to sponsor the Community Self-Determination Act and to be joined by so many Senators on the Republican and the Democratic side of the aisle.

The idea for this bill has come from the Congress of Racial Equality—CORE—to the Congress. It is their suggestion as to how to approach the problems of the urban as well as the rural poor.

I am particularly pleased to be able to pay tribute to my distinguished colleague from New York [Mr. JAVITS], who will introduce the concept of a U.S. Community Development Bank, which he will introduce as an amendment to the Community Self-Determination Act. I am very pleased to have his counsel, guidance, and advice on a problem on which he is such an expert.

I am proud to sponsor the Community Self-Determination Act. This bill is based on an old American tradition—self help—which is too often preached and too seldom practiced. So many programs today, whether they be Government or private, are based on what the advantaged classes feel is needed for the disadvantaged, and we all know the sad results of this imposed will upon the poor—urban renewal has cruelly closed down once successful businesses and highways have torn down happy homes. And then to assist the individual who has been hurt by these programs we create a new set of programs which often only establish further grounds for grievance. The public keeps asking why all the billions spent on these programs seem to have gone up in smoke. Unfortunately, they never ask the poor who are the recipients of this misguided charity. If they did ask, they might find the answer is that most existing programs are based upon the premise that Washington knows best. I think it is about time that we frankly admitted this is not true. The community often knows better than anyone else what kind and form of help is needed to renew itself. It is this fact upon which the Community Self-Determination Act is based.

The bill which I am introducing today offers a sound basis for community development. It has come from the urban black community itself, but it is applicable to all races and rural communities as well as urban. It is not a wild scheme dreamed up by an onlooker—it is a carefully worked out program to provide the means whereby poor citizens organized in their community can truly help themselves. It provides the mechanism whereby established successful businesses can help those communities which want to help themselves, but it does so in a way which prevents outsiders from dominating the community will as expressed through the Community Development Corp. I know that American business will rally behind this concept for it permits business to play a partnership role, not a paternal role with the community organization.

Having worked for 2 years now in developing a homeownership program for lower income families. I know well the importance of ownership for disadvantaged individuals who in our rural and urban areas have not yet had the opportunity for ownership. If people own part of their community—whether it be their homes or their businesses—it is their community in every sense of the word and they will work and fight to make it a decent place in which to live, work, learn, and play.

Having stated the importance of a new, comprehensive, private enterprise, community oriented program, may I stress once again that the real significance in this bill is the element of self help. It is a program that rejects the old liberal philosophy of giving handouts and incorporates the best conservative philosophy of extending the helping hand. To those true conservatives in America who wish to conserve what is best in our Nation—independence, initiative, community spirit, hard work and self help—I invite them all to join me in supporting the Community Self-Determination Act of 1968. I am pleased to have the following Republican colleagues join in cosponsoring this act: HOWARD BAKER, of Tennessee; CALEB BOGGS, of Delaware; EDWARD BROOKE, of Massachusetts; CLIFFORD CASE, of New Jersey; HIRAM FONG, of Hawaii; ROBERT GRIFFIN, of Michigan; JACOB JAVITS, of New York; LEN JORDAN, of Idaho; JAMES PEARSON, of Kansas; WINSTON PROUTY, of Vermont; HUGH SCOTT, of Pennsylvania, and JOHN TOWER, of Texas.

We believe this is landmark legislation, which will open a new era of hope and progress in those areas of this land long bypassed by the affluence enjoyed by the majority of our people. Stated as simply as possible, we have designed a program which structures a major vehicle for marshaling the great potential of the people themselves in forging their own destiny. The method employs time-tested concepts of community action and internal capital formation within the impoverished community. The goal is local ownership of a substantial stake in the community for those who live and work there. The technique is involvement of the people, the private sector and the government in the traditional American partnership for the betterment of all.

Under our plan, the people themselves will contribute their labor and genius; the private sector will contribute its expertise and capital; and the Federal Government will contribute small sums of seed money and its economic strength as a guarantor of the loans made by the individual investor.

The community self-determination program seeks to provide a means for poor people to move up to increased economic security and human dignity through their individual and mutual efforts. It is a product of the experience gained during the 4-year existence of the community action programs of the war on poverty, and from a wide range of Federal, State, local, and private efforts to achieve the same goals.

There is widespread disappointment with the war on poverty, not only among conservative skeptics, but also among liberal intellectuals and the poor themselves, both of whom were early and enthusiastic advocates of the original programs. Three important conclusions can be drawn from the operating experience of the war on poverty:

First. The Federal Government cannot encourage genuine independence and decisionmaking at the community level, and at the same time hold the purse strings, pay the salaries, and compose the regulations, any more than it could manage the private enterprise system by centralized state planning, Russian style.

Second. Antipoverty programs have not drawn the poor into the American economic system as earners, producers, owners, and entrepreneurs, but only upholstered the poorhouse at the taxpayer's expense.

Third. Any effective community effort must be aimed on developing order, stability, and participation in a meaningful shared quest; to achieve this, the people must acquire the ownership of productive resources, control the profits, and make the decisions affecting their own environment and lives.

The community self-determination program adopts sharply contrasting emphasis and philosophy.

It is based on private local initiative and control, not Government paternalism.

It is based on multiplying the effects of self-help, not distributing endless benefits out of tax dollars.

It is based on bringing the aspiring poor into the American economic system as producers, earners, and owners, not on milking that system to provide Government benefits to nonparticipants.

It is based on eventual renunciation of initial Government assistance and subsequent individual profit, not perpetual nonprofit operation and dependence on Government regulations and expenditures.

It is based on the need for creating community stability and orderly progress. not perpetuating the fragmentation and leadership vacuum of the poor neighborhood.

It is based on widespread citizen participation, not meaningless role playing by self-styled leaders with little grassroots support.

It is based on generating indigenous leadership for positive, productive goals, not for the negative goal of demanding continuing Government action.

FINDINGS AND PURPOSE

This emphasis and philosophy is explicitly set forth in the congressional

findings and purpose, contained in sections 2 and 3 of the bill:

FINDINGS

SEC. 2. The Congress hereby finds that—

(a) despite the unsurpassed affluence of the United States, there exists today a nation within a nation composed of millions of Americans in urban slums and declining areas of the countryside who live in poverty, misery and despair. The United States cannot achieve its full potential until all its people have a full and fair opportunity to earn, own, and enjoy their share of America's growth and prosperity, and to exercise effective control over their life situations.

(b) programs and policies which tax some to support others offer no hope and no opportunity to those who have the capacity to become productive, contributing citizens. Handouts are demeaning; they do violence to a man, strip him of dignity, and breed in him a resentment toward the total system. The nation must find ways, instead, to help presently nonproductive citizens achieve the independence, self-respect, and well-being enjoyed by their more fortunate fellows.

(c) the people of poor urban communities and declining rural areas should be assisted in their efforts to achieve gainful employment and the ownership and control of the resources of their community, including businesses, housing, and financial institutions.

(d) the problems of our cities cannot be solved without dealing with the inseparably related problems of rural America. Special help should thus be offered for efforts which improve the economic conditions and standard of living of the people of declining and depressed rural areas, and which reduce their out-migration from such areas to the overcrowded and explosive urban centers.

(e) the private enterprise system and the independent sector should be offered new incentives to join with the people of a community in a partnership for individual and community improvement, especially in providing technical and managerial expertise, offering training for jobs with a future, providing investment capital, and building productive plants and facilities for sale to members of the community. Such a program should be designed to permit the people of a community to utilize a share of the profits of community-sponsored enterprises to provide needed social services, thereby reducing the burden of taxation upon the rest of society.

(f) program designed to achieve these ends should also aim to restore to the people of local communities the power to participate directly and meaningfully in the making of public policy decisions on issues which affect their day to day lives. Such programs should aim to free local communities from excessive interference and control by centralized governments in which they have little or no effective voice.

(g) order, stability, and progress can be achieved only when the people of a community actively participate in, and are responsible for, their own affairs in such areas as education, neighborhood planning, economic development, recreation and beautification, and social services and welfare.

(h) to achieve these ends, the people of a community must organize for responsible action, in such a way as to reduce fragmentation, create order and stability, make optimum use of community resources, and maximize the opportunity for creative leadership and self determination.

(i) the role of government at all levels should be to reinforce, guarantee, and support individual and mutual self-help efforts to make their maximum contribution to the strength and wealth of the nation. As that goal is approached, government incentives should be correspondingly phased out and government investment repaid, leaving the once dependent people to make their way as independent, unsubsidized participants in our national life.

PURPOSES

SEC. 3. It is therefore the purpose of this Act to provide for the establishment of community development corporations, community development banks, and other supporting programs and provisions, in order to mobilize the talents and resources of the people of this "nation within a nation" to help them play a more meaningful and rewarding role in building a better, stronger, and more confident America.

TITLE I—COMMUNITY DEVELOPMENT CORPORATIONS

This title creates the basic mechanism for the community self-determination program, the Community Development Corporation, and outlines its organization process.

PART A—NATIONAL COMMUNITY CORPORATION CERTIFICATION BOARD

This part establishes an independent agency of the Federal Government, to supervise the organization of Community Development Corporation—"CDC's". In many respects the Board will perform functions similar to those of the National Labor Relations Board in conducting union certification procedures.

The Board is composed of five members, appointed by the President with the advice and consent of the Senate for staggered 5-year terms. Board members are to be compensated at the same rate as members of the Federal Home Loan Bank Board.

The Board is empowered to perform a number of specified functions relating to the process of organizing community development corporations. These functions include: issuing provisional and final corporate charters, conducting and supervising referendums, providing counsel and technical assistance in the organization process, collecting and disseminating relevant information, developing appropriate forms for corporate charters and bylaws, and requiring annual reports of corporations so chartered. The Board also acts as a ministerial agent in releasing an initial seed-money grant to a CDC upon its final chartering, but does not administer a program in the usual sense.

A National Advisory Committee on Community Development is created to advise the Board on its policies and operations, and to exert a critical review of the Board's activities and the activities of CDC's chartered by it. The Board is required to make an annual report to the President and Congress.

PART B—COMMUNITY DEVELOPMENT CORP.

The Community Development Corp.—CDC—is a corporation organized by the people of an urban or rural community "for the purpose of expanding their economic and educational opportunities, increasing their ownership of productive capital and property, improving their health, safety, and living conditions, enhancing their personal dignity and independence, expanding their opportunities for meaningful decisionmaking, and generally securing the economic development and social well-being and stability of their community area."

The CDC is a regular stock corporation having the usual powers incident to a business corporation. The community area in which the CDC functions may range in population from 5,000 to 300,000 residents aged 16 and above, of whom 10 percent must be CDC shareholders.

Any resident of the community area may become a CDC shareholder by buying CDC stock, which is priced at $5 par value. "Sweat equity" may be accepted in lieu of cash purchase of stock. Each stockholder has one vote in the affairs of the corporation, as do class C stockholders of the Federal Banks for cooperatives.

FUNCTIONS OF THE CDC

The functions of the CDC would fall into six categories:

First. Neighborhood services and community improvement: basic education, child welfare, day care, preschool training, health, consumer education, homeownership counseling, college placement assistance, job finding, recreation, legal aid, and so forth.

Second. Owner of stock of business enterprises in the CDC area.

Third. Sponsor, owner, or manager of housing in the community.

Fourth. Advocate planning for neighborhood renewal, model cities, and so forth.

Fifth. Representation of community interests in other areas of public policy and concern.

Sixth. Encouragement of business, labor, religious and other voluntary participation in the self-help efforts of the community.

FINANCING OF THE CDC

The CDC would, once in operation, be financed by—

First. Earnings from affiliated businesses;

Second. Contracts for services, with private sector and government agencies, on a cost-plus-fixed-fee basis; and

Third. Grants from the community development fund, earmarked for charitable and educational purposes, which would not be subject to Federal tax.

In the initial stages of CDC operation, before any substantial ownership of commercial businesses is achieved, primary reliance would be on the contract mode, due to its lower capital requirements, guaranteed profitably, and generation of capital. Later, dividends from commercial businesses could become the primary source of CDC income.

DIRECTORS

The stockholders would choose nine CDC directors—plus two more for each 10,000 stockholders in excess of 25,000—for 1-year terms, or for staggered 2-year terms, as specified in the CDC charter. The charter would include provisions for insuring fair and democratic operation, such as secret balloting, adequate notice, open and regular board meetings, and proxy procedures. At the option of the community, it could also provide for a Federal structure of representation for distinct groupings within the area.

Regular open meetings of the entire CDC stockholding membership would be held at least twice a year, and a petition of 20 percent of the membership could force a special meeting.

All records of the CDC would be open

to inspection by members and the disclosures of related transactions would be required. The directors would appoint the executive officers of the CDC and the members of the business management board and the directors of the Community Development Bank. The directors would be required to make an annual report to stockholders—and also file with the NCCCB—covering the CDC activities and operations of the previous year.

BUSINESS MANAGEMENT BOARD

The function of the business management board is to provide overall management to CDC-owned businesses. It will be required to set and maintain reasonable standards to insure that they avoid both excessive retention of earnings and irresponsible distribution of required operating funds. That is, the BMB would exercise the rights of CDC as stockholder for each business, but would insulate business management decisions from immediate interference by CDC directors and stockholders. The responsibilities of the BMB, and the area in which it would have full management discretion, would be set forth in the CDC charter, as approved by the NCCCB.

The board would have nine members, appointed by the CDC directors to serve staggered 3-year terms. No more than three of the board members could simultaneously be CDC directors. The members would be bonded for faithful performance of their duties like any other persons with comparable fiduciary responsibilities.

The board, acting for the CDC, would purchase and hold the stock of community businesses, elect directors, and exercise general stockholders' prerogatives on CDC's behalf. The funds to finance the acquisition of stock would be transferred to the CDC for its use, in accordance with the CDC charter. The board could distribute income to the CDC or allocate it to reinvestment, provided that no more than 80 percent or less than 20 percent is distributed to CDC.

PART C—ORGANIZATION OF COMMUNITY DEVELOPMENT CORPS

A CDC may be organized in a geographic area, if the residents of the area so desire, so long as the area has between 5,000 and 300,000 residents 16 years of age or older and has either a rate of unemployment that is proportionately greater than the national average or a median family income that is proportionately lower, as provided in section 138.

Any five or more residents of the community area—the "incorporators"—may apply for a charter as a CDC by filing articles of incorporation and certain other documents with the National Community Corporation Certification Board—the "Board."

The act's organizational provisions are designed to guarantee to all the residents of any area in which a CDC is proposed, and to all representative groups thereof, a full and fair opportunity to participate in the process of organizing the CDC and influencing the direction that it will take once it has been finally chartered. Accordingly, the act provides that once one set of incorporators has taken the initial step toward the establishment of a CDC within a particular area a 60-day initial organization period must elapse before those incorporators may complete their application for a charter. During this initial organization period other sets of incorporators may take the initial step toward the establishment of competing CDC's within the same or any larger or smaller overlapping area and with the same or different goals. In this fashion, the act insures that all elements within an area will have equal opportunity to define the community and the objectives of the CDC that is proposed to be established.

Once the 60-day initial organization period has elapsed any such set of incorporators may complete its application for a charter as a CDC by filing its articles of incorporation, and organizational certificate that will provide essential economic data with respect to the community proposed, and pledge cards personally signed by at least 5 percent of the residents of the proposed community.

The requirement that any such set of incorporators must at this stage submit pledge cards signed by 5 percent of the residents of that community is one of several organizational provisions designed to insure that there is community support for the CDC in any area in which one is proposed and that the residents of such an area actually consider themselves to be part of a community. Manifestly, any proposed CDC that cannot meet this threshold, 5 percent requirement should be eliminated at this stage and the act so provides.

Any and all CDC's proposed to be established in the potential community so-called, which is defined by section 135 (a) as "the geographic area included within the combined perimeter" of the community proposed by the first set of incorporators and any other larger or smaller area proposed that includes any portion of the area first proposed, that satisfy the threshold 5 percent requirement and have otherwise submitted a proper application to the Board will ordinarily receive conditional charters not more than 30 days after the expiration of the initial oganization period.

In order to further guarantee that there is support for a CDC in its community, the act contains further organizational requirements that all CDC's so conditionally chartered must pass. These further requirements are designed to disclose the largest geographic area in which there is community support for a CDC and to permit the residents thereof to determine by referendum which of the CDC's proposed to be established therein shall receive a final charter. If only one CDC has qualified to receive a conditional charter, it alone will be authorized to attempt to comply with the further organizational requirements of the act. However, not infrequently conditional certificates will be issued to more than one proposed CDC in more than one overlapping community and the act must provide a method of permitting the residents of these overlapping communities to determine the boundaries of the community that will yield a CDC with the broadest popular support.

The act's further organizational requirements can be best understood by observing that they are designed simply to permit the community to define itself and to create a CDC as it sees fit. These provisions may be summarized as follows:

First. A further 45-day organizational period follows the issuance of conditional charters to one or more proposed CDC's, during which they are required to submit, first, additional pledge cards to total 10 percent of the over-16 residents of the proposed community area; and second, satisfactory proof that at least 500 residents have actually paid in $5,000, in aggregate, for stock in the CDC. The act provides that sums so paid in to any conditionally chartered CDC are to be held in escrow by a State or National bank pursuant to an arrangement that will guarantee the return of such sums to those entitled thereto if the CDC does not receive a final charter. Any conditionally chartered CDC that fails to satisfy these requirements within the time allotted is forthwith to be dissolved by the Board.

Second. While this process is underway, the CCCB assembles data and computes the development index of the area. This number, which is a measure of the economic development of the area, is the lesser of two ratios, either the ratio of national unemployment rate to the area's unemployment rate times 100, or the ratio of the Nation's median family income to the area's median family income times 100.

Thus, for example, if the unemployment rate in a proposed CDC area was 12 percent, and the national average was 6 percent, the first ratio would be 50—six-twelfths—times 100. If the Nation's median family income is $7,000, and that in the area only $4,000, the second ratio would be 57—4,000 to 7,000—times 100. The lesser of these ratios, 50, would be the development index of the area. A special bonus of five points would be subtracted from the computed development index of rural areas to provide special consideration for areas from which outmigration is contributing to urban tensions.

If the development index of a conditionally chartered CDC is greater than 90, the CCCB would dissolve the corporation, as being too close to the national norm—100—to deserve special assistance.

Third. If only one such CDC satisfies these further requirements the Board, upon the expiration of the 45-day period, orders an election in the community the CDC has proposed at which the residents, whether or not shareholders, are asked whether they approve the final certification of that CDC. If a majority of those voting so approve that CDC receives a final charter; if not it is dissolved.

Fourth. If more than one such CDC satisfies the act's further organizational provisions a series of elections must be held in order to disclose an area in which a majority of the residents approve the establishment of a CDC and to determine which of the CDC's participating in such a referendum commands the greatest community support. The act is designed so that the first such referendum is held in the potential community and subse-

quent referendums, if any, are then held in the next largest community proposed by a conditionally chartered CDC participating therein. Such referendums continue until a CDC is finally chartered or it becomes clear that community sentiment opposes the establishment of a CDC in any of the proposed communities, in which case all are dissolved.

All such referendums are required by the act to be by secret ballot, and any resident who is 16 years or older is eligible to vote. The act states that no such referendums shall be valid unless at least 10 percent of the eligible residents actually participate. Clearly, if less than 10 percent of those eligible take the trouble to vote it can safely be assumed that real community interest in the establishment of a CDC is absent.

Subsequently, particular areas within or overlapping an area already served by a CDC may organize their own CDC, although the organizational requirements for such a latecomer are somewhat more stringent. The possibility of such subsequent organization should tend to encourage business aggressiveness and responsiveness to community desires.

Upon final incorporation, the CDC receives a one-time seed-money grant equal to its paid-in capital at the time of incorporation. This both provides initial operating funds and equity capital for a community development bank, and an incentive for the broadest participation in the community.

PART D—AUTHORIZATION OF APPROPRIATIONS

This part authorizes appropriations for the expenses of the National Community Corporation Certification Board, and for the initial matching grants to newly organized CDC's.

TITLE II—COMMUNITY DEVELOPMENT BANKS

This title adds a new chapter 19 to the National Banking Act, authorizing the creation of community development banks—CDB's—to provide the financial services required by CDC's and the independent businesses in CDC areas.

ORGANIZATION

CDB's would be organized by one or more CDC's in a manner similar to that of ordinary national banks. The participating CDC's would hold all the voting stock and appoint the bank's directors. The banks could be chartered only in CDC areas with a population of 25,000 or more. They would not offer a full range of banking services, but would concentrate on business financing in the area and the provision of ordinary consumer credit to CDC stockholders.

EQUITY CAPITALIZATION

The equity capital of the CDB would be provided by the sale of the bank's stock.

Class A nonvoting stock could be sold to the Secretary of the Treasury as authorized in appropriation acts. It is contemplated that this would be done only in extraordinary cases, however. A franchise tax, payable out of net earnings, would afford a return to the Treasury on any investment of Federal funds Class A stock would not yield dividends.

Class B stock could be issued to any purchaser except the Federal Government and CDC's. It would also be nonvoting, but would be eligible for up to 6 percent noncumulative dividends. It is expected that private organizations, churches, foundations, associations, and businesses, and perhaps State and local governments, would purchase stock in this category. Class B stockholders would have an option to redeem their stock at par over a period of 5 years, after having held it for 5 years.

Class C stock could be sold only to CDC's. It would be voting stock, but would not be eligible to receive dividends. The CDB thus becomes a financial mechanism, but not a source of income, for CDC's.

DEBT CAPITALIZATION AND SECURITY

In addition to equity capital represented by stock sales, the CDB would raise further capital through the sale to the public of income bonds on a 20-to-1 ratio to paid-in capital and surplus. It is contemplated that this will be done through the U.S. Community Development Bank created by title III, which would have authority to issue consolidated CDB bonds much as the Federal intermediate credit banks issue consolidated farm credit obligations.

In addition to normal banking reserves and a guarantee fund, CDB income bonds would be further secured by CDB's option to call bond retirement funds from a special Federal Reserve guarantee fund. This fund would be capitalized from the excess earnings of the 12 Federal Reserve banks, as was the Federal Deposit Insurance Corporation in 1933. The Federal Reserve surplus would be deposited into the fund each year and invested in long-term U.S. Treasury securities.

The amount of the Federal Reserve surplus added to the fund each year would be sufficient, when carried forward at compound interest, to cover the aggregate income bond obligations of all CDB's at maturity on a 1-to-4 basis. If a CDB's financial position precluded immediate satisfaction of its obligations to bondholders when due, the CDB could call in capital from the fund, just as the World Bank can call in subscriptions from member nations to meet emergencies. This right would assure private creditors of prompt payment of obligations when due.

Assuming CDB's issue an aggregate of $2 billion in income bonds in 1969, and that the Treasury securities held by the fund bear 4-percent interest compounded quarterly over 20 years, some $236 million of the Federal Reserve System's excess earnings would suffice to produce $500 million in capital—1-to-4 coverage—in 1989. The estimated Federal Reserve excess earnings for fiscal 1969 is in excess of $2 billion, of which the amount put into the fund would be approximately one-eighth. The entire $2 billion, if similarly used, would cover aggregate CDB income bonds of about $17.7 billion.

In case the aggregate amount of CDB obligations exceeded the amount that the Federal Reserve surplus could legally cover, and assuming Congress did not appropriate additional funds to extend the coverage, priorities would be established to insure that the bonds of the CDB's located in the poorest areas would be covered before those of more affluent areas.

EARNINGS

At the end of each fiscal year each CDB would apply its earnings in excess of operating expenses during the year to—in order: First, making up any losses in excess of its reserves and bad or doubtful debts; second, restoring the amount of impairment, if any, of its capital; third, creating and maintaining a reserve account for bad and doubtful debts; fourth, paying a franchise tax to the Treasury of up to 25 percent of the net earnings then remaining, not to exceed a rate of return on Treasury holdings of class A stock equal to the average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due; fifth, paying dividends to other class A stockholders, at a rate not in excess of 6 percent; and sixth, purchasing stock in the U.S. Community Development Bank, the proceeds of which shall be used to retire any Government capital of that bank.

LOANS AND ELIGIBLE BORROWERS

The CDB may make loans and extend credit to eligible borrowers in a number of categories:

First, individual CDC stockholders—but not the general public—for normal consumer credit;

Second, small businesses in the community—partnerships, proprietorships, or corporations—which are at least 75-percent owned by resident CDC stockholders;

Third, small business concerns in the community owned less than 75 percent by CDC stockholders but whose owners have agreed to give the CDC the right of first refusal if the business is to be sold;

Fourth, subsidiaries of the CDC itself—at least 51 percent CDC owned;

Fifth, an outside corporation which has entered into a turnkey agreement with a CDC;

Sixth, a cooperative, at least 75 percent of the members of which are CDC stockholders; and

Seventh, a nonprofit, limited dividend or cooperative housing sponsor operating in the community.

LOAN TERMS AND LIMITATIONS

Business loans may be made only to eligible borrowers, and only when such borrower has demonstrated his capacity for managing the business—as evidenced by previous business performance—or has entered into a satisfactory technical assistance and/or training contract, under a turnkey arrangement or otherwise. Such loans may be made up to 90 percent of required capital, with up to 20 years for repayment. Housing sponsors in the community could obtain short-term, market-rate financing for front money, and where funds are not otherwise available for construction loans.

The CDB charter would include a statement of policy emphasizing CDB's responsibility to make capital available to promising but inexperienced borrowers, or for unorthodox business ventures, which would, if successful, yield significant benefits to the community.

The CDB would be fully authorized to make participation loans with regular commercial lenders to eligible borrowers, and its policy would be to seek to arrange such participations wherever possible.

The CDB would not be authorized to issue or deal in securities, engage in acceptable financing, sell insurance, offer credit cards, or make credit guarantees. Its main purpose is to channel capital to business; its secondary purpose is to provide normal banking services to individual depositors within the community. It is not expected that the CDB would tie up its capital in mortgage loans, except under extraordinary circumstances.

CONFORMING AMENDMENTS

Sections 202 to 206 of the bill amend various provisions of other acts to facilitate the operation of the community development banking system.

TITLE III—U.S. COMMUNITY DEVELOPMENT BANK

The purpose of this title is to create a U.S. Community Development Bank to serve as a secondary financial institution and as a source of technical, managerial, and financial expertise to CDB's, and to promote the economic development of communities and areas where no CDB has been established. In the former respect, the USCDB would stand in relation to local CDB's as a Federal intermediate credit bank stands to production credit associations, or as a Federal home loan bank stands to local savings and loan associations. In the latter respect, the bank would resemble the World Bank and International Development Association.

This title would authorize the incorporation of the USCDB, which would not be an instrumentality of the U.S. Government. The President of the United States would appoint the incorporators and first board of directors. Six directors would always be Presidential appointees; the remaining 12, initially Presidential appointees, would later be elected by CDB's holding stock in the bank. A community advisory committee, composed of from 15 to 21 persons from CDC and similar areas served by the bank, is created.

CAPITALIZATION

Class A stock of the USCDB would be purchased by the Secretary of the Treasury. It would be nonvoting stock and would not be eligible for dividends. Of the $2 billion of class A stock the Secretary is authorized to purchase, $1.5 billion would be specifically authorized by appropriation acts. The remaining $500 million could be purchased by the Secretary out of public debt proceeds only upon call of the bank to meet an emergency situation. This $500 million call feature, analogous to similar provisions in the Federal Home Loan Bank statute and the World Bank charter, provides the security to creditors.

Class B stock in amounts up to $2 billion may be bought and held by any person or organization other than the Federal Government. Dividends of not to exceed 6 percent can be paid on this stock, which shall have voting rights. At the end of each fiscal year, each CDB would be required to buy class B stock in the USCDB in an amount equal to its entire net earnings after meeting other requirements of title II. Whenever a CDB purchases such Bank stock, the Bank is directed to redeem an equal amount of class A stock held by the Secretary of the Treasury, at the Secretary's request. From the funds so received, the Secretary is directed to retire an equal amount of public debt.

BONDS AND INDEBTEDNESS

The Bank is authorized to issue and/or guarantee bonds, debentures, and other certificates of debt, up to an amount equal to five times its paid-in capital and surplus. In addition, it is authorized to issue consolidated bonds backed by CDB bonds, up to an amount equal to 10 times its paid-in capital and surplus. In addition, it is authorized to issue consolidated bonds backed by CDB bonds, up to an amount equal to 10 times its paid-in capital and surplus; this authority is intended to relieve local CDB's of the problems associated with entering the securities market.

FUNCTIONS

The USCDB is authorized to—

First, serve as a secondary banking institution for CDB's through discounts, notes, loans, advances, and so forth;

Second, make, participate in, or guarantee loans for business and commercial facilities, or public development facilities, in low-income areas designated as "investment areas" by the Secretary of Labor;

Third, provide interim financing for construction of such facilities;

Fourth, plan, initiate, own, and manage such facilities until a suitable buyer can assume ownership;

Fifth, provide management training and technical and other supportive assistance to CDB's and other borrowers; and

Sixth, create investment opportunities by bringing together facilities, capital, and management.

The USCDB may establish branch offices to facilitate its activities.

EARNINGS

The net earnings of the USCDB shall be applied as follows:

First, to restoring any impairment of capital;

Second, to creating and maintaining a surplus account;

Third, to paying a franchise tax computed with reference to the amount of class A stock outstanding;

Fourth, to establish contingency reserves;

Fifth, to declare dividends on class B stock, up to 6 percent; and

Sixth, to retire class A stock held by the Treasury.

This retirement feature, built into the Federal farm credit system as early as 1916, assures that eventually all Government stock will be retired and the banks will be wholly owned by CDB's and other private stockholders.

MISCELLANEOUS

A number of operating principles are set forth, along with certain limitations on financing. An annual audit and report by the General Accounting Office is required, as is an annual report to Congress and the President. Technical amendments permit the participation of national banks as CDB stockholders.

TITLE IV.—TAX AMENDMENTS

PART A—COMMUNITY DEVELOPMENT CORPORATIONS

Community development corporations, as business corporations, are subject to the provisions of the Internal Revenue Code. Since the purpose of the act is to permit the use of business profits for social service programs under the control of the people of the community, instead of routing the tax revenues to Washington and then back in the form of grants, three special amendments are added to the code. These amendments liberalize the tax treatment of CDC's until such time as the CDC area achieves a development index equal to the national average and maintains it over a period of 5 years.

First. Under present law a corporation pays a basic 22-percent income tax rate on all its taxable income. In addition, the code imposes a surtax of 26 percent on taxable income in excess of $25,000. The $25,000 amount is known as the surtax exemption. A group of corporations, all of which are owned by a parent corporation—in this case, the CDC—have a choice in filing their returns: They can either file a consolidated return and use only one $25,000 surtax exemption for the group; or they can claim the exemption for each member corporation and pay a basic income tax rate of 28 percent, 6 percent over the normal rate. This bill would amend section 1563 of the code to permit a group of CDC subsidiary corporations to retain all the individual surtax exemptions without paying the additional 6-percent tax.

Second. To effect the purposes of the act, the tax rates and surtax exemptions for CDC subsidiaries are liberalized, depending on the development index of the CDC area—see title I, part C. This tax treatment is available only to corporations wholly owned by a CDC or by an employee trust; hence no benefits from the tax treatment flow into individual pockets. In the case of an area at the national norm for unemployment and family income, no tax advantages would accrue. At the other extreme, CDC subsidiaries in a desperately poor CDC area would be eligible for a basic tax rate of 0 percent on the first $50,000 of taxable income, 6 percent on the second $50,000, 12 percent on the next $50,000, and 22 percent—the basic rate—on amounts in excess of $150,000. In addition, CDC subsidiaries in the desperately poor area could claim a surtax exemption of up to $200,000. Less-poor areas would get reduced benefits in accordance with their development level. The surtax would remain at 26 percent for all corporations.

Third. Ordinarily, subsidiary corporations can pass dividends to their parent corporation, which can then deduct 85 percent of such dividends from its own gross income. An amendment to section 243 of the code permits the CDC to deduct a full 100 percent of its dividend income from subsidiaries.

PART B—TURNKEY TAX PROVISIONS

The purpose of these amendments is to encourage major businesses to estab-

lish profitable plants or facilities in CDC areas, to train community residents to manage and work in them, and eventually to divest them entirely to CDC ownership and management.

The outside company and the CDC would enter into a turnkey contract, specifying the obligations of both parties, and setting forth such items as a description of the productive facility, the training of CDC personnel to manage the business, the timetable for sale, and so forth. To make a turnkey contract attractive to an outside corporation, six amendments are made to the Internal Revenue Code.

First. The turnkey contractor can elect rapid amortization of the turnkey facilities, depending on the development index of the CDC area involved. This provision parallels the rapid tax amortization program for defense investment during and after the Korean war, and the similar provisions for amortization of grain storage facilities, reenacted by Congress in 1953. In desperately poor areas, turnkey facilities could be amortized in as little as 36 months.

Second. Ordinarily, when a corporation claims an investment tax credit toward the cost of machinery and equipment, and then sells the machinery or equipment, the corporation is subject to a tax credit recapture provision. A turnkey contractor, however, could sell the turnkey facility to a CDC and not be subject to recapture of the investment credit.

Third. The turnkey contractor could claim an additional tax credit of 10 percent of the wages and salaries of CDC stockholders employed in the turnkey facility. This credit, patterned after the Human Investment Act now before Congress, would extend to investment in employees the same tax advantage given to investment in machinery. The higher rate of the credit—10 percent versus 7 percent—is due to the impermanance of the investment in human skills as compared to that in tangible property owned by the company.

Fourth. Upon selling the turnkey facility to a CDC, the turnkey contractor would normally incur a capital gain subject to tax. Under the bill, if the proceeds of the sale are reinvested in another turnkey operation or in class B stock of a CDB, the capital gains are not recognized for tax purposes. This provision, designed to encourage continuous investment in turnkey projects, is analogous to transfer of basis upon selling an old home and buying a new one.

Fifth. When a turnkey contractor has elected rapid amortization of depreciable property, and then sells the property to the CDC, he would ordinarily be subject to a tax recapture of the benefits of the rapid amortization. The bill provides that when a turnkey sale results in nonrecognition of capital gain, by virtue of reinvestment in another turnkey project, then the recapture of depreciation is limited to the recognized gain only.

Sixth. To encourage the turnkey contractor to continue to assist the management of the turnkey facility even after its divestiture of CDC ownership, the bill provides for a sustained profitability tax credit, equal to 15 percent of the profits generated from the operation of the turnkey facility for 5 years after sale to the CDC.

PART C—MISCELLANEOUS TAX PROVISIONS

An additional tax feature of the bill includes three changes to facilitate the financing of CDC subsidiaries by employee benefit trusts. One would make it clear that an employee trust may borrow funds to purchase the stock of a CDC subsidiary without jeopardizing the trust's "exclusive benefit" status or conflicting with present tax regulations. A second would permit such a trust to distribute income currently to its employees, as an immediate profit-sharing incentive. A third change would protect the tax deductible status of CDC subsidiary contributions to employee trust, notwithstanding the fact that the contributions are used to repay a bank loan.

Finally, reporting requirements are included to facilitate Treasury analysis of the actual costs in foregone revenue of the turnkey and the CDC programs. The purpose of this is to ensure the availability of subsequent cost-benefit studies as needed for congressional review.

TITLE V—MISCELLANEOUS AMENDMENTS

PART A—SMALL BUSINESS

This part makes two minor amendments to the small business title of the Economic Opportunity Act, and adds an important new section to provide technical and management assistance and training to CDC and turnkey facility personnel.

Section 501 amends the purpose clause of title IV of the Economic Opportunity Act to include CDC's among the business concerns to be strengthened and aided by the act.

Section 502 provides for the coordination of loan applications by business borrowers located in CDB areas. It adds a proviso to subsection 402(a) of the Economic Opportunity Act which prohibits economic opportunity loans to borrowers in CDB areas until their loan applications have been turned down by the CDB. The purpose of this amendment is to require business borrowers to work through the local CDB wherever possible.

Section 503 adds an important new section to the Economic Opportunity Act. It authorizes the Small Business Administrator to make grants of up to 90 percent of the costs of technical and management assistance and training programs contracted for by CDC's or their subsidiaries. The grants may be made for, among other things: First, the identification and development or new business opportunities, joint ventures, and turnkey agreements; second, market surveys and feasibility studies; third, organizational planning and research, including analysis of capital structure and requirements, costs and taxes, labor force availability, site evaluation, local government relations, and available governmental assistance; fourth, plant or facility design, layout, and operation; fifth, marketing and promotional assistance; sixth, business counseling, management training, and legal and other related services, with special emphasis on management training using the resources of private business, and of sufficient scope and duration to develop management expertise within the corporation; and seventh, encouragement of subcontracting to CDC's by established businesses, and cooperative efforts to train and upgrade CDC personnel.

Using the proceeds of the grant, the CDC would enter into a contract with a firm, company, organization, educational institution, or governmental agency of its choice to obtain the specified assistance and training. The Small Business Administration could itself provide the assistance on a reimbursable basis, using its own personnel, if the CDC so decided. Provision is made for careful evaluation of the management or technical assistance provided by the contracting firm or agency. The President is authorized to transfer the program to the Department of Commerce if he sees fit, as with title IV of the Economic Opportunity Act.

PART B—OTHER PROVISIONS

Section 511 requires the Secretary of Labor to collect and compile statistics on subemployment in the Nation, with the goal of eventually using this more sophisticated concept in the computation of the development index used in this act.

Section 512 amends section 701 of the Housing Act of 1954 to permit State planning agencies to provide assistance to CDC's in urban area planning, using 75 percent Federal matching funds.

Section 513 amends section 312 of the Housing Act of 1964 to permit the Secretary of Housing and Urban Development to make home and business rehabilitation loans in CDC areas, as well as in urban renewal areas and concentrated code enforcement areas, retaining the present provision that funds must be unavailable on reasonable terms from local sources.

Section 514 amends the Economic Opportunity Act of 1964 to permit the designation of CDC's as community action agencies, but prohibits community action grants to CDC's which have elected to be treated as normal business corporations, distributing dividends to stockholders.

Mr. President, I introduce my bill and ask for its appropriate reference.

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

The bill (S. 3876) to establish a community self-determination program to aid the people of urban and rural communities in securing gainful employment, achieving the ownership and control of the resources of their community, expanding opportunity, stability, and self-determination, and making their maximum contribution to the strength and well-being of the Nation, introduced by Mr. PERCY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

Mr. JAVITS. Mr. President, will the Senator from Wisconsin yield?

Mr. NELSON. I yield 2 minutes to the Senator from New York.

The PRESIDENT pro tempore. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. Mr. President, I send to the desk as an amendment to the bill

just introduced by the Senator from Illinois, a provision for a U.S. Community Development Bank.

This is the central financing element in the bill, and would establish an institution in the nature of a world bank for business and economic development in the slum and ghetto areas of the country.

I ask unanimous consent that when the bill introduced by the Senator from Illinois [Mr. PERCY] is printed, this amendment be included as a part of it.

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

Mr. JAVITS. Mr. President, one word of observation. This is a bipartisan effort which is most auspicious. It represents what has been called a Marshall plan for the cities. It will be the main thrust, once we get over the emergency period we are in right now, which can put the slums and ghettos of our cities on a program of self-help, Government aid, business aid, and various inducements and techniques which are here involved.

This is a splendid model of bipartisan cooperation and I hope all the presidential candidates will approve it. I believe there is an excellent chance they will and that we can go forward and put it into effect.

I join my colleagues in paying tribute to the CORE organization led by Roy Innis and Jim Farmer, and others, who have been instrumental in bringing about this really important and landmark bill with relation to the crisis in the cities. I think it is particularly significant that an important civil rights organization—CORE—should have played such a major role in shaping and drafting legislation. Their action represents a conviction that major change and progress can still be achieved in this country through the political and legislative process. I believe they are right and I shall do my utmost to prove them right, and I hope other groups in the black community will follow CORE's lead in joining the legislative effort to do something about the crisis in our cities.

My own role in this legislation has been centered on the development of the national banking institution which has been included to support the local banks and development corporations, and I want to concentrate my remarks on that aspect. Back in 1965, I first offered a proposal for an Economic Opportunity Corporation—modeled on Comsat—which would draw private money and effort into anti-poverty programs. Then, for more than 18 months, that idea was studied and refined with private business and banking people and with Government agencies, and in October of last year I and 18 other Republican Senators introduced the Domestic Development Bank Act as an outgrowth of the earlier legislation. Our bill proposed to establish a domestic version of the World Bank and to provide financing for business and commercial ventures owned by poverty area residents or located in or near poverty areas and committed to providing employment opportunities for the hard-core unemployed. The plan was founded upon extensive research which showed that the provision of long-term, low-cost financing could be the key ingredient to launching the economic development of our central cities by slum residents themselves.

That bill was presented to my Republican colleagues in the House at a meeting with a number of high level bankers and commercial developers and we then began an effort to redraft it slightly to prepare it for House introduction. The young Congressman from Wisconsin, Mr. WILLIAM STEIGER, has taken a leadership role in working on this idea in the House, and I am grateful to him for his efforts and have been much impressed by his hard work and quick understanding on this matter. When the CORE proposal was being developed, it became apparent that a national financing vehicle would be necessary for that plan, so the United States Community Development Bank was developed, patterned closely on the Domestic Development Bank, to fill that need.

The function of the national bank in this bill would be to market and support the securities of the local banks and to provide financial and technical assistance to those banks and to the local development corporations. Since many communities throughout the country will not wish to organize local development corporations or banks, the national bank would provide assistance directly to commercial and business establishments in those areas, as set forth in the original domestic bank scheme.

I set forth this background not to try to attach any partisan stamp to the national bank idea. Rather, quite the opposite. This is now an idea which has been supported by both parties and by virtually all presidential candidates. Former Vice President Nixon has endorsed the domestic bank proposal. Governor Rockefeller has established an Urban Development Corp. in New York State and has suggested that that idea be duplicated on a national scale. Vice President HUMPHREY has called for an urban development bank modeled after the World Bank and has made that a central idea in his program for the cities. Indeed, I have learned that the Vice President raised the idea several years ago in a book he wrote.

So my hope is this. This is an idea whose time has now arrived. A national bank plan has been endorsed by numerous members of both political parties and by most of the presidential candidates. Accordingly, let us take this idea out of partisan politics and out of presidential politics and move forward on congressional hearings and action. I issue that call to the administration and to all Members of the House and Senate—let us join in a broad, bipartisan effort to create a national development bank to bring jobs and business opportunities for the poor of this country. This is one new proposal that need not await the outcome of the conventions and the election.

Mr. HARRIS. Mr. President, I am pleased to join in support of the bill and am pleased, of course, to be one of its cosponsors.

Mr. President, I ask unanimous consent to have printed in the RECORD the statement I made this morning on the occasion of the joint announcement of the introduction of the Community Self-Determination Act.

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

STATEMENT BY SENATOR FRED R. HARRIS AT THE INTRODUCTION OF THE COMMUNITY SELF-DETERMINATION ACT, JULY 24, 1968

I am pleased to lend my support to the introduction of a remarkable and tremendously promising new approach to the relief of poverty and unemployment in America. If that were this bill's only objective, however, we would have little new to talk about, since schemes to relieve poverty have been pretty common. But this bill offers, in addition, a partial solution to the problem of personal and community powerlessness, in both an economic and a political sense, which many deprived people and rejected minorities everywhere in America feel. Moreover, the bill is addressed not only to the economy of ghettos, but to that of rural areas, with which I have personally been especially concerned also. Most important of all, as this joint appearance and the introduction of the bill in the House confirm, this measure has the necessary bipartisan support—ranging across the entire spectrum of ideological views in the Congress—the absence of which has generally blocked new proposals in social and economic legislation in the past.

Although I did not have a hand in preparing this bill, I am pleased that it embodies several features of other bipartisan approaches I have supported to quite similar problems. The Rural Job Development Act, which was jointly introduced last year by Senator Pearson of Kansas and myself and which is now pending before the Finance Committee, provides tax incentives to private businesses to locate and expand their facilities in sparsely populated rural areas with high rates of unemployment and underemployment, and offers other tax inducements to those businesses to recruit, train and employ workers from poor families. The Community Self-Determination Act goes one important step beyond this measure in providing that enterprises developed by private industry will be sold to local cooperative business associations, controlled by and for the benefit of residents of the communities in which the facilities are located.

I would also like to point out that this measure very closely resembles two of the late Senator Robert Kennedy's tremendously innovative bills, which I supported and which would have offered tax incentives to private businesses to construct housing and expand employment in ghettos. The Bedford-Stuyvesant experiment in community control and management of local self-help progress and enterprises which Senator Kennedy personally initiated and continued to follow with deep interest is also, I believe, an important precedent for this bill, and perhaps a demonstration of the likely success of some of the bill's objectives.

As a member of the President's National Advisory Commission on Civil Disorders, I feel very deeply that the combination of three forces—racism, poverty, and powerlessness—in American society, has brought us to a most serious domestic crisis. What we must do in this country, first, is to eradicate every vestige of the discrimination and racial exclusion which have burdened us for so long; second, ensure a job for every person who is willing and able to work and a decent income for those who cannot work; and, third, allow a larger measure of decisionmaking power in our society to black people, the poor, and the young. I believe very strongly that the Community Self-Determination Act will go a long way toward meeting all three of these objectives.

Mr. TOWER. Mr. President, I am pleased to be included among the spon-

sors of this bill, the Community Development Corporation Act of 1968, for its provisions reflect an awareness of the missing link in a long chain of legislative efforts to remedy the pressing problems facing our cities and rural communities today.

This link is an awareness of the human factor—the individual and his desire to do for himself and his community if but given the opportunity.

The chance to participate, to be involved, to contribute and to be a part of the action is the promise of this bill.

This is a promise that has been beyond the reach of all too many of our citizens in the past, particularly those of limited financial means.

The delusion of a promise made but undeliverable has been the main characteristic of those proposals that would induce the individual to believe that his government should be his keeper.

This worn out philosophy has time and time again resulted in the subordination of initiative to total reliance.

The promise of this bill is that it offers an alternative and not a repetition of the past.

It would provide the mechanism for community betterment through community action and individual involvement. It would encourage an infusion of private capital into our country's rundown neighborhoods.

Our lower income citizens would be given the opportunity to benefit from their own efforts and ingenuity. They could at long last have a tangible part to play in the free enterprise process and provide for their own security.

They could become the owners, the managers, and the business entrepreneurs of their communities. And, the Federal Government would lend its backing to these local ventures in free enterprise, rather than itself competing with free enterprise.

S. 3878—INTRODUCTION OF BILL AMENDING THE RAILROAD RETIREMENT ACT

Mr. HARTKE. Mr. President, I am introducing a bill today to amend the Railroad Retirement Act in order to eliminate an inequity which presently afflicts both owners and workers in a very small segment of the railroad industry. I refer to the small railroads which are owned and operated by other corporations, such as steel companies and others.

The problem arises from the fact that in 1966, in contract talks between the industry organization—the National Railway Labor Conference—and the operating railroad brotherhoods, among the agreements arrived at was the establishment of a supplemental annuity program. The unions had for some years pressed for this, on the ground that most employees in other major industries—steel and autos are examples—provide supplemental pensions in addition to social security. In order to carry out their mutual agreement it was necessary to amend the Railroad Retirement Act. This was done by establishment of a new account in the Treasury, the Railroad Retirement Supplemental Account, financed by management contributions of 2 cents per man-hour. This is embodied in Public Law 89–699, which provides for this arrangement to continue for 5 years, when the matter will be opened again in labor-management negotiations.

The law as adopted applies to all railroad workers who are under the Railroad Retirement Act, which includes those on the small company-owned lines. Consequently these employers as well as major railroads have been paying the 2 cents per man-hour. But—and this is the point at which the inequity lies which this bill aims to correct—there is no additional benefit available to the workers because of these payments. The reason is that under the Railroad Retirement Act the new supplemental pensions must be reduced by an amount equal to any other supplemental pension benefit paid for by the employer.

In most of the cases of corporation-owned railroads, although the workers on them are Brotherhood members, rather than Steelworkers or Auto Workers or some other, they are covered by the supplemental plans affecting the entire bargaining unit. This is true because when the Steelworkers, for instance, obtain an improved supplementary pension, it applies to all employees including rail workers. With these supplementary annuity provisions larger than these provided by the Railroad Retirement Supplementary Account, the companies are putting in their 2 cents per hour for their railroad workers, who gain no benefit from these contributions.

This amendment allows an exemption where employees are covered by another supplemental pension plan, if the company applies for their exclusion within 90 days of passage. But this must be "with the concurrence of the labor organization concerned." This provision is highly pertinent, since the 1966 legislation was determined upon and mutually agreed to by both the rail labor unions and the rail management organization. It is my understanding that the union organizations see no detrimental results from this proposed change, although they have not taken a public stand.

Mr. President, it is my hope that consideration may be given to this bill promptly, in order to eliminate the present problem.

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

The bill (S. 3878) to amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act so as to provide certain exemptions from provisions of such acts relating to supplemental annuities, introduced by Mr. HARTKE, was received, read twice by its title, and referred to the Committee on Finance.

ADDITIONAL COSPONSORS OF BILLS

Mr. BROOKE. Mr. President, I ask unanimous consent that, at its next printing, the names of the Senator from New Jersey [Mr. CASE] and the junior Senator from Rhode Island [Mr. PELL] be added as a cosponsor of the bill (S. 3727) to establish a Commission on Air Traffic Control.

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

Mr. BYRD of West Virginia. Mr. President, on behalf of the Senator from Connecticut [Mr. DODD], I ask unanimous consent that, at its next printing, the name of the Senator from Pennsylvania [Mr. CLARK] be added as a cosponsor of the resolution (S. Res. 374) relative to Captive Nations Week.

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

Mr. MUSKIE. Mr. President, I ask unanimous consent that, at its next printing, the name of the Senator from Idaho [Mr. JORDAN] and the Senator from Vermont [Mr. PROUTY], be added as cosponsor of the bill (S. 698) to enact the Intergovernmental Cooperation Act of 1967.

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

AMENDMENT OF INVESTMENT COMPANY ACT OF 1940 AND THE INVESTMENT ADVISERS ACT OF 1940—AMENDMENT

AMENDMENT NO. 899

Mr. BENNETT submitted an amendment, intended to be proposed by him, to the bill (S. 3724) 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, which was ordered to lie on the table and to be printed.

(See reference to the above amendment when submitted by Mr. BENNETT, which appears under a separate heading.)

AMENDMENT OF TITLE 39, UNITED STATES CODE, RELATING TO DISCIPLINARY ACTION AGAINST EMPLOYEES IN THE POSTAL FIELD SERVICE—AMENDMENT

AMENDMENT NO. 900

Mr. WILLIAMS of Delaware. Mr. President, I send to the desk an amendment to H.R. 15387, and I ask that it be printed and lie on the table; and I ask unanimous consent to have printed in the RECORD an explanation of the amendment.

The PRESIDENT pro tempore. The amendment will be received and printed, and will lie on the table; and, without objection, the explanation will be printed in the RECORD.

The explanation, presented by Mr. WILLIAMS of Delaware, is as follows:

EXPLANATION OF AMENDMENT

The amendment changes the law relating to postmaster appointments so as to provide that in the future postmasters at post offices of the first, second, and third class will be appointed by the Postmaster General in the competitive service in accordance with civil service rules and regulations. Under existing law, appointments to these offices are made by the President by and with the advice and consent of the Senate.

The amendment also provides that in the appointment of postmasters of all classes, as well as in the appointment of acting postmasters and rural carriers, recommendations of Members of Congress or officials of politi-

cal parties may not be considered. The Postmaster General would be prohibited from seeking or accepting from Members of Congress or political officials, and Members of Congress and political officials would be prohibited from making, any recommendation or statement concerning an applicant for such a position. An applicant soliciting such a recommendation knowing of the prohibition would be disqualified for appointment.

Changes made by the amendment are made inapplicable to persons holding office on its effective date.

Except for the effective date, which is fixed as January 1, 1969, the provisions of the amendment are identical to provisions contained in the Legislative Reorganization bill (S. 355, Ninetieth Congress) as passed by the Senate in March, 1967.

EXTENSION AND AMENDMENT ON THE RENEGOTIATION ACT OF 1951—AMENDMENT

AMENDMENT NO. 901

Mr. McGOVERN (for himself, Mr. CHURCH, and Mr. NELSON) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 17324) to extend and amend the Renegotiation Act of 1951, which was ordered to lie on the table and to be printed.

ENROLLED BILLS SIGNED

The PRESIDENT pro tempore announced that on today, July 24, 1968, the Vice President signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 510. An act providing for full disclosure of corporate equity ownership of securities under the Securities Exchange Act of 1934;

S. 2445. An act to amend part I of the Federal Power Act to clarify the manner in which the licensing authority of the Commission and the right of the United States to take over a projector project upon or after the expiration of any license shall be exercised;

H.R. 272. An act to extend the period during which amounts transferred from the employment security administration account in the unemployment trust fund to State accounts may be used by the States for payment of expenses of administration;

H.R. 5815. An act for the relief of Lt. Comdr. William W. Gentry;

H.R. 10923. An act to authorize the Secretary of the Interior to convey the Argos National Fish Hatchery in Indiana to the Izaak Walton League;

H.R. 14330. An act to provide a comprehensive program for the control of drunkenness and the prevention and treatment of alcoholism in the District of Columbia, and for other purposes; and

H.R. 18340. An act to amend section 212 (B) of the Merchant Marine Act, 1936, as amended.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 24, 1968, he presented to the President of the United States the following enrolled bills:

S. 6. An act to authorize the Secretary of the Interior to construct, operate, and maintain the initial stage of the Oahe unit, James division, Missouri River Basin project, South Dakota, and for other purposes;

S. 510. An act providing for full disclosure of corporate equity ownership of securities under the Securities Exchange Act of 1934;

S. 1532. An act to require that contracts for construction, alteration, or repair of any public building or public works of the District of Columbia be accompanied by a performance bond protecting the District of Columbia and by an additional bond for the protection of persons furnishing material and labor, and for other purposes;

S. 2445. An act to amend part I of the Federal Power Act to clarify the manner in which the licensing authority of the Commission and the right of the United States to take over a project or projects upon or after the expiration of any license shall be exercised; and

S. 3456. An act to provide that the prosecution of the offenses of disorderly conduct and lewd, indecent, or obscene acts shall be conducted in the name of and for the benefit of the District of Columbia.

NOTICE OF RECEIPT OF NOMINATION BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. SPARKMAN. Mr. President, as acting chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the following nomination:

Barbara M. Watson, of New York, to be Administrator, Bureau of Security and Consular Affairs, Department of State.

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

THE TOLL IN VIETNAM

Mr. BYRD of Virginia. Mr. President, for several weeks I have asked well-informed individuals, including some in Congress and in the Defense Department, a question all answered in the negative.

So today I ask the Senate: Do you realize that 38 percent of all U.S. casualties in Vietnam occurred during the past 6 months?

I am concerned that the Paris peace talks are lulling the American people into a false sense of security insofar as our Vietnam troops are concerned.

The United States has been involved in Vietnam one way or another for 7 years. We have been heavily involved militarily for more than 3 years.

During the entire period, going back to January 1, 1961, the United States has suffered 189,149 casualties.

The breakdown is as follows:

January 1, 1961 through July 13, 1968:	
Deaths	25,940
Wounded	162,031
Current missing	867
Captured or interred	291
Total	189,149

For 1968 alone, the figures are as follows:

January 1, 1968 through July 13, 1968:	
Deaths	9,918
Wounded	62,469
Total	72,185

Three little-known facts emphasize that conditions in Vietnam are getting worse instead of better.

Fact No. 1: For the 2-year period 1966 and 1967, U.S. casualties averaged 1,000 per week; during 1968, U.S. casualties have averaged 2,600 a week.

Fact No. 2: Of the total casualties for the entire war 38 percent—72,185—have occurred during the past six and a half months.

Fact No. 3: Of the total deaths from hostile action which the United States has suffered in Vietnam more than one-third, 38 percent—9,918—have occurred during this year of 1968. And this year is only a little more than one-half over.

So I say Mr. President, that so far as American troops are concerned, the conditions in Vietnam are getting worse instead of better.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). Without objection, it is so ordered.

THE MANDATORY OIL IMPORT PROGRAM

Mr. BYRD of West Virginia. Mr. President, the Secretary of the Interior has seen fit to propose a change in the mandatory oil import program which would encourage the increased import of foreign oil. If he has his way, the present limitation on imports of foreign crude oil to 12.2 percent of domestic crude production would be pierced by up to 300,000 barrels daily within several years according to Interior's own estimates. That is 30 percent of the foreign crude oil that came into the eastern part of the Nation last year. This additional influx of foreign oil would come about through the granting of a bonus in the form of permission to import more crude oil—above any present allocation—to refiners who manufacture low-sulfur residual fuel oil for consumption along the eastern seacoast. Should the low-sulfur residual fuel oil have its origin in the Western Hemisphere, the refiner would be granted an additional one-half barrel of crude oil imports for each barrel of low-sulfur residual fuel oil he manufactured. If, on the other hand, the low-sulfur residual fuel oil had its origin in the Eastern Hemisphere, the bonus would be only one-fourth barrel of additional crude oil for each barrel of low-sulfur residual oil manufactured.

On July 8, I wrote Secretary Udall voicing my concern that, if such an artificial incentive be adopted to increase the availability of low-sulfur residual oil, the drive to develop methods of removing sulfur oxides from flue gases would suffer a drastic setback. Thus, if sulfur oxides are eventually proved to be injurious to health, the nationwide effort to do something about air pollution would have been seriously impaired. I told Secretary

Udall that I thought the situation was critical enough to call for a full scale public hearing on his proposal to change the oil import program. He has not yet announced such a hearing, but he did postpone until August 5 the time for interested parties to comment on the change he proposes.

Today, I have written the Secretary of State to ask his advice as to whether the Secretary of the Interior's proposal does not violate the General Agreement on Tariffs and Trade. Under GATT it would appear that restrictions on imports can be applied by the signators only on a nondiscriminatory basis unless such discriminatory measures are taken in the interest of national security. When he announced his proposal, the Secretary of the Interior did not claim, as he has in the past when proposing to change the oil import program, that he was doing so in the interest of national security. Instead, he said:

> The purpose of the proposal is to permit fuel oil users on the East Coast to meet Federal, State and local air pollution regulations . . . ."

By favoring Western Hemisphere over Eastern Hemisphere sources of the low-sulfur residual fuel oil, when the national security is not at stake, through the offering of different incentives to manufacture that fuel oil, it would seem that we are discriminating against some of the nations that are signatories to GATT. Thus, we have another reason for opposing the proposal under discussion—it is illegal.

To complete my statement, I ask unanimous consent to have printed in the RECORD at this point my letter of July 8 to the Secretary of the Interior and my letter of today to the Secretary of State.

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

JULY 8, 1968.

Hon. STEWART UDALL,
Secretary, Department of Interior,
Washington, D.C.

DEAR MR. SECRETARY: As you know from previous correspondence, I am greatly concerned with the potential impact of your proposal to encourage a greater availability of low-sulfur residual fuel oil for much of the nation by granting bonus import quotas for crude oil outside the present voluntary limitation of 12.2 per cent of domestic crude production.

In addition to those concerns, I have serious misgivings that should any artificial incentive (an incentive other than the competition of the market place) be adopted to increase the availability of low sulfur residual fuel oil, the drive to develop methods of removing sulfur oxides from flue gases would suffer a drastic setback. Thus, if sulfur oxides are eventually proved to be injurious to health, the nationwide effort to do something about air pollution would have been seriously impaired.

Should the proposed incentive work, and low sulfur residual fuel oil is made available in sufficient quantities to meet the demand, albeit at a higher price, along the eastern seaboard, there would be a lessening of the incentive to develop the practical methods of removing sulfur oxides from the products of combustion of fossil fuels—as well as the fostering of a potentially dangerous dependence upon foreign sources for an important part of our energy base. Without the strong support of consumers of large amounts of high-sulfur fuels on the east coast, the burden of shouldering an additional share of the cost of developing these processes would be shifted to fewer shoulders—namely coal-consuming utilities in the interior of the nation which cannot benefit from any increased availability of low-sulfur residual fuel oil. Any increase in the prorated costs of these research and development efforts would surely delay the day that a universal solution is found to the sulfur oxides problem.

It seems to me that the more logical approach—the one that would be most beneficial for the whole nation—is to concentrate the efforts of the Federal Government on an accelerated program to speed the development of practical methods of removing sulfur oxides from the products of combustion. In this way the whole problem would be solved, not just a part of it.

I know that you have heard from several others on the need for additional time to comment on the changes you have proposed in the Oil Import Program. I believe that the situation is critical enough to call for a full scale hearing by the Department of Interior on the proposal to change the program to provide an incentive to make more low-sulfur residual fuel oil available. In fact, I believe the proposal should be abandoned, and am convinced that public hearings will bear this out.

I look forward to an early reply.

Sincerely yours,

ROBERT C. BYRD,
U.S. Senator.

JULY 24, 1968.

Hon. DEAN RUSK,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: As you are no doubt aware, the Department of the Interior has proposed changes in the Mandatory Oil Import Program which would encourage the manufacture of low-sulphur residual fuel oil for consumption on the East coast by granting bonus import quotas outside the present limitation of 12.2 percent of domestic crude production. Should the low-sulphur residual oil have its source in the Western Hemisphere, the bonus would be one-half barrel of additional crude oil imports for each barrel of low-sulphur residual oil manufactured. Should, on the other hand, the low-sulphur residual oil originate in the Eastern Hemisphere, the bonus would be only one-fourth barrel of additional crude for each barrel of low-sulphur residual oil manufactured.

I have previously expressed directly to the Secretary of the Interior my concern with the impact of these proposals on the nationwide effort to find practical methods of removing sulphur oxides from the products of combustion, as well as the potentially dangerous dependence upon foreign sources for our energy demands that would be fostered by such regulations. In addition to these concerns, I have serious doubts as to whether the proposed preference treatment to be given for the manufacture of low-sulphur residual oil from Western Hemisphere crude oil is authorized by our international commitments.

If my understanding is correct, the proposal advanced by Interior might violate the General Agreement on Tariffs and Trade. Under GATT it would appear that restrictions on imports can be applied by the signatories only on a non-discriminatory basis unless such discriminatory measures are taken in the interest of "national security."

Although the solution of air pollution problems is a domestic effort to which we are all committed, the Department of the Interior proposal, besides hindering rather than helping this effort, does not in any way indicate a national defense or security justification for the creation of preferences based on point of origin.

I believe that the situation is critical, and have therefore called upon the Department of the Interior to schedule a full-scale hearing on the proposal. While not yet responding to this request, it has recognized the need for additional time and has extended the time to comment until August 5.

Since, as I have outlined, the ramifications of the proposals touch upon international relationships for which the Department of State has responsibility, I solicit your comments on the point I have raised.

I look forward to an early reply.

Sincerely yours,

ROBERT C. BYRD,
U.S. Senator.

Mr. BYRD of West Virginia. Mr. President, in conclusion, I would hope that my distinguished colleagues will also urge the Secretary of the Interior to hold a public hearing on his far-reaching proposal.

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

Mr. BYRD of West Virginia. I yield.

Mr. RANDOLPH. Mr. President, I wish to commend my able colleague, the Senator from West Virginia [Mr. BYRD], for the discussion of this subject and the inclusion in the RECORD of correspondence that bears on a matter of vital importance. It is especially of concern to West Virginia because of the production of bituminous coal which is used in fueling so many boilers of heat- and energy-producing facilities.

My colleague and I have been working individually and cooperatively on the problem which Senator BYRD has described so accurately and understandably.

Mr. President, I ask unanimous consent to have printed in the RECORD correspondence with Secretary of the Interior Udall and Assistant Secretary Cordell Moore since April 16, 1968, on this subject.

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

APRIL 16, 1968.

Hon. STEWART UDALL,
Secretary of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: Before any regulation is promulgated or issued permitting unrestricted importation of foreign low sulfur content crude oil for fuel conversion, I hope Members of Congress from States with coal production as a vital part of their economy will be thoroughly briefed and afforded opportunities to ask many pertinent questions. As a beginning, and aside from questions we would ask concerning the impact on domestic coal economy—which we know would be substantial—we should inquire as to impact on our balance of payments. We may or may not have passed through the dollar crisis successfully. Why accentuate it at a critical time? What would be the impact on hemispheric relations? Indeed, Congress will need answers to such questions, and many more. Be assured that I must be persistent in regard to this subject.

Truly,

JENNINGS RANDOLPH,
U.S. Senator.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 6, 1968.

Hon. JENNINGS RANDOLPH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RANDOLPH: Thank you for your telegram of April 16 concerning the

importation of low sulfur content crude oil.

Presidential Proclamation 3794 authorized the making of oil import allocations which would assure that adequate supplies of low sulfur residual fuel oil to be used as fuel would be distributed to users of this product. The provisions of this proclamation were implemented in District V (West Coast) on October 8, 1967, by Amendment 5 of Oil Import Regulation 1 (Revision 5). These regulations were issued in view of a serious and immediate air pollution problem in Los Angeles County, California, and were to be effective for a 15 month period.

We are now evaluating the experience gained with this program during the time these regulations have been in effect. Upon completion of this evaluation a determination will be necessary as to the future course of this program. Also, we must consider the advisability of implementing a program to supply adequate quantities of low sulfur residual fuel oil in other portions of the nation. It has been the policy of the Department to weigh carefully all the varied effects of any significant change in the mandatory oil import control program, and we will continue this practice.

You may be sure that we will be pleased to have your views and they will receive our very careful consideration in our evaluation of any proposed implementation of Presidential Proclamation 3794.

Sincerely yours,

CORDELL MOORE,
Assistant Secretary of the Interior.

U.S. SENATE,
Washington, D.C. May 29, 1968.

Hon. STEWART L. UDALL,
Secretary of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: We have the Department of the Interior News Release of May 24, 1968. The leading paragraph is as follows:

"Secretary of the Interior Stewart L. Udall today announced that the Department's Oil Import Administration is proposing new regulations to encourage the production of low sulphur residual fuel oil for East Coast use."

Then, in the next paragraph, you are quoted as having said:

"The purpose of the proposal is to permit fuel oil users on the East Coast to meet Federal, State and local air pollution regulations . . . ."

What *Federal regulations* are involved? And isn't it an unusual precedent to change the national economic and national security policy to accommodate state and/or local *regulations?*

Concern has been expressed by segments of the domestic oil industry—integrated and independent—that the Mandatory Oil Import Program would be substantially compromised by the provisions of the projected new Section 10A of Oil Import Regulation 1 (Revision 5) as authorized by Presidential Proclamation 3279, as amended, and as modified by Proclamation 3794 (32 F.R. 10547) "in an effort to help abate air pollution." The purpose is not questioned. It is the method.

We share the concern of those who feel that you are moving by regulation to circumvent or to arbitrarily augment the national security purposes which are the basis of the Mandatory Oil Import Program as established by the Presidential Proclamation and as subsequently amended by Presidential Proclamation.

Very frankly, Mr. Secretary, your proposed actions could seriously aggravate our country's balance of payments problem, could accelerate domestic inflation on the East Coast (even though for air pollution abatement purposes), and could bring on recision in other sections and in important segments of the economy while contributing comparatively little to the abatement of pollution. Such an action would impose an extremely high price for perhaps a very small benefit. In fact, we believe the total costs would be vastly in excess of the gains those costs would purchase, and we solicit the opportunity to discuss this condition with you.

This kind of "shot gun" approach to implementation of the Air Quality Act could be seriously detrimental to the orderly establishment of air quality criteria and meaningful pollution abatement procedures based on *criteria yet to be established.*

This proposed unilateral action would, in effect, circumvent the intent of the Air Quality Act of 1967, which established orderly procedures for the development of ambient air quality criteria and accompanying technological information, on the basis of which State and regional air quality standards would be established.

The proposed oil import action would, in effect, recommend emission standards for certain localities on the eastern seaboard before the development of air quality criteria for sulphur dioxide. This is not compatible with the Congressional intent as expressed in the Air Quality Act of 1967.

The deadline of June 14, 1968, established by the Administrator of the Oil Import Administration for the submission of written comments, suggestions, or objections is an unrealistically short time away. We would hope, Mr. Secretary, that you can and will give assurances that nothing will be done to implement such a proposal as the new Section 10 A of Oil Import Regulations until at least August 1, 1968.

In the meantime, Mr. Secretary, we believe there are problems and policies which reach far beyond the area of decisionmaking that is within the sphere of the Oil Import Administrator alone. We seek the opportunity to discuss this facet of the subject. In fact, we request that you afford us and other Members of the Congress who may wish to comment and to ask questions the opportunity to confer with you, perhaps in company with business representatives and economic advisors. We urge that you set a date and place for such a conference or hearing.

Please know, however, that we will reserve the option of subsequently requesting the President of the United States to accord us opportunities to discuss this subject with him and to request that, until the President can have all the facts from both sides of the issue, the proposal be held in abeyance.

Respectfully submitted,

JENNINGS RANDOLPH,
U.S. Senator.
ROBERT C. BYRD,
U.S. Senator.

THE SECRETARY OF THE INTERIOR,
Washington, June 26, 1968.

Hon. JENNINGS RANDOLPH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RANDOLPH: Thank you very much for your letter commenting on the Department's proposed regulations with respect to the production of low sulphur residual fuel oil.

The deadline for commenting on these regulations has now been extended until July 15, 1968. I believe this should provide sufficient time for those who wish to comment on these regulations. There should be ample time to discuss these regulations with all interested parties before final judgments are made.

Sincerely,

(S) STEWART L. UDALL,
Secretary of the Interior.

JULY 2, 1968.

Hon. STEWART L. UDALL,
Secretary of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: Thanks for your acknowledgment of the joint letter of May 29, 1968, signed by Senators from West Virginia. But why do you continue to avoid a public hearing or the minimum necessity of a question and answer conference with interested and affected leaders of the business community and members of Congress? The only date you have supplied is July 16 as a deadline for submitting views to Interior. Frankly, your crude oil import control relaxation proposals are too sweeping.

Truly,

JENNINGS RANDOLPH,
U.S. Senator.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 12, 1968.

Hon. JENNINGS RANDOLPH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RANDOLPH: This will respond to your telegram of July 5, 1968, concerning our proposed regulations on low-sulfur residual fuel oil.

The Secretary has determined that a further extension of the time for filing comments should be granted, and we have, therefore, fixed August 5, 1968, as the new deadline.

After all comments have been received and we have had adequate opportunity for digesting them, we shall be pleased to meet with you and discuss the subject, well in advance of issuing any regulations.

Sincerely yours,

J. CORDELL MOORE,
Assistant Secretary of the Interior.

Mr. RANDOLPH. Mr. President, I return to my original commendation of the Senator from West Virginia for having had printed in the RECORD his current correspondence with the Secretary of the Interior, Mr. Udall, and also the Secretary of State, Mr. Rusk. I think this is a matter which, as my colleague has indicated, is of interest and concern to the membership of the Senate generally. I hope those Senators who were not in the Chamber to hear the remarks of my colleague will read them, and also the correspondence which he has included as a part of his able presentation.

Mr. BYRD of West Virginia. Mr. President, I wish to thank my distinguished senior colleague for his comments. I also wish to call attention to the fact that he has been very active in regard to this important subject throughout his tenure in the Senate. I thank the Senator very much.

Mr. ALLOTT. Mr. President, I believe the junior Senator from West Virginia has performed a valuable service in bringing this question of the impact of these proposed changes in the mandatory oil import program before the Senate today.

Quite frankly, I am always troubled when the Department of the Interior moves in the way it does to arrogate to itself certain powers where it is clear that congressional authority otherwise intended. In this instance the proposal to encourage low-sulfur fuel oil production may have a very serious impact upon our domestic oil producers. Our domestic producers may well be confronted with a most serious problem with regard to their production position vis a vis imports of foreign crude oil. These proposed regulations, according to the Department's own figures, may well lead to a situation where in a few years there will be an import increase of up to 300,000 barrels per day. Obviously this new proposal with regard to the production of low-sulfur residual fuel oil for east

coast use could well have a major impact upon the predictability of domestic production. It obviously raises some rather profound questions with regard to the adequacy of the present limitation on imports of up to 12.2 percent of domestic crude production. This is a serious question, and one which is not lightly swept aside by the Department's declaration that—

> Air pollution is one of this nation's most dangerous environmental hazards and the Federal Government is totally committed to control this hazard with all of its available resources including the oil import program.

In addition, Mr. President, I think the distinguished Senator from West Virginia has raised an interesting question with regard to the impact these proposed changes in the mandatory oil import program may have upon our position under the General Agreement on Tariffs and Trade. Since the Secretary of the Interior did not invoke those provisions of the GATT agreement in his announcement of May 24, 1968, to permit discriminatory measures to be applied against other signatories for reasons of "national security," I believe the Senator's comments are well taken when he says that these new changes may well be illegal if they are sought to be applied.

We certainly need to give Secretary Rusk time to comment on the questions raised by the Senator which he has just read to us. To permit these regulations to go into effect without a full explanation of their possible impact upon our GATT obligations may well be inviting chaos at a time when we are all trying to bring a little order to our foreign market opportunities and obligations.

Finally, Mr. President, as with so many of these proposed changes, we do need an opportunity for a full hearing on this question before we rush into the implementation of these proposed changes in our mandatory oil import program. Too often this Department has reminded me of the fellow out West who, when confronted with a crisis, ran outside, jumped on his horse, and rode off in all directions.

These questions with regard to pollution are not the sole bailiwick of the Department of the Interior. These are questions which concern every thoughtful American citizen today. Whenever new suggestions or solutions for pollution abatement control are developed, however, they must be subjected to adequate hearings in order to protect the public interest. This is not a question of delaying the implementation of a pollution prevention program; it is merely a commonsense effort to determine whether, under all the circumstances, this is a wise move at this time.

Again, I compliment the junior Senator from West Virginia on his thoughtful and timely discussion of this most serious problem as it pertains to the orderly functioning of our mandatory oil import program.

FORTAS HEARING UNDERSCORES SENATE'S ROLE

Mr. STENNIS. Mr. President, under date of July 21, 1968, the Sunday Star published an editorial entitled "Fortas Hearing Underscores Senate's Role." I believe this editorial is exceedingly well considered, and that it is sweeping in its analysis of various points, particularly the role of the Senate with reference to the confirmation of officials, and especially those of the court. Furthermore, the editorial is very penetrating in its analysis and wise in its comment on the role of the Supreme Court itself. I do not subscribe to all of the points made in the editorial, but I strongly subscribe to some of them.

Mr. President, in order that the editorial may be read by the American people who may be interested in this matter, I ask unanimous consent that the editorial be printed in the RECORD.

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

FORTAS HEARING UNDERSCORES SENATE'S ROLE

The Constitution confers upon the Senate the duty to confirm any presidential nomination of a federal judge. This is not a duty which should be discharged in pro forma fashion, especially in the case of a nomination to the Supreme Court. In recent years, however, the Senate has not been diligent in the exercise of this responsibility. As a consequence, there is a certain hollowness to senatorial complaints about the direction in which the Supreme Court and some of the federal circuit courts have been moving. It is too late to complain after a judicial nomination has been rubber-stamped.

Whatever else one may think of the proceedings, there was nothing perfunctory about the Senate Judiciary Committee's hearings this past week on the nominations of Justice Abe Fortas and Judge Homer Thornberry. Most of the questioning, especially of Fortas, was designed to probe his judicial outlook, to examine his philosophy and to evaluate how he could be expected to perform if he should be confirmed as Chief Justice. If the effort was not notably successful, at least the effort was made.

If history teaches anything, it is that the decision to confirm or to refuse confirmation should be based on all the available facts. It should not be an impulsive action stemming from prejudice or misconceptions. Two examples come to mind.

The circumstances surrounding the appointment of John Marshall as Chief Justice would be considered nothing less than scandalous today. In the fall of 1800 the Federalists under President Adams were badly beaten by Thomas Jefferson and his Republicans. But before the Republicans could take office on March 4, 1801, Adams, with the energetic assistance of Marshall, busied himself with the task of planting Federalists—the "midnight judges"—in the judiciary, where they were secure against anything except death or impeachment. Although Marshall had been sworn in as Chief Justice in February, 1801, he continued to serve as Secretary of State in the Adams cabinet. And it was while acting in this dual capacity that he neglected to deliver some of the judicial commissions signed by Adams, one of them being the appointment of a man named Marbury as justice of the peace in the District of Columbia. James Madison, the new Secretary of State, discovered these commissions when he moved into his office and, acting on instructions from President Jefferson, he refused to deliver them. This led to the celebrated case of Marbury vs. Madison. When the matter reached the Supreme Court, Marshall, despite his very questionable participation in the episode of the "midnight judges," did not disqualify himself, as he should have done. Instead he participated in the hearing and wrote the court's opinion—an opinion which he planted the seed of the doctrine that the court has the power to hold an act of Congress unconstitutional.

Any such judicial performance today would shock one's conscience. But most Americans think of Marshall as one of our great Chief Justices, if not the greatest.

The other example concerns the late Chief Judge John J. Parker of the Fourth Circuit Court of Appeals. His nomination to the Supreme Court in 1930 is the only one rejected by the Senate in this century.

Judge Parker, actually a distinguished and liberal-minded judge, was the victim of a senatorial lynching bee. The Senate Judiciary Committee refused to hear him. The "liberal," charging that the judge was anti-labor, led the fight against confirmation. One of those who opposed him was the then Senator from Alabama, Hugo Black. In the end, Judge Parker failed of confirmation by one vote. He continued on the Fourth Circuit until his death, winning international acclaim for his superior judicial performance. Surely, many of the senators who vetoed his nomination must have lived to regret the injustice of their action.

To return to Justice Fortas. His testimony last week was not wholly satisfactory. As a member of the court, he could hardly have been expected to defend or explain Supreme Court decisions in which he participated. Those opinions should speak for themselves. Certainly he was right in refusing to answer Senator Thurmond's harassing questions about the Mallory decision, which freed a convicted rapist. We have always thought that Mallory was one of the worst decisions in recent years, and this despite the fact that it was handed down by a unanimous court. But Fortas was not a member of that court and had nothing to do with the case.

His activity since joining the court as a "summarizer" for the President in resolving major questions relating to such things as the war in Vietnam and the riot in Detroit is questionable. Even more questionable is his phone call to a "personal friend" protesting what Fortas thought to be an excessive prediction as to the cost of the Vietnam war. Fortas testified that he made this call, not as a member of the court, but as a "citizen." But he refused to say whether President Johnson had asked him to make the call. We do not understand why. It is one thing to refuse to be drawn into a defense of the court, something else to refuse to answer a question as to something he did as a "citizen." Our conclusion is that the President did ask him to make the call, and we do not think this was an appropriate thing for a Supreme Court justice to do.

Taken in its entirety, however, we see nothing in the Fortas testimony which is of sufficient gravity to justify a refusal to confirm him as Chief Justice. It is worth pointing out again that a Chief Justice, after all, has only one vote in arriving at a court decision. In the vital area of decision-making, we fail to see any important difference between the influence of Fortas as a member of the court and as Chief Justice. This gains force from the fact of Chief Justice Warren's announcement that he will return to the court in October if Fortas is not confirmed.

If the Fortas nomination should be confirmed at this session, the President's selection of Judge Thornberry to fill the vacancy on the court assumes crucial importance. For he, if confirmed, would cast the vote that could accelerate or moderate the "activist" trend of the court.

The information which we were able to obtain when his nomination was announced last month was favorable to Thornberry. Since then some doubts have arisen.

This is especially true of a statement submitted to the Judiciary Committee by Senator Griffin of Michigan, who is leading the Republican opposition to Fortas. Among

other things, Griffin cited an excerpt from an opinion which Thornberry signed last April as a member of a three-judge court in the Fifth Circuit. On its face, that ruling, to say the least, is astonishing. And the Senate committee should be very much interested in any explanation which Thornberry may see fit to offer.

Some time ago the late Justice Robert H. Jackson wrote of the 1933 Supreme Court: "The court had not only established its ascendancy over the entire government as a source of constitutional doctrine, but it had also taken control of a large and rapidly expanding sphere of policy. It sat almost as a continuous constitutional convention which . . . could amend the basic law."

If that was true of the 1933 court it is far more true of the 1968 court. And this is ample reason why the Senate, if it is unhappy with the performance of the "Warren Court," should examine with great care, but not with prejudice, the judicial nominations which come to it from the White House.

DR. ROBERT Q. MARSTON SELECTED AS DIRECTOR OF THE NATIONAL INSTITUTES OF HEALTH

Mr. STENNIS. Mr. President, I am highly pleased by President Johnson's recent announcement that Dr. Robert Q. Marston has been selected to succeed Dr. Shannon as Director of the National Institutes of Health. Dr. Marston will bring to the post a rare combination of outstanding academic qualifications, wide professional experience, and remarkable administrative ability.

Dr. Marston was born in Virginia and received his education there and in England as a Rhodes Scholar. He served his internship at Johns Hopkins University, and his residency at Vanderbilt University and the Medical College of Virginia before entering the U.S. Army. Following his military service he began a brilliant teaching career which brought him eventually to the University of Mississippi.

From 1961 to 1966, Dr. Marston served as dean of the school of medicine. From 1961 to 1965 he was also director of the University of Mississippi Medical Center. In 1965 he became vice-chancellor of the university, a position he held until he joined the National Institutes of Health in 1966 as Associate Director for Regional Medical Programs.

Dr. Marston's tenure at the University of Mississippi marked one of the most active and productive periods in the history of the medical school. Under Dr. Marston's able and inspiring leadership, the University School of Medicine and the Medical Center rose to new heights of prominence in medical research and training. Dr. Marston has won the admiration and appreciation of every Mississippian for his dedicated service to the State, and they rejoice in the honor of his new appointment.

I want to add my own personal congratulations and best wishes to Dr. Marston and pledge him my support as he takes up his duties as Director of the National Institutes of Health. I am confident he will make a splendid Director and that his outstanding talents as scholar, doctor, and administrator will fully match the demands of his new office.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that all committees except the Committee on Labor and Public Welfare may be permitted to meet during the session of the Senate today.

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

CRISIS IN THE SKIES

Mr. PROXMIRE. Mr. President, this morning's Washington Post included a lead editorial that deserves close reading for several very good reasons.

First, the point is made that more personnel and improved technology and equipment are needed to avert the ultimate crisis in the skies. The fact that Air Force 2 was lost to ground controllers during a recent flight in the eastern air-corridor gives us all some food for thought.

Second, the statement is made:

Aviation has grown into too large and too prosperous an industry for the Nation's taxpayers, as a whole, to pick up the bill for these improvements. The Administration's proposal for increased users' taxes now before the Congres ought to be expanded and passed. It provides for a 5 per cent additional tax on airline tickets, increased taxes on aviation gasoline, and clears the way for higher landing fees. It ought to be expanded to include a tax on fuel for commercial jet planes.

Mr. President, for a long time, now, I have held that those using the Nation's airlines should be the ones to pay for that service. The industry is no longer a fledgling that needs to be subsidized the way it has been in the past. I look for the day when the FAA will no longer come before the Congress and ask for hundreds of millions of the average taxpayers' money to subsidize the travel of a comparative few of superior economic means.

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

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. McINTYRE. Mr. President, anyone who has flown out of National Airport recently does not need to be told that there is a serious problem of overcrowding in our Nation's busiest airports.

Those lucky enough to be able to take off or land at Kennedy and La Guardia airports in recent days can give even more dramatic examples of serious congestion and frequent long delays.

This morning's Washington Post contains an excellent editorial pointing out the seriousness of this situation and suggesting some ways for alieviating the increasingly difficult burdens of our air traffic controllers.

I join the Senator from Wisconsin [Mr. PROXMIRE] in asking unanimous consent that the fine editorial to which he has referred be printed in the RECORD.

EXHIBIT No. 1

[From the Washington Post, July 24, 1968]

CRISIS IN THE SKIES

Last week's breakdown of the Nation's air transportation system came swiftly and overwhelmingly, in the manner of the high-school chemistry experiment when the last sugar crystal is dropped into a supersaturated sugar solution and the solution becomes instantly crystallized. It was like that with air traffic in large parts of the country. Suddenly it solidified and almost stopped. There were simply more people wanting to fly in more airplanes than the system could accommodate in its present thickened state.

Since the first of July, the skies over the Eastern United States have been especially jammed. In the second week of the month, seven airports in the so-called "Golden Triangle" of Washington, New York and Chicago handled 150,000 takeoffs and landings and about 5 million passengers. Delays of 30 minutes to four hours suddenly became commonplace. And the ultimate happened Friday when the key link between Washington and New York City—Eastern's Air Shuttle—went out of business during its peak hours primarily because there was no room for its planes to land at LaGuardia Airport.

This is a crisis because there is no simple solution. The conditions that brought it about can be alleviated but they will not go away. Perhaps the foremost factor behind the situation is neglect. During the recent years of fantastically rapid growth in air travel and in the number of airplanes, little was done to provide new space for them to land on or sophisticated facilities to control their paths in the air. This summer, the seasonal surge in travel, the unpredictability of the weather, and some unanticipated mechanical failures on the ground, all added to stress on the system.

And then came the critical final ingredient, the last sugar crystal, as it were. It came in the form of a slowdown by many of the hard-pressed air traffic controllers of the Federal Aviation Administration who have been working indecently long hours under terrible pressure, and cutting corners for years to keep the system operating. Led by the controllers in New York and Chicago, they decided to work like human beings instead of galley slaves and to enforce the rules strictly, as regulations in so life-and-death a matter ought to be enforced. The result was that air traffic, already sludgy over much of the Nation, began to crystallize.

The bill before Congress now to meet this crisis by giving the FAA funds to hire an additional 1900 controllers does not provide the answer. Under normal circumstances, a controller does not begin to carry his full weight until he has two years of training. By that time, the predicted increase in air traffic will bring the system back to where it was in late June even with those new controllers.

On a long-term basis, the crisis can be met only by a sudden spurt in the construction of airports and a vastly expanded and modernized system of air traffic control. The FAA thinks within the next 10 years the country needs 900 new airports and the expansion of more than 60 per cent of the 3200 publicly owned ones now in existence. To do these two things, large sums of money must be raised—$6 billion by FAA's estimate. Aviation has grown into too large and too prosperous an industry for the Nation's taxpayers, as a whole, to pick up the bill for these improvements. The Administration's proposal for increased users' taxes now before Congress ought to be expanded and passed. It provides for a 5 per cent additional tax on airline tickets, increased taxes on aviation gasoline, and clears the way for higher landing fees. It ought to be expanded to include a tax on fuel for commercial jet planes.

Though interim solutions can ease matters while long-range projects are begun, none of them is agreeable. Still, the FAA ought to start pushing both commercial and general (private and business) aviation for major changes. It may well be necessary to bar general aviation from using certain airports during peak hours. It is certainly necessary to force airlines to stop such nonsensical

practices as scheduling 20 to 30 flights out of O'Hare Airport in Chicago at precisely the same second. In cities where there are alternative airports, like New York, Washington and Chicago, this may be the time to redistribute the traffic load by forcing the airlines to shift some of their operations into the lesser used fields.

Despite the great resistance it is certain to meet from the aviation industry, the FAA ought not to be hesitant in taking any or all of these steps. The people who own and fly the planes have not been able to agree on any system that will reduce the crowded conditions of the skies. The FAA, which is responsible for the safety of all those who fly, and its parent, the Department of Transportation, have an obligation to point the way out of the current crisis. When they do, they should win enough support from the public to withstand whatever the pressure, political as well as industrial, that may be brought against its proposals.

GARRISON DIVERSION IRRIGATION AND WATER DEVELOPMENT PROJECT

Mr. BURDICK. Mr. President, the groundbreaking for the Garrison diversion irrigation and water development project was one of the most important days in the history of North Dakota. Since Lewis and Clark journeyed through this territory, men have dreamed of diverting the waters from the Missouri River for use in the cities, in the towns, on the farms, and for the industries of our State. This dream is now nearing reality and the groundbreaking was one of the important milestones. I am pleased to commend to the attention of Senators the remarks which Vice President HUMPHREY had prepared for delivery on this day and which were read by Secretary Udall in his absence. I ask unanimous consent that they be printed in the RECORD.

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

REMARKS OF VICE PRESIDENT HUBERT H. HUMPHREY AT THE GARRISON DIVERSION PROJECT, MINOT, N. DAK., JULY 14, 1968, AS DELIVERED BY SECRETARY OF THE INTERIOR STEWART UDALL IN THE VICE PRESIDENT'S ABSENCE

Governor Guy, there is a great deal to celebrate here today:

The fact that the very old dream of harnessing the waters of the Missouri with the dry lands of North Dakota is coming another step closer to realization;

The fact that North Dakota is about to receive a well-deserved reward for its contribution to the Garrison and Oahe Reservoirs that make the Missouri Basin Development possible;

The beginnings of what will surely be a new era of opportunity for the people of North Dakota.

And it is a great day for me personally.

I grew up among the farm families of South Dakota. I was there to see the Depression and dust storms of the 30's wipe many of them out. I know what a steady water supply means not only to farmers, but to the communities that depend on them.

Harnessing the precious waters of the Missouri has been one of my personal causes ever since I went to the Senate in 1949. There could be no greater reward for me than what we do here today.

America has met the challenge of creating material plenty.

Our country is rich and getting richer. Our farms produce a greater abundance than any other farms in the world. That abundance will surely increase.

For the first time in the history of mankind there is a nation where material scarcity is not the limiting factor in national purpose and human achievement.

As we approach the 200th anniversary of our Independence, it is clear that America faces a new challenge—the challenge of using its material plenty to provide a full and free life for *all* its citizens.

That means building cities that are safe and clean.

It means eliminating the slums and joblessness, poor education and hopelessness that are part of our urban environment today.

To me—and I feel this very deeply—it means an urgent national effort to revitalize rural America and develop its full potential not only for those who live there, but for those who want an occasional chance to get away from the cities.

Right now, for every 175 rural youngsters who reach working age, there are less than a hundred jobs.

In 1960, 22 percent of all rural five year olds were in kindergarten. In the cities, the figure was 46 percent.

The average rural teenager completes about 9 years of school. The figure is over 12 in the cities.

A third of our rural housing is substandard.

What this means, particularly for our young people, is that the basic American right to freedom of choice—choice of where to live . . . choice of employment—is restricted.

Between 1950 and 1960, 11 million Americans migrated to the cities, and that trend continues. About 200,000 young Americans living in rural America today will have been drawn or forced into the city within a year.

Many want to go, it is true. But we cannot overlook a recent Gallup poll which showed a marked *increase* over just the last two years in the number of urbanites and suburbanites who would prefer to live in small towns or on farms.

What is happening in America's cities today is to a very large extent the result of what has *not* happened in many of our rural areas.

In-migration of people, many of whom are poorly trained and poorly prepared for urban life . . . intense crowding in both slums and suburbs . . . overcrowded, rundown schools . . . congested public facilities of every kind—indeed what we call the urban crisis has its roots to a very large extent in rural America.

So when America sets out to provide full and equal opportunity for every citizen—and that is a task I mean to see completed as nearly as possible by 1976—we have to mean *every* citizen young and old, black and white, rural and urban.

I am not talking about re-creating the mythical "good old days down on the farm." I mean extending the best in modern living and opportunity to all our rural areas and similar towns—places like the one where I grew up.

In the 30's modernization meant rural electrification and movie theaters in every town.

In the 1940's it meant well paved roads.

Now it means airports capable of handling short-hop jets; community colleges, modern hospitals and good doctors, the very best in elementary and secondary education. It means golf courses and ball parks. It means drama groups and art classes in addition to church socials.

It means economic viability—new investment, new job opportunties, a growing tax base, fully developed tourist facilities.

And it means full equity in the market place for American farmers and ranchers.

We have some public programs that provide an essential margin of income protection for agriculture—a price and income base to build on.

But farmers need better ways to increase bargaining power . . . to obtain long-term credit at reasonable interest rates . . . to expand market demand at home and abroad . . . to control rising land prices, taxes, and other production costs. This is some of the most urgent economic business before America today and I shall soon deliver a major address on it.

The Garrison Diversion is going to bring North Dakota a giant step closer to that kind of development.

It will mean a steady source of irrigation water which will allow North Dakota farmers to diversify their operations and take full advantage of your rich agricultural land.

It will mean water to support new industries and new towns.

It will mean communities that are vital, exciting, hopeful places to live.

And I believe it can and must mean that North Dakota becomes not just a prosperous part of America but part of a major recreation center for all America.

There is a chance now for a great recreation complex on the upper Missouri to include both Dakotas and Montana:

A Great Prairie Lakes National Recreation Area consisting of one million 300 thousand acres of lakes and lands, almost all of which is already federally owned;

A 110 miles scenic river area in Montana;

A 13,000 acre Lewis and Clark Prairie Reserve in South Dakota; and

A highway along the Missouri which would make the Dakotas a major access center to the Missouri reservoirs.

It would give the public access to about a billion dollars worth of land and water resources which they already own. It would bring 10 million visitors into the area by 1976, and tourist dollars potentially in the billions.

I strongly support this proposal.

The Upper Missouri has long provided power.

It has provided irrigation and will soon provide much more.

Today, it is America's greatest remaining recreational opportunity—pure water and more shoreline than the Great Lakes or the entire seacoast of the United States.

Let's put these resources to full use for the people of the Dakotas, Montana, and the people of America.

The purpose of America is not just efficiency and bigness. America's purpose is people—security for people . . . plenty for people . . . hope for people . . . freedom for people.

It is clean air and clean water.

It is the chance to see nature's uncluttered horizon, and to be away from the noise of machinery and motors.

It is schools that give our children a decent start in life—schools which, I believe, must now be made available to every child from the fourth year of life.

It is property—the pride of ownership.

It is the chance for old people to live out their lives in dignity and security.

Rural America has much of that already.

I believe it can have the rest.

And all America will be the better for it.

SUMMARY OF PROVISIONS OF EDUCATION MEASURES

Mr. MORSE. Mr. President, I ask unanimous consent that two short summary statements and tables appended thereto covering the principal provisions of S. 3769 and H.R. 18366, which passed the Senate last week, be printed at this point in my remarks. I feel sure that they can be helpful to Senators in answering inquiries.

There being no objection, the state-

ments and tables were ordered to be printed in the RECORD, as follows:

S. 3769, AS PASSED BY SENATE, JULY 15, 1968

TITLE I—EXTENSION OF EDUCATION PROGRAMS

Part A—Higher Education Act of 1965

Title I—Community service and continuing education programs: extended through fiscal year 1972, with authorizations of $50 million for fiscal years 1969 and 1970 and $60 million for fiscal years 1971 and 1972.

Title II–A—College library resources: extended through fiscal year 1972, with authorizations of $50 million for fiscal year 1969, $75 million for fiscal year 1970, and $90 million for fiscal years 1971 and 1972.

Title II–B—Library training and research: extended through fiscal year 1972, with authorizations of $15 million for fiscal year 1969, $28 million for fiscal year 1970, and $38 million for fiscal years 1971 and 1972.

Title II–C—Strengthening college and research library resources: extended through fiscal year 1972, with authorizations of $10 million for fiscal year 1969 and $11.1 million for fiscal years 1970, 1971, and 1972.

Title III—Strengthening developing institutions: extended through fiscal year 1972, with authorizations of $55 million for fiscal year 1969, $70 million for fiscal year 1970, $91 million for fiscal year 1971, and $96.5 million for fiscal year 1972.

Title IV–A—Educational opportunity grants: extended through fiscal year 1972, with authorizations for initial grants of $70 million for fiscal year 1969, $100 million for fiscal year 1970, and $140 million for fiscal years 1971 and 1972.

Title IV–A—Talent Search: extended through fiscal year 1972, with authorizations of $8.5 million for fiscal year 1969, $14 million for fiscal year 1970, and $16 for fiscal years 1971 and 1972.

Title IV–B—Insured loans to students: extended through fiscal year 1972.

College work-study program: extended through fiscal year 1972, with authorizations of $200 million for fiscal year 1969, $255 million for fiscal year 1970, and $285 million for fiscal years 1971 and 1972.

Title V—Education professions development: extended through fiscal year 1972, with authorizations of $492 million for each fiscal year after fiscal year 1970.

Title VI—Equipment for higher education: extended through fiscal year 1972, with authorizations of $10 million for each fiscal year for television equipment, $60 million for each fiscal year for other equipment, and $5 million for each fiscal year for faculty development.

Part B—Higher Education Facilities Act of 1963

Title I—Grants for undergraduate facilities: extended through fiscal year 1972, with authorizations of $936 million for each fiscal year.

Title II—Grants for graduate facilities: extended through fiscal year 1972, with authorizations of $120 million for each fiscal year.

Title III—Loans for construction of facilities: extended through fiscal year 1972, with authorizations of $400 million for each fiscal year.

Part C—National Defense Education Act of 1958

Title II—National defense student loan program: extended through fiscal year 1972, with authorizations of $250 million for fiscal year 1969, $275 million for fiscal year 1970, and $300 million for fiscal years 1970 and 1971.

Title III—Strengthening instruction in elementary and secondary education: extended through fiscal year 1972, with authorizations of $110 million for fiscal year 1969, $120 million for fiscal year 1970, and $130 million for fiscal year 1971; authorizations of $10 million for each fiscal year for State administration.

Title IV—National defense fellowship program: extended through fiscal year 1972, with authorization for 7,500 fellowships for each fiscal year.

Title V—Guidance, counseling, and testing: extended through fiscal year 1972, with authorizations of $30 million for fiscal year 1969, $40 million for fiscal year 1970, and $54 million for fiscal years 1971 and 1972 for State grants; authorizations of $7.25 million for each fiscal year for institute programs.

Title VI—Language development: extended through fiscal year 1972, with authorizations of $19 million for fiscal year 1969, $30 million for fiscal year 1970, and $38.5 million for fiscal years 1971 and 1972.

Title VII—Educational media: extended part B—Dissemination of information on new educational media—through fiscal year 1972, with authorizations of $5 million for each fiscal year.

Title X—Statistical services: extended section 1009 through fiscal year 1972, with authorizations of $2.8 million for each fiscal year.

Title XI—Institutes: extended through fiscal year 1972, with authorizations of $57 million for each fiscal year.

Part D—International Education Act of 1966

Extended through fiscal year 1972, with authorizations of $90 million for each fiscal year.

Part E—National Vocational Student Loan Insurance Act of 1965

Extended through fiscal year 1972.

Part F—National Foundation on the Arts and Humanities Act of 1965

Section 12—Financial assistance for strengthening instruction in the humanities and arts: extended through fiscal year 1972, with authorizations of $500,000 for each fiscal year.

TITLE II—STUDENT ASSISTANCE PROGRAMS

Part A—Amendments to part A of title IV of the Higher Education Act of 1965

Upon request of a State Governor, up to 15% of a State's Educational Opportunity Grant funds may be used in State scholarship programs, to be matched equally by State funds.

Grants and contracts authorized in Talent Search, which is broadened to include youths of financial or cultural need and exceptional potential; demonstration projects in student recruitment of other students added.

Grants or contracts with institutions of higher education for programs of special services for disadvantaged students authorized; Upward Bound transferred from the Office of Economic Opportunity effective fiscal year 1971; $15 million authorized for fiscal year 1970 and $80 million for fiscal years 1971 and 1972.

Part B—Amendments to student loan insurance program

Deferment of repayment of a State or privately insured loan during attendance at an eligible institution or during military, Peace Corps, or VISTA service authorized; interest during such period to be paid by the Federal government.

Coordination of maximum amounts of loans insured, issuance of installment obligations, and minimum amounts of repayment installments between non-Federal and Federal programs achieved.

Federal guaranty of 80% of sums in default under State or private loan programs authorized; $12.5 million authorized for advances to the reserve funds of State and nonprofit private student loan insurance programs, to be matched equally with non-Federal funds.

Interest rate maximum increased to 7%; interest subsidy paid by the Federal government increased to 4%; when State laws do not allow an interest rate of 7%, Commissioner may authorize an administrative cost allowance of up to 1% per year.

Payment of interest by the Federal government may be deferred until a single payment at the time of the last installment.

The Federal insurance premium is increased from ¼ of 1% to ½ of 1%.

Federal savings and loan associations authorized to invest in loans for vocational education.

Pension funds included as eligible lenders.

Part C—Loan forgiveness and payments on insured loans

NDEA loans cancelled at the rate of 25% per year for military service and at the rate of 20% per year for service as a teacher in a school serving a high percentage of children from low income families; Public Health Service Act loans cancelled at the rate of 25% per year for military service; amendments effective with respect to service performed after date of enactment, regardless of the date of the loan.

Insured loans paid off by Federal government at the rate of 25% per year for military service and at the rate of 20% per year for service as a teacher in a school serving a high percentage of children from low income families; Federal government pays amount owed in case of death or permanent and total disability of borrower.

Part D—Work-study program

Proprietary schools made elegible participants.

Matching continued on a 90–10 basis.

Part E—Cooperative education

Authorizes grants to institutions of higher education for planning, establishing, expanding, or carrying out programs of cooperative education—alternate periods of academic study and full-time public or private employment, designed to give the student work experience related to his academic or occupational objective, if practicable.

Authorizes appropriations of $8 million for fiscal year 1970 and $10 million each for fiscal years 1971 and 1972 for grants; authorizes appropriations of $500,000 for fiscal year 1969 and $750,000 for each of the next 3 fiscal years for training and research.

Part F—General provisions concerning student assistance

Provides for appointment of a Presidential commission in 1969 to submit a plan for providing universal educational opportunity at the postsecondary level.

Exempts benefits under this Act from nonduplication provisions of cold war GI bill.

Provides that nothing in the bill shall be construed to prohibit an institution of higher education from refusing to award, continue, or extend any financial assistance because of student misconduct.

Awards under this Act are not to be treated as income or resources under certain titles of the Social Security Act.

Authorizes $150,000 for a one-year study of new methods of testing secondary school students for capabilities for post-secondary education.

Adjusts cost of education allowance under NDEA and Higher Education Act fellowship programs to make it comparable with those of other federally supported programs.

Proprietary schools made eligible participants in NDEA loan program.

TITLE III—AMENDMENTS TO OTHER TITLES OF THE HIGHER EDUCATION ACT OF 1965

Part A—Community service and continuing education programs

75% Federal share continued through fiscal year 1970; 65% Federal share in fiscal year 1971 and 60% in fiscal year 1972.

Part B—College library assistance, research, and training

New colleges made eligible for library assistance in the fiscal year preceding the first year in which students are to be enrolled.

Eligibility of branch institutions to receive supplemental grants clarified.

Maintenance-of-effort requirement for special purpose grants revised to make it consistent with requirement for basic and supplemental grants.

Planning and development grants for library schools authorized.

Clarifies that short-term or regular-session institutes are among the courses of training for which grants may be made.

Clarifies authority of Librarian of Congress to purchase copies; increases authority to prepare catalog and bibliographic materials; authorizes Librarian to act as acquisitions agent for other libraries in the case of foreign materials not readily obtainable.

Part C—Strengthening developing institutions

Share for junior colleges increased from 22% to 24%.

Commissioner authorized to make grants to retired professors to encourage them to teach and conduct research at developing institutions.

Part D—Education professions development

Makes teaching in poverty areas of particular importance in statement of purpose.

Teaching assistants authorized to be added to Teacher Corps teams and to be given opportunity for school-related community work; Federal share of salary of teaching assistants and teacher interns not to exceed 90% of lowest rate paid by school or $75 per week + $15 per dependent, whichever is less.

Teacher Corps members otherwise lacking medical insurance coverage insured by Commissioner.

Requires that fellowships under title V–C be allocated equitably, taking into account State population 3–17, student enrollment in institutions of higher education, and number of low-income families in the State; distribution rule shall not apply when National Advisory Council on Education Professions Development determines an urgent need for a certain category of educational personnel, but exemption may not affect more than 50% of the fellowships.

Postsecondary vocational education added to eligible programs for teacher fellowships.

Clarifies that programs to prepare teachers of the disadvantaged should include training in elementary and secondary schools in areas having a high concentration of poverty.

Provides for equitable distribution of funds under title V–D, based on such factors as relative numbers of children 3–17 and numbers of low-income families in the State; requires that funds appropriated under title V–D, up to the amount appropriated for titles V–B and XI of NDEA for fiscal year 1968, be expended for teacher training in the categories specified by such titles.

Sets a minimum of $100,000 per State for title V–B, subpart 2.

Part E—Instructional equipment (title VI of the Higher Education Act)

Requires the Commissioner to consult with the National Science Foundation and other agencies to develop general policies on equipment acquisition.

Part F—General provisions amendments (title VIII)

Makes conforming definitions of "institution of higher education".

Defines "combination of institutions of higher education".

Establishes Advisory Council on Graduate Education; abolishes Higher Education Facilities Act Advisory Committee.

TITLE IV—AMENDMENTS TO HIGHER EDUCATION FACILITIES ACT

Broadens eligibility for grants under title I to allow expansion of an institution's student enrollment capacity if the Commissioner finds that such capacity would decrease if a facility were not constructed.

Authorizes contracts with institutions of higher education to provide grants equal to the difference between the interest rate charged under title III of HEFA and that at which the institution borrowed from other sources; limitation of 12½% of the funds to any one State; authorizes $6.75 million for fiscal year 1970, $13.5 million for fiscal year 1971, and such sums as necessary for the succeeding fiscal years to make payments pursuant to contracts entered into prior to fiscal year 1972.

TITLE V—AMENDMENTS TO THE NATIONAL DEFENSE EDUCATION ACT OF 1958

Provides for equitable geographic distribution of NDEA fellowships, based on such factors as college enrollments, population, and the number of faculty members who have not attained the PhD as compared with the number who have.

Allows the use of short-term training sessions on guidance and counseling under title V.

Includes the Trust Territory of the Pacific Islands in programs under titles III and V, and increases the set-aside from 2% to 3%.

TITLE VI—NEW EDUCATIONAL PROGRAMS

Authorizes a new title VIII to the Higher Education Act of 1965—*Networks for Knowledge*—to encourage colleges and universities to share their technical and other educational and administrative facilities and resources through cooperative arrangements; grants could be made directly to colleges or groups of colleges or, when deemed more effective, to other established public or nonprofit agencies or organizations; authorizes $4 million for fiscal year 1970 and $15 million for each of the next two fiscal years.

Authorizes a new title IX to the Higher Education Act of 1965—*Education for the Public Service*—establishing a program of grants and fellowships to improve the education of students attending institutions of higher education in preparation for entrance into the service of State or local governments, and the attraction of such students to the public service; authorizes $5 million for fiscal year 1970 (to be available for obligation for two years) and $13 million for each of the next two fiscal years.

Authorizes a new title X to the Higher Education Act of 1965—*Improvement of Graduate Programs*—for a program of grants to strengthen PhD or comparable degree programs (other than M.D. programs), not to exceed 90% of cost; authorizes appropriations of $5 million for fiscal year 1970 and $10 million for each of the two succeeding fiscal years.

Authorizes a new title XI to the Higher Education Act of 1965—*Law School Clinical Experience Programs*—for contracts with accredited law schools to pay up to 90% of the cost of establishing or expanding programs to provide clinical experience to students in the practice of law, with preference being given to programs providing such experience in the preparation and trial of cases; authorizes appropriations of $7.5 million for fiscal year 1970 and each of the three succeeding fiscal years.

TITLE VII—MISCELLANEOUS PROVISIONS

Provides that the College of Guam be deemed a land-grant college within the meaning of the first Morrill Act; amends the Bankhead-Jones Act to provide a permanent authorization of $152,250 for the College of Guam; authorizes appropriation to the territory of Guam $90,995 in lieu of a land grant; these amendments are effective in fiscal year 1970.

Provides that programs authorized by sections 303(a)(5) and 1009 of NDEA shall not be consolidated with the one authorized by title V of ESEA; sums appropriated for title V, up to the maximum authorized by those sections, shall be deemed to have been appropriated pursuant to the sections; this section is effective in fiscal year 1969 and shall remain effective until expressly and spefically amended by law.

Authorizes $1.7 million to carry out necessary planning and other activities relating to programs scheduled to begin operation in fiscal year 1970.

Requires that, to receive assistance, a local educational agency certify that it is taking all appropriate steps to enforce its State compulsory attendance law; orders the Secretary of Health, Education, and Welfare to study State laws relating to compulsory attendance and report to the President and Congress by July 1, 1969, his recommendations concerning possible Federal action to promote minimum education requirements throughout the country.

PROJECTED OBLIGATIONS, S. 3769, HIGHER EDUCATION AMENDMENTS OF 1968, AS PASSED BY SENATE

[In thousands of dollars]

	1968		1969		1970	1971	1972
	Authorization	Appropriation	Authorization	House appropriation	authorization	authorization	authorization
TITLE I—EXTENSION OF EDUCATION PROGRAMS							
Pt. A—Higher Education Act of 1965:							
Title I—Community service and continuing education programs	50,000	10,000	50,000	(1)	50,000	60,000.00	60,000.00
Title II–A—College library resources	50,000	24,522	50,000	(1)	75,000	90,000.00	90,000.00
Title II–B—Library training and research	15,000	11,800	15,000	(1)	28,000	38,000.00	38,000.00
Title II–C—Strengthening college and research library resources	7,770	5,478	10,000	(1)	11,100	11,100.00	11,100.00
Title III—Strengthening developing institutions	55,000	30,000	55,000	(1)	70,000	91,000.00	96,500.00
Title IV–A—Educational opportunity grants:							
Educational opportunity grants	[2]70,000	140,600	[2]70,000	(1)	[2]100,000	[2]140,000.00	[2]140,000.00
Talent search	Indefinite	4,000	8,500	(1)	14,000	16,000.00	16,000.00
Title IV–B—Insured loans to students: Interest	Indefinite	40,000	Indefinite	(1)	Indefinite	Indefinite	Indefinite
Title IV–C—College work-study program	200,000	134,300	200,000	(1)	255,000	285,000.00	285,000.00
Title V—Education professions development	318,000	48,500	385,000	141,900	492,000	492,000.00	492,000.00
Title VI—Equipment for higher education:							
Pt. A—Television	10,000	1,500	10,000	(1)	10,000	10,000.00	10,000.00
Pt. A—Other	60,000	13,000	60,000	(1)	60,000	60,000.00	60,000.00
Pt. B—Faculty	5,000	2,500	5,000	(3)	5,000	5,000.00	5,000.00

See footnotes at end of table.

PROJECTED OBLIGATIONS, S. 3769, HIGHER EDUCATION AMENDMENTS OF 1968, AS PASSED BY SENATE—Continued

[In thousands of dollars]

	1968		1969		1970	1971	1972
	Authorization	Appropriation	Authorization	House appropriation	authorization	authorization	authorization
TITLE I—EXTENSION OF EDUCATION PROGRAMS—Con.							
Pt. B—Higher Education Facilities Act of 1963:							
Title I—Grants for undergraduate facilities	728,000	407,000	943,000	(1)	943,000	943,000.00	943,000.00
Title II—Grants for graduate facilities	120,000	50,000	120,000	(1)	120,000	120,000.00	120,000.00
Title III—Loans for construction of facilities	400,000	[4] 100,925	400,000	(1)	400,000	400,000.00	400,000.00
Sec. 408—Major disaster assistance	Indefinite		Indefinite		Indefinite	Indefinite	Indefinite
Pt. C—National Defense Education Act of 1958:							
Title II—National defense student loan program	225,000	190,000	250,000	(1)	275,000	300,000.00	300,000.00
Title III—Strengthening instruction in elementary and secondary education	110,000	80,280	110,000	(1)	120,000	130,000.00	130,000.00
State administration	10,000	2,000	10,000	(1)	10,000	10,000.00	10,000.00
Title IV—National defense fellowship program	([5])	86,600	([5])	(1)	([5])	([5])	([5])
Title V—Guidance, counseling, and testing:							
State grants	30,000	24,500	30,000	(1)	40,000	54,000.00	54,000.00
Institutes	7,250	7,250	7,250	([6])	7,250	7,250.00	7,250.00
Title VI—Language development:							
Language and area centers	18,000	12,700	19,000	(1)	30,000	38,500.00	38,500.00
Research		3,000		3,000			
Title VII—Educational media	5,000	4,400	5,000	([7])	5,000	5,000.00	5,000.00
Title X—Statistical services	2,800	([8])	2,800	([6])	2,800	2,800.00	2,800.00
Title XI—Institutes	57,000	30,000	57,000	([6])	57,000	57,000.00	57,000.00
Pt. D—International Education Act of 1966	40,000	0	90,000	0	90,000	90,000.00	90,000.00
Pt. E—National Vocational Student Loan Insurance Act of 1965: Interest	Indefinite	3,600	Indefinite	(1)	Indefinite	Indefinite	Indefinite
Pt. F—National Foundation on the Arts and Humanities Act of 1965: Sec. 12—Equipment	500	500	500	(1)	500	500.00	500.00
TITLE II—STUDENT ASSISTANCE PROGRAMS							
Pt. A—Amendments to pt. A of title IV of the Higher Education Act of 1965:							
Special services for disadvantaged students					15,000	80,000.00	80,000.00
Transfer of Upward Bound				(1)			
Pt. B—Amendments to student loan insurance program:							
Reserve fund			12,500	(1)			
Increase of Federal insurance premium [9]			(1,570)		(1,884)	(2,198.00)	(2,512.00)
Pt. C—Loan forgiveness and payments on insured loans:							
Increase in loan forgiveness for teachers			732	(1)	764	793.00	852.00
Forgiveness for military service			3,290	(1)	3,442	3,553.00	3,816.00
Payment of insured loans for teachers and military personnel			54,506	(1)	135,021	159,868.00	184,311.00
Pt. E—Cooperative education:							
Planning and operation					8,000	10,000.00	10,000.00
Training and research			500		750	750.00	750.00
Pt. F—General provisions concerning student assistance:							
Testing of secondary students			150				
Cost of education allowance [10]			3,185	(1)	5,240	2,055.00	
TITLE IV—AMENDMENTS TO HIGHER EDUCATION FACILITIES ACT							
Grants to reduce borrowing costs					6,750	13,500.00	[11] Indefinite
TITLE VI—NEW EDUCATION PROGRAMS							
New titles of the Higher Education Act of 1965:							
Title VIII—Networks for knowledge					4,000	15,000.00	15,000.00
Title IX—Education for public service					5,000	13,000.00	13,000.00
Title X—Improvement of graduate programs					5,000	10,000.00	10,000.00
Title XI—Law school clinical experience programs					7,000	7,500.00	7,500.00
TITLE VII—MISCELLANEOUS PROVISIONS							
College of Guam:							
Bankhead-Jones Act (increases) [12]					152.25	152.25	152.25
First Morrill Act					[13] 890.995		
Planning authorization			1,700				
Total	2,594,320	1,468,955	3,038,043	144,900	3,465,756.245	3,770,123.25	3,784,519.25
Grand total (authorizations, fiscal years 1969–72), $14,058,441.745.							

[1] House of Representatives has taken no action on appropriation request.
[2] Plus continuation costs.
[3] Subsumed under pt. E of EPDA.
[4] Includes $100,000,000 carryover from fiscal year 1967.
[5] 7,500 new fellowships per year.
[6] Subsumed under pt. D of EPDA.
[7] Continued under the Cooperative Research Act as amended.
[8] Funded under title V ESEA.
[9] Income to Treasury.
[10] Amendments cover fellowship programs under pt. C of Education Professions Development Act for pt. C for which authorization for new awards expires June 30, 1970. Increased costs for title IV are included in total costs under pt. C, title I, of amendments which would extend programs for 4 years.
[11] Amounts necessary to carry out contracts approved prior to fiscal year 1972.
[12] Permanent authorization.
[13] One-time payment in lieu of land grant.

S. 3770—Vocational Education Amendments of 1968, July 12, 1968

SUMMARY

The "Vocational Education Amendments of 1968" incorporates the Administration's "Partnership for Learning and Earning Act," repeals the George-Barden Act, and transfers all vocational education funds (including Smith-Hughes Act funds) to the new, consolidated vocational education program; establishes a National Advisory Council on Vocational Education; requires States to establish State advisory councils to qualify for Federal funds' reserves funds for research, exemplary projects, and State special emphasis programs; requires the submittal of State annual and long-range plans; authorizes grants for homemaking education; cooperative vocational education programs, and early education of handicapped children; and requires the Commissioner to prepare a catalog of all educational Federal assistance programs.

PROVISIONS

1. Authorization of Appropriations: Authorizes for the basic program of the Vocational Education Act $575 million in 1970, and $750 million each in 1971 and 1972: of which 70 percent shall be for grants to States for vocational education programs (Part B), 10 percent for research and training in vocational education, (Part C), 10 percent for exemplary programs and projects (Part D), and 10 percent for State special emphasis programs (Part E). Further authorizes such sums as may be necessary to pay the cost of administration of State plans, activities of advisory councils, evaluation and dissemination. Whenever appropriations are not in excess of $300 million, requires that 90 percent be for grants to States for vocational education programs, and 10 percent for research and training.

2. National and State Advisory Councils: Establishes a National Advisory Council on Vocational Education; requires each State desiring to receive a grant under this title to establish a State advisory council.

3. State Vocational Education Programs (Part B): Authorizes the Commissioner to make grants to States to assist them in conducting the vocational education programs for persons of all ages in all communities of the States which are designed to insure that education and training programs for career vocations are available to all individuals who desire and need such education and training. Requires State to submit a State plan, including a 3-to-5-year program plan, meeting detailed criteria. Except in certain instances, the matching ratio is 50/50. Earmarks at least 15 percent of State plan funds in each State for special needs of disadvantaged, 15 percent for post-secondary vocational education, and 10 percent for special

needs of physically and mentally handicapped.

4. Research and Training (Part C): Authorizes the Commissioner to make grants to and contracts with institution of higher education, public and nonprofit private agencies and institutions, State boards, and local educational agencies to encourage research and training in vocational education and the development of vocational education programs designed to meet special vocational education needs of youth and to provide education for new and emerging careers and occupations.

Enables the Commissioner to reserve from allocations under this part an amount not in excess of 50 percent for projects which are of national or regional importance. Authorizes Federal payment of up to 90 percent of program costs under this part.

5. Exemplary Programs and Projects (Part D): Authorizes the Commissioner to make grants to or contracts with State boards or local educational agencies, and other public and private agencies, for the purpose of assisting new ways to create a bridge between school and earning a living for young people who are still in school, who have left school either by graduation or by dropping out, or who are in postsecondary programs of vocational preparation, and to promote cooperation between public education and manpower agencies. Authorizes a Federal Share of up to 90 percent.

6. State Special Emphasis Activities (Part E): Authorizes the Commissioner to make grants to assist States in the establishment of special emphasis programs to meet special vocational education needs in the States. Authorizes a Federal share of up to 90 percent.

7. *Homemaking Education:* Authorizes State program designed to fit for homemaking, persons who have entered, or are preparing to enter, the work of the home, including consumer education programs, with special emphasis on programs for persons who are economically or socially deprived; provides for ancillary services, such as teacher training, program evaluation, and experimental programs. The Federal share would be 50 percent. Authorizes $25 million in 1970, $35 million in 1971, and $50 million in 1972.

8. Cooperative Vocational Education Programs: Authorizes grants to the States for programs of vocational education designed to prepare students for employment through cooperative work-study arrangements. The Federal share shall be up to 90 percent. Authorizes $25 million in 1970, $50 million in 1971, and $75 million in 1972.

9. Early Education of Handicapped Children: Authorizes the Commissioner to arrange by contract or grant with appropriate public agencies and private nonprofit organizations, for the development and carrying out of experimental preschool and early education programs for handicapped children. Such programs shall include activities designed to facilitate the intellectual and social developmen of children, and encourage the participation of parents. The Federal share of such programs shall be up to 90 percent. Authorizes $5 million in 1969, $10 million in 1970, and such sums as may be authorized in 1971.

10. Dissemination of Information: Requires the Commissioner to collect and disseminate complete information on programs of Federal assistance to education; develop liaison with representatives of American business and with services, labor, or other organizations to advance American education; provide technical assistance; prepare a catalog of all educational Federal assistance programs whether or not such programs are administered by him.

PROJECTED OBLIGATIONS, H.R. 18366, VOCATIONAL EDUCATION AMENDMENTS OF 1968; AS PASSED BY THE SENATE

[In thousands]

	1968		1969		1970 authorization	1971 authorization	1972 authorization
	Authorization	Appropriation	Authorization	House appropriation			
TITLE I—AMENDMENTS TO THE VOCATIONAL EDUCATION ACT OF 1963							
Pt. A—General provisions, residential vocational schools	[1] $35,000		$25,000		$30,000	$35,000	$35,000
Pt. B—Comprehensive State vocational education programs	259,652	$256,461	259,652	$255,377	402,500	525,000	525,000
Pt. C—Research and training in vocational education	22,500	11,550	22,500	11,550	57,500	75,000	75,000
Pt. D—Exemplary programs and projects					57,500	75,000	75,000
Pt. E—State special emphasis programs					57,500	75,000	75,000
Pt. F—Homemaking education	[2]	[2]	[2]	[2]	25,000	35,000	50,000
Pt. G—Cooperative vocational education programs					25,000	50,000	75,000
TITLE II—MISCELLANEOUS PROVISIONS							
Early education of handicapped children			5,000		10,000		
Total	317,152	268,011	312,152	266,927	665,000	870,000	910,000
Grand total (authorizations, fiscal years 1970-72), $2,470,000.							

[1] Combined authorization for residential schools and work study.

[2] Included in pt. B above.

S. 1035—PRIVACY AND CONSTITUTIONAL RIGHTS OF EMPLOYEES OF THE EXECUTIVE BRANCH

Mr. ERVIN. Mr. President, if a national referendum were to be held today on S. 1035, the measure to protect the constitutional rights of employees and prohibit unwarranted governmental invasion of their privacy, there is no doubt that the American people would vote their overwhelming approval. This would only reflect the approval registered by 90 Members of this body last September when we acted on the bill.

James Kilpatrick, an outstanding commentator on constitutional liberties, recently explained the need for this bill and noted that it has run into "squall conditions" in the House subcommittee.

I ask unanimous consent that his article, entitled "U.S. Employee's Private Lives Need Protection," be printed in the RECORD.

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

[From the Washington Evening Star, July 11, 1968]

U.S. EMPLOYEES' PRIVATE LIVES NEED PROTECTION

(By James J. Kilpatrick)

North Carolina's Sam Ervin Jr., one of the ablest members of the Senate, will be exercising his oratorical skills over on the House side of the Capitol this week. The senator is fighting for his bill to protect the constitutional rights of three million federal employees. Sad to say, he has his hands full.

Ervin's bill, bearing the names of 53 colleagues as co-sponsors, breezed through the Senate last September by a vote of 79–4. Subsequently, 11 absent members announced that they too would have voted for it. That is a remarkably impressive expression of senatorial conviction. You might think the House would be eager to join the parade.

Unfortunately, the bill has encountered squall conditions in a House subcommittee headed by Ervin's fellow North Carolinian, David Henderson. The Civil Service Commission, overwhelmed by the Senate vote ten months ago, is working feverishly to kill the Ervin bill, or at the very least to have it replaced by a toothless measure that Henderson himself has sponsored.

Those who have followed Ervin's indignant investigations, much as they may regret the additional bureaucracy that Ervin's bill would create, will urge that the House go along with the Senate. If the Civil Service Commission had done the job it should have done, in protecting federal workers against some of the outrageous invasions of their private lives disclosed in the record, the Ervin bill would not be required. Regrettably, the abuses continue. Apparently nothing but a stiff act of Congress will put an end to these infuriating practices.

Despite all the concern that has been manifested on the Hill, the National Aeronautics and Space Administration undertook to put newly hired professionals through a "biographical information inventory." This stupid questionnaire has been abandoned as "not conclusive," but while it prevailed, NASA demanded answers to such questions as: "Approximately how old were you when you first fell in love?" "To what extent were your parents affectionate toward each other?" "How often do you polish your own shoes?"

Ervin's investigations have turned up dozens of such impertinent examinations: "Do you have diarrhea once a month or more? . . . Do you dream about sex matters? . . . When was the first time you had intercourse with your wife? . . . How many

times have you had sexual intercourse? . . . To what extent do you enjoy viewing still-life paintings? . . . Do you like and enjoy solitude? . . ."

These were actual questions put to prospective federal workers or to employees coming up for promotion. At the State Department, an 18-year-old college girl, seeking a summer job, was grilled by an investigator about her sex life. "Did this boy you're dating abuse you? Did he do anything unnatural with you? You didn't get pregnant, did you?"

The Ervin bill would bring these shenanigans to a grinding halt. The measure also would impose an absolute prohibition, subject to criminal penalties, on the old office shakedowns for political contributions and savings bond subscriptions.

The bill would provide new remedies for the personnel specialist in a large nondefense agency who was denied a security clearance on mysterfying grounds: It appeared that unnamed persons had told departmental investigators he had two friends with "questionable mannerisms."

The Civil Service Commission raises two main objections to the Ervin bill. First, it complains that Ervin's proposed "Board on Employee Rights" would be an expensive and unnecessary new agency. Second, it objects to a provision by which a federal employee, in certain circumstances, could go directly into federal court without exhausting intra-departmental grievance procedures.

Ervin's response is that the proposed board would be paid on a per diem basis, so the expense would be small; and he sees nothing in his bill that would interfere with normal grievance procedures—so long as these procedures are genuinely responsive.

There the matter stands. If Henderson's subcommittee seems determined to bottle up the bill, Ervin probably will try to attach his measure to some House-passed bill that the House especially wants. He is determined to see that federal workers have private lives to call their own. More power to him.

Mr. ERVIN. Mr. President, the fate of S. 1035 has also concerned two of the finest writers on civil service problems and employee complaints. Joseph Young in his column, "The Federal Spotlight," has prepared a perceptive analysis of the differences between S. 1035 and H.R. 17760, a measure endorsed by executive department officials as a possible substitute for S. 1035. I commend to the attention of the Senate this article and two others by Mr. Young from the Washington Evening Star relating to S. 1035, and ask unanimous consent that they be printed in the RECORD.

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

[From the Washington (D.C.) Evening Star, June 14, 1968]

THE FEDERAL SPOTLIGHT: HENDERSON'S EMPLOYEE RIGHTS BILL MAINLY CSC'S WATERED-DOWN PLAN

(By Joseph Young)

There was this Alice in Wonderland atmosphere as the House Civil Service and Manpower subcommittee opened its long-promised hearings on the Senate-approved Ervin "bill of rights" for government employes.

The previous day the subcommittee chairman, Rep. David Henderson, D–N.C., who has been noticeably cool to the Ervin measure, sponsored his own bill.

The Henderson measure in effect is in the grand tradition of professing adherence to such things as country, flag, home and mother. It professed its adherence to the principle that federal employes should not be subjected to "unwarranted" invasion of privacy and violation of constitutional rights.

But it provided virtually nothing in the way to protect employes from agency snooping into their private lives or violation of their constitutional rights, leaving it up to the Civil Service Commission to protect them. The bill's language is extremely vague.

Actually, the Henderson bill is mainly the product of the CSC, which drafted it and wrote its provisions as an extremely watered-down substitute for the Ervin bill.

Yet, CSC Chairman John Macy, the first witness, testified with a straight face: "My initial reaction to the Henderson bill is favorable, but I would appreciate an opportunity to have the commission study it closely and submit a report within a week."

Henderson voiced his gratitude that the commission apparently was enamored with his bill. Employe leaders feel the Henderson bill in its present form would be useless. In fact, they feel it would be worse than useless because it would give employes the illusion of protection which wouldn't be there.

The Henderson bill states that employes are entitled to be protected against "unwarranted" invasion of privacy but doesn't state what kind of privacy. It also says employes have the right of free speech, association and assembly "compatible with their government employment." This is so vague as to water down even their present rights.

In contrast, the Ervin bill specifically lists the things that would be taboo—questioning employes on their sex life, religious views, racial and national origins, financial affairs of themselves and members of their families, an end to lie detector and psychological testing; pressure to contribute to charity drives, etc.

The heart of the Ervin bill is establishment of an independent board of employe rights to which employes could appeal and which would have the power to enforce its decisions if it ruled in employes favor. Also, employes would have the right to relief in the federal courts in cases where they believe their rights to privacy and constitutional rights are violated.

Macy's testimony was in decided contrast to his views expressed to Sen. Sam Ervin and the Senate Constitutional Rights subcommittee several years ago.

At that time, Macy said stories about employes rights being violated were grossly exaggerated. However, Macy now admits that there have been numerous cases of employes rights being violated, and he gives full credit to the Ervin group for having disclosed them. But having said this, Macy says the CSC has corrected these situations and has taken steps to see that they won't happen in the future.

Government employe leaders are extremely skeptical about this. They feel that many government agencies are just marking time these days, fearful that any reckless action on their part would only give impetus to the Ervin measure. The employe leaders say that if the Ervin bill doesn't become law, then agencies will go back to their methods of violating employe rights, as some of them have already.

It's interesting that the Henderson bill stresses as strongly the obligations employes owe their bosses as the obligations managers owe employes. No one argues that federal employes don't have obligations to the government and their employers, but these obligations are already spelled out in various laws, including the possible penalty of dismissal if these obligations aren't adhered to.

Hope seen—Yet, despite this strange hearing, there is hope for some kind of bill of rights for government employes, even though it may not be as strong as the Ervin bill in its present form.

Henderson said he definitely wants a bill enacted this year protecting federal employe rights. Equally important, Henderson said his group would amend the Senate-approved Ervin bill in order to save time and send the legislation to House-Senate conference once the House approves the bill.

Thus, in House-Senate conference some of the stronger provisions of the Ervin bill could be salvaged. The final product would not be altogether what employe leaders want, but it could be a satisfactory compromise.

[From the Washington (D.C.) Evening Star, July 17, 1968]

THE FEDERAL SPOTLIGHTS DEFEAT OF EMPLOYE "BILL OF RIGHTS" IN HOUSE UNIT APPEARS PROBABLE

(By Joseph Young)

The Senate-approved Ervin bill of rights for government employes apparently faces defeat at the hands of the House Civil Service and Manpower subcommittee this year.

The probability emerged at the group's session yesterday when angry members said they wouldn't be pressured into approving a bill without further study and investigation of cases involving charges of violations of employes' rights to privacy and constitutional rights.

The members were visibly angered when Vincent Connery, president of the National Association of Internal Revenue Employes, declared that "Federal employes don't believe this committee will come out with substantive legislation on the Ervin bill this year."

Rep. Charles Wilson, D-Calif., the subcommittee's ranking majority member, said: "They are probably right. The Rules Committee has probably quit for the year. And this means we could only bring the bill up in the House under suspension of the rules and this would be very difficult."

Wilson added, "The full House Civil Service Committee will also probably want to hold hearings and get more information."

Rep. David Henderson, D-N.C. the subcommittee chairman, remained silent during Wilson's statement.

Afterward, he told reporters that the subcommittee definitely wants to report a bill this year, but that it was unlikely that the House could act before adjournment.

Wilson had previously attacked "irresponsible statements" concerning charges of agencies' snooping into the private lives of federal employes and violating their constitutional rights. He demanded more proof.

Employe-union witnesses replied that the Ervin Senate subcommittee on Constitutional Rights had furnished plenty of proof in its hearings and investigations.

However, Wilson, Henderson and other House subcommittee members have expressed skepticism that such violations of employe rights exist on a great scale throughout government and whether the Ervin bill would help solve the cases that do exist.

The various postal and federal employe unions strongly favor the Ervin bill. But unless they can come up with some "muscle" in the remaining weeks of this session of Congress to convince the House group to act, the bill's chances grow dimmer by the moment.

Postal job cuts—the job-cut provisions in the new economy law will mean the elimination of 83,238 postal jobs, many of them held by permanent employes, within the next four years.

Jerome Keating, president of the National Association of Letter Carriers, says that during this period the Post Office Department will be handling an increase of almost 9 billion pieces of mail. "This is impossible on the face of it," Keating noted. He said "The postal service will suffer the most monumental catastrophe in its history."

Meanwhile, department officials have told David Silvergleid, president of the National Postal Union, that 7,500 permanent postal employes will have to be dropped this year.

FAA controllers—Rep. Morris Udall, D-Ariz., chairman of the House Civil Service Compensation subcommittee, has sponsored a bill to provide liberalized overtime and standby pay for about 10,000 air traffic controllers of the Federal Aviation Agency.

Time-and-a-half overtime pay would be given to non-managerial controllers in critical assignments. At present some of them do not get premium overtime pay.

The legislation is supported by the Johnson administration and Udall's subcommittee is expected to hold hearings on it soon.

Peep holes—James Rademacher, vice president of the National Association of Letter Carriers, charges that all the largest post offices and stations in the country continue to maintain "peep holes" to spy on postal workers.

Although the "peep holes" are intended to uncover employes' dishonesty, the rate of thefts is no greater in big-city post offices than in small-city post offices where there are no "peep holes," Rademacher said.

"The peep holes have no effect on depradations; they have an effect only on employe morale," Rademacher told the House Civil Service and Manpower subcommittee. "The degree of honesty among postal employes is legendary," he added.

[From the Washington Evening Star, June 17, 1968]

THE FEDERAL SPOTLIGHT: HOUSE UNIT'S STUDY OF PAY SETUPS EXPECTED TO PRODUCE 1969 PROPOSALS

(By Joseph Young)

The House Civil Service Position Classification subcommittee has received an encouraging progress report from its staff on the study of the need to overhaul the government's various pay classification systems.

The subcommittee's original estimate was that it would take three to four years to make such a study and draft legislation to carry out the recommendations.

However, it will now appears that the study will be completed by the end of this year and legislative proposals will be made to the new Congress next year.

The group wants to determine what needs to be done to modernize the various government pay systems in classifying jobs, determining standards and other criteria in light of present federal employment and personnel problems.

For example, the Classification Act has not had a major overhaul since 1949. In the ensuing 19 years there have been tremendous technological and social changes that have made some job classification standards and criteria obsolete.

The subcommittee also is studying the postal field service pay system, as well as the salary systems of the Public Health Service, Veterans Administration's medicine and surgery, foreign service, Central Intelligence Agency, Atomic Energy Commission and National Security Agency. The wage board pay system for federal blue collar workers is not included in the study except for the question of whether some supervisors should be included under the Classification Act.

Government departments and agencies are being asked to make their suggestions, operating officials also are being asked their individual opinions and government employe unions also are submitting their recommendations.

The subcommittee still has to determine its findings in view of conflicting recommendations.

Some agency officials and employe leaders feel there are too many grades in the pay systems. Others say there are too few.

Some say that present job standards are too detailed, while others say there are not enough details to guide agencies.

There seems to be general agreement that many job standards are outdated. Some personnel and management people advocate dispensing with job standards and giving agencies wide latitude in determining salaries under broad standards that would be set by Congress.

"Intellectual pablum"—Sen. Sam Ervin, D-N.C., characterizes the watered-down Henderson bill on government employe rights as "namby pamby and intellectual pablum."

Ervin, sponsor of the strong bill of rights for government employes approved overwhelmingly last year by the Senate, served notice that he would not accept the watered-down substitute drafted by the Civil Service Commission and sponsored by Rep. David Henderson, D-N.C.

Ervin warned that if the Henderson subcommittee does not come up with a bill similar to his own to protect government employes against unwarranted invasion of privacy and violation of their constitutional rights, he will move to offer his measure as an amendment to any House-approved bill dealing with civil service.

Payroll deductions—The Senate Banking Committee has approved a bill to permit payroll savings deductions by federal employes for banks, savings and loan associations and credit unions.

The bill was approved earlier by the House containing only the authorization for credit unions. The Senate panel broadened it to cover other savings institutions.

Rejected—The Post Office Department has rejected unfair labor charges filed against it by the United Federation of Postal Clerks. The UFPC contended that many postmasters refused to bargain in good faith on new contracts.

The Post Office Department said it was willing to settle the dispute by arbitration.

Labor-management hearings—Postal and federal employe union leaders are hopeful that the Senate Civil Service Committee will soon schedule hearings on legislation to give government unions official bargaining rights. Meanwhile, the House Civil Service and Manpower subcommittee already has announced plans to hold hearings soon on similar legislation.

Human interest—The Civil Service Commission is seeking to humanize its next annual report.

It has retained the temporary services of John D. Weaver, well-known West Coast author, to write the annual report. Weaver plans to write the report in terms of people and their achievements, and delegate statistics to the back of the report.

Mr. ERVIN. Mr. President, John Cramer, in his column "9 to 4:30" provides a much needed service to Government and citizens alike by calling attention to individual cases of injustice as well as to favorable developments affecting employee rights. He has rendered some pithy replies to those who would oppose this employee rights bill, and I recommend them to any Members considering this legislation. I ask unanimous consent that his articles published in the Washington Daily News, of June 14, July 18, and July 23, be printed in the RECORD.

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

[From the Washington (D.C.) Daily News, June 14, 1968]

AGENCY RIGHTS BILL PONDERED

(By John Cramer)

The Administration yesterday renewed its attempt to knock down—or at least, water down—the Senate-approved Bill of Rights for Federal employes.

Civil Service Commission Chairman John Macy went before the House Manpower Subcommittee to indorse the bill's objectives—and denounce almost everything else about it.

The legislation, sponsored by Sen. Sam Ervin (D., N.C.), and passed by the Senate with only five dissenting votes, is designed to curb growing invasions of employe privacy by U.S. agencies.

UNWORKABLE

Mr. Macy argued that it's administratively-unworkable, and also unnecessary—because the Commission already is "committed to protecting employes against unwarranted invasions of their privacy."

As a substitute, he endorsed an innocuous, almost-meaningless measure introduced several days ago by Rep. David Henderson (D., N.C.), the Manpower Sub-committee chairman.

The Henderson bill is a feeble litany of pious hopes—one which confines itself to declaring it to be Government "policy" to protect employe rights.

Sen. Ervin yesterday branded it "namby-pamby . . . intellectual pablum."

He predicted his own bill will pass the House if it gets out of the Civil Service Committee. But if it doesn't, he said, he will ask the Senate to tie his bill to some House-approved measure.

MORE SPECIFIC

Earlier, during the Sub-committee hearings, Rep. Henderson had insisted he was not "trying to write anything out of the Ervin bill", and had expressed willingness to make his own measure more specific and meaningful.

As it stands, it's neither.

The Ervin bill among other things, would prohibit "coercion" in Federal employe charity campaigns and Savings Bond drives; would prohibit mandatory self-designation of race, creed or national origin, and would sharply restrict required disclosure of financial assets, and indiscriminate use of psychological tests and lie detector tests.

It would set up a Board of Employe Rights to hear complaints of alleged violations, and would give employes access to Federal Courts for redress of violations, or injunction against threatened violations.

Mr. Macy, attacking the philosophy behind the Ervin bill, professed himself as "disturbed by the current exclusive emphasis placed on the protection of individual rights with no concurrent recognition that individuals also have obligations."

Precisely how that comment applies to the Ervin bill is a little beyond me.

On more solid grounds, Mr. Macy argued:

That its "needless to create a totally new agency", such as the Ervin bill's proposed Board of Rights, to hear Federal employe grievances.

That the Ervin bill would provide unusually-easy access to the courts . . . would let employes into courts even before they exhausted their administrative remedies . . . and inevitably would result in a "flood of litigation."

On the other hand, he said:

"We are not opposed to legislation in this important area.

"We would, for example, be pleased to support legislation that expresses a positive policy for the Government as an employer with respect to both the rights and obligations of its employes; defines those rights and obligations in understandable terms; provides for the enforcement of employe rights thru grievance procedures with an appeal to the Civil Service Commission; and recognizes an employe's duty to honor the obligation he owes the Government as his employer."

It was here, as an example of the legislation he would be "pleased" to support, that he mentioned the meaningless Henderson bill.

[From the Washington Daily News, July 18, 1968]

NEW PO DEAL WOULD DENY STRIKE RIGHT

(By John Cramer)

BULLIES BACK UP

The House Manpower Subcommittee, which has nit-picked and even bullied witnesses for the Senate-approved Bill of Rights for Federal employes, dealt gently, gingerly yesterday with Larry Speiser, director of the D.C. office of the American Civil Liberties Union.

Probably because Mr. Speiser is a top lawyer much too able to be shoved around.

He indorsed the proposed Bill of Rights, chapter and verse. In the process, however, he escaped much of the picayune questioning which has become the hallmark of a sub-committee remarkably insensitive to the Federal worker problems on which it's supported to be expert.

Mr. Speiser didn't change the sub-committee mind. It's dead set against the Bill of Rights, sponsored by Rep. Sam Ervin (D., N.C.)

NO CONSIDERATION

The bill is designed to prevent invasions of U.S. employe privacy by Federal agencies. Mr. Speiser noted that privacy-invading practices "have multiplied with little or no consideration to the effect they have on the rights and privacy of Federal employes. They always come into being for good purposes. They are not the products of malevolent minds."

He quoted that wonderful quote from Justice Brandeis: "Experience should teach us to be most on our guard to protect liberty when the Government's purposes are beneficient. Men born to freedom are naturally alert to repel invasions of their liberties by evil-minded rules. The greatest dangers to liberty lurk in the insidious encroachment by men of zeal, well-meaning, but without understanding."

Mr. Speiser had other things to say. I'll try to get back to him later.

[From the Washington Daily News, July 23, 1968]

AN APOLOGY TO HOUSE SUBCOMMITTEE

(By John Cramer)

I've had myself a think and decided I owe the House Manpower Sub-committee an apology for suggesting, the other day, that it has "bullied" the witnesses who went before it urging enactment of the Senate-approved Bill of Rights for Federal employes.

On second thought, it was an over-statement, not warranted by the record and unfair to the members.

It was prompted perhaps by my disappointment at the sub-committee's steadfast refusal to understand the very real need for the Bill of Rights—a need which the Senate recognized by an overwhelming 79 to 4 vote.

So I have no apology whatever for also saying the other day that the subcommittee has shown itself "remarkably insensitive" to the problems spotlighted by the bill.

It has.

I assume the sub-committee members would work up a mighty head of wrath if some leering Federal investigator asked their wives or daughters: "Have you ever had an abortion? Do you use birth control pills?"

STANDARD

But the subcommittee shows no concern whatever that such questions are virtually standard in certain types of Government investigations of Federal employes.

I suppose (I'm not sure) that members would become more than a bit irate if Government told private citizens they must not patronize certain stores . . . or threatened them with loss of jobs or promotions if they failed to buy saving bonds or contribute to specified charities.

It occurs that the members wouldn't like it a bit if Government required United Parcel Service drivers to disclose their financial assets AND those of their families—or face firing.

FARMERS

They wouldn't like it, either, if the Federal bureaucracy demanded that farmers reveal their national origins and submit to psychological-test questions about their religious beliefs in order to qualify for farm subsidies.

And they would be considerably unhappy if Government required their non-Federal worker constituents to campaign, outside office hours, for open housing legislation.

Yet these practices, all of them invasions of the Constitutional Rights guaranteed all citizens, are the name of the game in the Federal Civil Service.

The Bill of Rights, sponsored by Sen. Sam Ervin (D., N.C.), would prohibit or restrict these abuses—and several others just as obnoxious.

But it legislates only on constitutional issues, and only in areas where the abuses have been largest.

LESSER ABUSES

It would not attempt to deal with such scattered and lesser abuses as the posting of sick leave records on office walls . . . demands that employes report family size and family income . . . an order, in one agency, which prohibits employes from having a drink before lunch . . . the publishing of office phone directories complete with home addresses and phone numbers of employees . . . requirements, in many military units, that official parking stickers display home addresses and phone numbers . . . orders prohibiting employes from driving more than 250 miles in a weekend . . . Peeping Tom medical examination forms which ask questions such as: "Does your sister have syphillis?"

Well, the list could go on and on and on.

And tho these particular abuses are, indeed, scattered and lesser, they are thoroughly typical of a climate in which nit-wit bureaucrats, acting always in the name of some High Purpose, subject Federal employes to indignities which never would be tolerated in private employment.

So I say the sub-committee is "remarkably insensitive."

And for that I don't apologize!

Mr. ERVIN. Mr. President, the Wall Street Journal, which has supported this legislation since its introduction, again this week expressed its concern and suggested that this bill "to protect Government employees from administrative abuses of power be taken from its congressional pigeonhole and acted upon." Is ask unanimous consent that the editorial of July 22 be printed in the RECORD.

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

[From the Wall Street Journal, July 22, 1968]

A CASE OF PARANOIA

If Senator Sam Ervin Jr. has his facts right—and he is not in the habit of going off half-cocked—he has caught hold of yet another instance in which somebody on the Federal payroll is being treated pretty shabbily. And it suggests that Senator Ervin's bill to protect Government employes from administrative abuses of power be taken from its Congressional pigeonhole and acted upon.

The case involves an electronics engineer in the U.S. Army's ammunition procurement and supply agency in Joliet, Ill. Classified as GS–12 ($12,500 a year), he had three years' military service in World War II, later served as an engineer on a top secret atomic project, and in private industry had undergone extensive psychological testing, emerging with high marks.

In 1965 the Army assigned him to a team of other experts to travel around the country evaluating contracts for munitions, most of which were destined for U.S. military personnel in Vietnam. In the course of his work he suggested how $250,000 could be saved on one contract, recommended methods of speeding production on others, and reported on a number of defects in materiel.

His zeal seems to have made his superiors uneasy, for he was urged to approve contracts with a little less diligence. He continued to scrutinize contracts in the same way, however, and after several more warnings was told he was fired. The charge: Being absent without leave.

Obtaining a hearing before the Civil Service Commission, the engineer proved there was no basis for the charge and the CSC ordered him reinstated. Which should have ended the matter, but it did not.

The Army then charged him with mental instability and ordered him to undergo a psychiatric examination—the first time in his career his mental fitness had come into question. And although such an examination usually is a lengthy and thorough affair, after questioning by a psychiatrist for about 30 minutes he was declared to be a "chronic paranoid." Paranoia is defined as a mental disorder characterized by delusions of persecution and of one's own greatness, sometimes accompanied by hallucinations.

At this point the engineer brought his case to the attention of Senator Ervin and his Senate Constitutional rights subcommittee; its members have documented scores of similar instances in which, on one pretext or another, Federal agencies have sought to railroad employes out of their jobs. The engineer's case still is pending while he shuffles papers awaiting an appeal to the CSC.

Plainly somebody is suffering from some sort of disorder, but the record as reported by Senator Ervin suggests that it is not the Army electronics engineer.

Mr. ERVIN. Mr. President, members of the American Federation of Government Employees in every State have been among the stanchest supporters of the proposed legislation. Recently, Mr. John Griner, president of the AFGE, eloquently explained the need for S. 1035 in an editorial published in the Government Standard.

I ask unanimous consent that this editorial and an article from the AFGE Washington Letter, reporting Mr. Griner's testimony before the House subcommittee, be printed in the RECORD.

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

CONSTITUTIONAL RIGHTS NEED THE LAW'S PROTECTION

The House Civil Service and Post Office Subcommittee on Manpower, chaired by Rep. David N. Henderson (D-NC), is finally holding hearings on Senator Ervin's "Bill of Rights."

We all know the great need for this bill, so when I present AFGE's viewpoint July 11 to the Subcommittee, I aim to make the testimony as forceful as possible. In fact, my written statement already runs more than 54 closely typed pages, citing chapter and verse of infringements on Federal employees' Constitutional rights.

We are not going to let anyone paint a simple rosy picture of Federal employment. We are going to the Subcommittee to "tell it like it is," and also as it should be.

A full report of my testimony will appear in the next issue of the Government Standard but I would like to emphasize one point now. It concerns a statement by John W. Macy, Jr., Chairman of the Civil Service Commission.

Mr. Macy opposes the section of S. 1035 which would enable an employee to file a law

suit in Federal court when the employee believes his Constitutional rights are violated.

Chairman Macy told the Subcommittee:

"I am firmly opposed to this route of direct access to the courts as it will circumvent and negate already existing agency grievance procedures, many of which are the products of negotiated agreements between agencies and employee organizations.

"I see no justification for casting aside procedures which have been agreed to by management officials and union representatives, and dumping the raw and unreviewed complaints of employees into the lap of an overburdened judicial system."

Chairman Macy opposes the Ervin Bill; and although we strongly disagree with him, he has a right to this position.

But Chairman Macy has no right to imply the Ervin Bill will negate Union negotiated contracts.

I intend to make this clear to the Henderson Subcommittee.

In his testimony, Mr. Macy confused two very different kinds of rights; Constitutional rights and rights of Federal employees as Federal employees.

The first kind are unconditional and inviolable rights, while the second, "employee rights," are the type we negotiate in our contracts with management.

What Chairman Macy did, in his testimony, was to blur the distinction between these kinds of rights.

S. 1035 is concerned with codifying the Constitutional rights of American citizens who happen to be Federal employees.

It is of course a sad state of affairs that this is necessary, but the flagrant abuses of these Constitutional rights were so clearly documented in the voluminous hearings before the Senate Subcommittee on Constitutional Rights that S. 1035 passed the Senate by a vote of 79–4.

S. 1035 is in fact silent on the other, "employee rights." It does not interfere in any way with any existing laws, regulations, labor-management agreements under Executive Order 10988, grievance or appeals procedures.

Does Chairman Macy imagine that we would support legislation that would detract from our life-blood, from our negotiated contracts? Doesn't he know by now that AFGE and every other union is supporting the Ervin Bill?

But if Chairman Macy doesn't know better, you can rest assured that the Henderson Subcommittee will be clearly informed by me of our wholehearted support of S. 1035.

Passage of the Ervin Bill will still require our concerted efforts. And that success depends upon the strength of our AFGE.

Our National Convention in September is an important means of increasing this strength, because delegates meet there to democratically hammer out a program to guide our future course.

I remind you that this is not the case with some other Federal employee organizations. For example, one employee group has not, to my knowledge, held a national convention since 1964 despite their own Constitutional requirements that they be held every 3 years. No wonder that organization has such weak local leadership and must depend on a one-man road show.

AFGE will continue to develop democratically, and as long as I remain National President, I can assure you that our Union is going to remain of, for and by the membership.

So I urge all Lodges to elect their delegates, get early plane and hotel reservations, debate the issues fully in Las Vegas, arrive at our position, and go forward united in this great Union.

That's the way we will obtain the relief from injustice so urgently sought by Federal employees.

JOHN F. GRINER,
AFGE National President.

[From the Washington Letter of the American Federation of Government Employees, AFL–CIO, July 19, 1968]

AFGE Again Fights for Ervin Bill—Legislation for Federal Employees' Basic Rights Encounters Opposition From CSC in House Hearings

AFGE has once again thrown its support behind the Ervin "Bill of Rights" for Government employees in an effort to get it through the House, where it is encountering resistance.

National President John F. Griner, who was one of the bill's first and most vocal supporters when it was originally sponsored by Sen. Sam J. Ervin, Jr. (D–NC), is urging the House to adopt it rather than a watered-down version being pushed by the Civil Service Commission.

Ervin's bill, S. 1035, which was cosponsored by 53 Senators, breezed through the Senate, 79–4, last September, but faces a stiff test in the House.

Griner again emphasized the necessity for the Ervin Bill last week when he testified before the House Post Office and Civil Service Committee's Subcommittee on Manpower and Civil Service, chaired by Rep. David N. Henderson (D–NC).

At the outset of his House testimony Griner made a distinction between the two different kinds of rights possessed by American citizens who are Federal employees.

"The first kind of rights," Griner said, "are their Constitutional rights which belong to them purely and simply because they are American citizens living under the American Constitution.

"The second kind of rights are their rights as Federal employees.

"The first kind of rights they possess from the moment they are born or are naturalized as American citizens. Federal employees acquire the second kind of rights only if and when they accept Federal employment."

Griner pointed out that the Ervin Bill does not establish or grant any additional rights to Federal employees because they already possess all these rights simply by being American citizens.

He further explained that the bill does not take away from the Civil Service Commission any functions which it has previously exercised in protecting "employee rights" and enforcing "employee obligations."

S. 1035, in recognition of the sharp distinction between the "constitutional rights" and the "employee rights" of Federal employees sets up a separate Board of Employees' Rights whose sole function would be to proceed only in cases where the Federal employee's Constitutional rights and privacy have been invaded.

APPLY DIRECTLY

Section 4 of S. 1035 allows any person affected or aggrieved in the enjoyment of his Constitutional rights or privacy to apply for relief directly to a district court.

Griner briefly discussed H.R. 17760, introduced by Representative Henderson, and entitled "A Bill to recognize the rights and obligations of civilian employees of the executive branch of the Government of the United States, and for other purposes."

"Our organization," Griner said, "is impressed with the fact that the Bill (H.R. 17760) seeks primarily to codify in a succinct statutory form all those 'employee rights and obligations' which already exist in other laws and regulations in that wide area known as 'employees' rights and obligations."

NATIONAL SECURITY

In regard to national security Griner noted that S. 1035 already exempted from this Act, for certain purposes, the Central Intelligence Agency, the National Security Agency and the Federal Bureau of Investigation, if the Director of each respective agency, or his designee, "makes a personal finding with regard to each individual to be so tested or examined that such test or information is required to protect the national security."

AFGE is opposed to the granting of this power to heads of other departments or agencies if this were likely to be used in any way at all to cover up information which has nothing to do with national security.

"The 'security' classification," Griner said, "is too often used as a pretext to hamper the employees directly concerned or members of Congress or employee unions in obtaining the facts regarding the violations of the Constitutional, as well as the other, rights of employees."

"Our organization," Griner went on, "has received many complaints that the Dept. of Defense and the State Dept. have made it almost a general practice to invoke the claim of 'executive privilege' or use the 'national security' classification to 'cover up' situations embarrassing to these departments because of their own questionable, and sometimes even illegal, practices.

EXTENSIVELY DOCUMENTED

"This has happened in such areas as 'contracting out' of goods and services; 'security programs'; appeals procedures; and grievances involving the systematic harrassment of honest employees."

Griner then drew attention to the fact that the need for legislative corrective action in the area of Constitutional rights by Federal employees has been extensively documented. Volumes of material exposing the magnitude of the problem have been presented before committees and subcommittees of both houses of Congress.

"The fact that Federal employees in many, many departments and agencies of the Federal Government are today prevented from enjoying their Constitutional rights at their places of employment," Griner stated, "is the one single fact about the status of Federal employees which is more widely and generally documented and better known to members of Congress than perhaps any other single item of information one could cite about Federal employees."

Griner cited the Civil Service Commission's opposition to S. 1035, stating that, in three years of opposition to this Bill even when known as S. 3703 and S. 3779, the lot of the Federal employee, in the protection of his or her Constitutional rights has not improved at all.

LITTLE PROGRESS

"Such little progress," Griner said, "which has been made in some agencies, usually under the pressure of Congressional scrutiny or press disclosure, has been accompanied by serious retrogression in other agencies.

"The evidence against the Civil Service Commission has grown in these three years, revealing ever more clearly that the Commission does not have the statutory power to protect Federal employees in the enjoyment of their Constitutional rights.

"Even worse, there are cases which indicate that the Civil Service Commission cannot carry out the mission of protecting the Constitutional rights of employees since the Commission is publicly aligned with management."

After citing selected cases of harassment of Federal employees and "Gestapo" like situations existing in the Internal Revenue Services, Treasury Post No. 45 of the American Legion, the Office of Civil Defense, the State Department and Foreign Service, Griner had several supporting documents inserted into the Congressional Record.

"It is clear," Griner concluded "that ultimately the freedom of every American citizen, even of those who are not now and may never be Federal employees, may well be affected by the manner in which the Congress enables Federal employees to obtain effective protection for their Constitutional rights."

THE HIGHWAY BULLDOZER

Mr. YARBOROUGH. Mr. President, in my State, a great many people are outraged by recent House action that effectively will unleash the bulldozer on our public parks, historic sites, wildlife refuges, and recreation areas.

By section 4(f) of the Department of Transportation Act of 1966, the Secretary of Transportation is prohibited from approving any Federal highway project that would cut through these invaluable lands and sites, without first making an absolute determination that there is no feasible alternative. I was pleased to support actively the distinguished Senator from Washington [Mr. JACKSON] in putting section 4(f) into that 1966 act. Before that, I had placed similar protective language in the Federal-Aid Highway Act of 1966.

Now section 4(f) is in danger of being struck from the books by the House version of the Federal-Aid Highway Act of 1968. A section in that bill would eliminate the authority of the Secretary of Transportation to protect our cherished parklands and our historic areas from highway engineers who draw straight lines, seemingly unconcerned that they slash a park, city or national, smash a shrine, or destroy a wildlife refuge.

The Senate version of the Federal-Aid Highway Act of 1968, S. 3418, wisely retains the authority of the Secretary of Transportation to guard against the insensitivity of the highway bulldozer.

The bill presently remains in conference committee, where the very able Senator from West Virginia [Mr. RANDOLPH] is waging a valiant fight to maintain the Senate position in favor of our irreplaceable parklands and our historic treasures. I support his strong efforts there, and again I express my deepest concern that the Senate position on this issue prevail.

I was pleased to note that the Houston Post, on July 17, 1968, editorialized on the need to maintain the authority of the Secretary of Transportation to restrain the highway engineers. In the closing paragraph of the editorial, entitled "Bulldozer Brutality," the editors offer this observation:

> If so much is to go down before the bulldozer, who needs highways? There will be nothing left to go to see.

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

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

BULLDOZER BRUTALITY

There is a strong move on in Congress to throw parks, wildlife preserves and historic sites to the bulldozer.

On June 18, the House Committee on Public Works approved a bill to free the nation's highway engineers of all significant legal restraint against invasion of public parks, recreation areas, wildlife and waterfowl refuges and historic sites.

Under the new law now making rapid progress through Congress, engineers can shoot a freeway through the Alamo, Hermann Park or the Grand Canyon without let or hindrance.

This is a brutal reversal of the law passed by Congress two years ago which set a national policy of protecting natural and historic beauty from highway encroachment.

Under the law of two years ago, the Secretary of Transportation was to withhold federal funds for highways being built in any such park lands and preserves "unless there is no feasible or prudent alternative."

The new law, being pushed through Congress at ruthless speed, removes this restraint.

The change will open the door to bulldozing of irreplaceable public properties. Apparently in anticipation of full congressional approval of their bill, the Public Works Committee deliberately wrote in a section requiring construction in Washington—this nation's capital—of a sprawling freeway grid on land which up to now has been safeguarded as part of the National Park System.

The grid would menace or mar the Potomac gorge and palisades, the historic Chesapeake and Ohio Canal built by George Washington and his contemporaries, the river side of Georgetown Historic District, the Glover-Archbold nature preserve, the Lincoln Memorial and Reflecting Pool, the Tidal Basin where the Japanese cherry blossoms frame the Jefferson Memorial, the George Washington Memorial Parkway, the Rock Creek and Potomac Parkways and others.

With Congressmen like this shaping our national laws, who needs alien enemies? Bombs would destroy no more beauty than the federal highway bulldozers.

The protests have been immediate and vehement from leading Americans—and so far to no avail.

Hubert Humphrey, vice president and chairman of the President's Council on Natural Beauty, and Laurance Rockefeller, chairman of the Citizens Advisory Committee to the President on Recreation and Natural Beauty, forcefully protested in behalf of their two groups. The legislation, they said in their telegram to the committee, "would severely handicap the Secretary of Transportation in his directive not to invade public parks, recreation areas, wildlife and waterfowl refuges or historic sites in the design and construction of transportation facilities unless there is no feasible and prudent alternative. We urge you . . . not to allow such an adverse provision to be included in the Federal Highway Act of 1968."

The only hope left to American citizens at this point is that a majority of the members of Congress, in both House and Senate, will refuse to be railroaded into acceptance of this bill.

If so much is to go down before the bulldozer, who needs highways? There will be nothing left to go to see.

THE HIJACKING OF THE ISRAEL AIRLINER BY ARAB TERRORISTS

Mr. CLARK. Mr. President, the hijacking of an Israel commercial airliner by Arab terrorists represents a serious and unprecedented escalation of the Arab cold war against Israel. It also represents a new and frightening threat to the security of air travelers of all nations. This was not the act of a madman or a deranged person. It was a preplanned act of piracy conceived against a sovereign nation, with the lives of innocent passengers—including Americans—hanging in the balance.

There is a point which this country and all the civilized nations of the world who have a stake in the security of air travel cannot permit to be overstepped by the fanatic adversaries of Israel. As far as I am concerned, this hijacking of an innocent airliner is one step over the brink. How would we react if the next hijacked plane belonged to Pan Am, and the hijacker were Chinese?

I hope the Government of Algeria will see to it that this airplane and all of its passengers and crew are released immediately, and that the hijackers are brought to trial for the crime of piracy and punished appropriately.

UTAH: IT TRULY WAS THE PLACE

Mr. BENNETT. Mr. President, 121 years ago today a small band of brave Mormon pioneers entered Salt Lake Valley to become the first permanent settlers of a region which encompasses the State of Utah.

Led by the colonizing genius of Brigham Young, whose familiar statue represents Utah in the U.S. Capitol, this vanguard of pioneers came by oxcart and on foot to escape religious persecution in the Middle West and to begin one of the great epics in human history.

Although it was nearly a half century later that Utah became the 45th State in the Union, Utahans generally look upon July 24 of 1847 as the Beehive State's real beginning. For those of us from Utah, July is thus a month to be doubly thankful for a heritage of freedom, won by the American Founding Fathers in 1776 and again by our noble pioneer forebearers in 1847.

It is instructive to know that the night the first pioneers began their long trek into the West, the temperature was 12° below zero. Because of the severity of conditions, hundreds of pioneers died and were buried in graves along the wagon trails during the ensuing months and years.

Upon arriving in Salt Lake Valley the Mormons began immediately to irrigate, plant crops, build forts and houses, explore and colonize thousands of square miles in the wilderness. Additional emigrants arrived by the thousands during the next few decades.

The Governor of the territory and pioneer leader, Brigham Young, during the 30 years from 1847 to his death in 1877, directed the establishment of more than 350 communities in Utah, Idaho, Nevada, Arizona, Wyoming, and California.

Today, through sweat and dogged determination of Utahans of all religions creeds, and races, the desert has in reality been tamed. Utah is proud of her unique heritage, but is also proud of her solid link in the chain and fabric of America.

On this day, while parades and celebrations in Utah commemorate the coming of the pioneers, I believe it is fitting that we too, in the Nation's Congress, should acknowledge this historic day and give tribute to the history, growth, and courage that has built the great State of Utah.

IT'S TIME TO ACT TO SAVE THE BIG THICKET

Mr. YARBOROUGH. Mr. President, the past few days have brought a flurry of encouraging support for my bill to create a Big Thicket National Park that would preserve for future generations the primitive beauty of that dense forest stretch of southeast Texas. The remarks of Secretary of the Interior Udall at a news conference recently backed up the need for a large park—one big enough to

preserve for our grandchildren and other generations a real wilderness with examples of the diverse flora and wildlife there.

The Houston Chronicle has agreed with my sentiments and the Secretary's concerning the need for a full-sized Big Thicket National Park. The urgency of the situation is captured in the final sentence of that editorial:

For posterity, we must act now to safeguard what we can before it is too late.

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

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

PRESERVING THE BIG THICKET

Prospects that 75,000 acres or more of the Big Thicket area in East Texas will be set aside for a National Park became much brighter this week when the proposal won the endorsement of Interior Secretary Stewart Udall.

Proposed by Sen. Ralph Yarborough, the larger acreage for the park would take preference over a smaller sized national monument favored by U.S. Rep. John Dowdy and lumber interests in the area.

We believe that some plan can be worked out to preserve a considerable portion of the Big Thicket as a National Park without damage to the lumber industry.

The park proposal faces opposition from lumber interests and the problems were compared by Udall to those encountered in trying to preserve the Redwoods in California. The secretary expressed hope that the California problems would be solved soon and that perhaps that could serve as a guide to working out the Big Thicket park plan.

A plan similar to the "selective cutting" in Washington and Oregon, or the "patch cutting" adopted in Canada also might serve as guides to solve the problem with lumbering firms.

Selective cutting in National Parks allows lumber firms to cut certain trees at a particular stage of their growth or to "thin out" growths found to be too dense. Patch cutting allows certain areas to be cut over and then replanted.

What we must keep in mind is the fact that civilization continues to use up our remaining wilderness and undisturbed woodlands. For posterity, we must act now to safeguard what we can before it is too late.

DEATH OF MARGARET PRICE

Mr. HART. Mr. President, it was with much sorrow that I learned yesterday of the death of Margaret Price, vice chairman of the Democratic National Committee. She was a close friend, a political ally, and always at the vanguard of the Democratic Party. Her death ends an encompassing and deeply involved career in politics and community service.

When death comes to someone we know, there is a natural tendency to outline the good things they have accomplished, and to take comfort in those achievements.

But I am afraid that for all that Margaret Price accomplished, she will be sorely missed by her family and friends—and will be irreplaceable to the Democratic Party.

She had a tremendous ability to identify herself with individual problems—and although she rose to national stature her concern was always to return the discussions or the issues or the heart of the campaign to the local level.

When I remember Margaret Price, I remember a woman with a quiet grace that dispelled, at first impression, any evidence of her ingenious ability to organize a national movement. That same grace gave no hint of her capacity for total commitment to the causes in which she believed, and for which she dedicated her life.

Her remarkable political life began in Michigan, in Ann Arbor, about 1948. From the post of precinct delegate, she went on to become Michigan's national committeewoman in 1952. In 1960 she was elected vice chairman, shortly after John F. Kennedy's name was put in nomination.

Perhaps one of the most eloquent tributes to Margaret Price was paid by an Ann Arbor columnist, Connie V. Reed, who said of her:

She is living proof that there is no substitute for imagination and fresh ideas to ward off organizational stagnation.

The vitality of the democratic organization is diminished by her death.

Even more, the loss to her husband, Hickman Price, known and respected by all of us, and to her son, Marston, is reflected in our grief, and in this time of personal sorrow we offer our sympathy and prayers.

MANNED VERSUS UNMANNED SPACE FLIGHTS

Mr. PROXMIRE. Mr. President, an article on the editorial page of the Evening Star of July 14, 1968, made the point that we are now spending vast sums of money and are backing into further manned space programs that will cost even larger sums of money, but that we will receive little data of scientific value for their price.

In the article, Mr. Hines, of World Book Science Service, states:

Without men in the system, there is really no good reason to spend the $250 million a Saturn V super-rocket costs. Few, if any, unmanned payloads need to weigh the 50 tons a Saturn V can launch into deep space. Instrumented spacecraft can be launched by rockets costing only a few million dollars.

That is precisely the point I made back in June of this year during debate on my successful amendment to cut the NASA authorization approximately $360 million below the budget request.

I also concur in Mr. Hines observation that unless NASA becomes more realistic in its goals and in its budget requests, serious damage can be done to projects of great scientific merit that can be successfully carried out by unmanned flights. I would hate to see such programs killed because of a stubborn policy that keeps them wed to manned flights that can only have deep-space, manned flights as their ultimate goal.

Mr. President, I ask unanimous consent that Mr. Hines article be printed in the RECORD.

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

WORLD OF SCIENCE: AIR FORCE CAN RUN SPACEFLIGHT PROGRAM

(By William Hines)

The space program's salvation (if it is to have a salvation) will come when its leaders stop thinking big and start thinking small. The attitude that enables otherwise sober men to suggest in days like these that the nation should start planning expeditions to Mars can only be NASA's undoing.

It is already apparent that the space program will be in an operational vacuum after 1970, and many people believe a dismantling of the space program may follow the first manned lunar landing. This does not need to be the case if NASA presents feasible alternatives to the multi-billion-dollar dreams it has concocted to date.

There is no lack of such alternatives, provided manned flight programs are abandoned and serious scientific projects are substituted. While it might not support administrator James E. Webb's space empire in the style to which it is accustomed, $2 billion a year would be more than adequate for the kind of vigorous space effort this country could justifiably sustain.

Abandonment of the manned programs would not be inconsistent with NASA's role as spearhead of America's exploration and exploitation of space. Indeed, there are good precedents for NASA to relinquish such a going project and turn its attention elsewhere.

The space agency built and tested the Tiros series of weather satellites in 1960–65 and, having brought it to operational readiness, turned the Tiros program over to the weather bureau. NASA's experiments with communications satellites ended, for all practical purposes, when the Comsat Corp. was born.

The manned space program originated in science's deep uncertainty over the human organism's ability to survive—let alone function productively—in the hostile space environment. Project Mercury proved that survival is possible; Gemini answered the question of function. Apollo's purpose is more pragmatic: to get men to the moon.

It is now time for NASA to think about quitting the manned space business and turning it over to the Air Force, which already is pushing development of its post Apollo "Manned Orbiting Laboratory."

The logical timing for this changeover would be July 1970, which is the start of fiscal year 1971. Allowing a certain leeway for slippage in project Apollo, the first manned lunar landing will probably have been accomplished by then, leaving NASA no significant stake in the manned end of space. NASA has the momentum and the money to carry Apollo through fiscal '70, but that is about all.

It would not be surprising in the next few years to see the space agency's budget halved—from the present $4 billion to about $2 billion—if present difficulties at home and abroad persist, as seems likely. If this happens, NASA will be unable to do anything of consequence with men in the picture, but will be able to do quite a few interesting and challenging things using instruments only. Some space scientists and engineers are counseling a deliberate policy of "go small, go cheap" in order to wring the most scientific data out of every space dollar.

Without men in the system, there is really no good reason to spend the $250 million a Saturn V super-rocket costs. Few if any unmanned payloads need to weigh the 50 tons a Saturn V can launch into deep space. Instrumented spacecraft can be launched by rockets costing only a few million dollars.

Space engineer Maxwell W. Hunter II has been preaching the gospel of smallness for a long time. He has been active in the missile-space effort in and out of government for nearly 25 years and is widely respected throughout the industry.

Hunter contends that even the outer reaches of the solar system can be explored quite cheaply, if only we start thinking small. He envisions a rocket not much bigger than the original 1957-model Vanguard as a launching vehicle for unmanned flights to Jupiter, Saturn, and even distant, mysterious Pluto. The payload would not be merely grapefruit-sized, as was Vanguard's; Hunter envisions packages weighing more than 400 pounds.

If this seems improbable, it is only because we are accustomed to thinking along obsolete lines. The Saturn V is basically a monstrous scaling-up of rockets designed in the 1950s; in this fact lies its strength today—and its weakness tomorrow.

Hunter is not the only engineer with ideas about how to keep the space program going productively at some reasonable level of expenditure. Now what is needed is similar wisdom at the top in NASA's Washington headquarters.

THE REBELLIOUSNESS OF YOUTH

Mr. CLARK. Mr. President, there has been growing concern in this country about the rebelliousness of youth. We wonder why they are rioting at Columbia, why they are agitating at Berkeley, why they are fighting at Minneapolis. We criticize and condemn and call them foolish and say that they will eventually don the clothes of their fathers. But I do not believe this is totally true.

The fact is that the number of disaffected young people in this country is growing every day. They are tired of a war that drags on; they are tired of a Government which does not respond to the needs of the people; and they question whether it is even able to respond. And they are tired of being talked down to, of being told that they just do not understand. The point is that they do understand; they understand very well when a politician fields a question cleverly, when he sidesteps an issue to avoid taking a stand, when he talks out of both sides of his mouth. They want honest answers, not clever ones, and it is easy for them to make the distinction. It is not too difficult to understand why they flock to someone who says what others are thinking but are afraid to say.

So what can we do? One thing we can do is to start listening to youth and start taking some of their ideas seriously. We can try to understand better why they protest and demonstrate rather than simply make a call for law and order. We must realize that when students protest at a particular place, it goes much deeper than grievances against that particular place, for if it were only that, we need not be so concerned. Rather, these young people are disaffected with outmoded institutions and unresponsive administrators and a society which treats their ideas with little respect. We can call for law and order from here until doomsday, but it will only solidify the ever-increasing numbers of those who feel estranged from the system. Until we address ourselves to the problems which are deeply rooted in our society, we will only have more lawlessness and disruption and perhaps an end to our political system as we know it.

Recently President Johnson called for a constitutional amendment to lower the voting age to 18. This is fine idea; I have supported resolutions to this effect in the past, and I support the proposal now, but let us not fool ourselves into thinking that this will bring the disaffected into our system. If it does, youth will be leading the way, not following. Restless youth is not going into the Peace Corps anymore to spread the word; instead, it is staying home because it is losing faith in the word: They are not so sure anymore that America means opportunity for all, equal justice for all, or equality in the pursuit of happiness. When one feels this way, it is difficult to sell the American dream abroad.

What it comes down to is that youth deserves to be taken seriously, not dismissed with a remark about youthful idealism. If young people are disillusioned, it is mostly our fault, for politics as usual will not solve the problems of today. The dogmas of the past are not appropriate for the present; and so it is with the old tried and true ways, if they do not fit the needs of today. We must think in new ways when we confront new problems; we must be flexible and innovative and not tied to the past. Old cliches should have been buried long ago; they do little but insult those who suffer as a result of our inaction. These are the things which young people are telling us, and we should begin to listen.

MICE

Mr. GORE. Mr. President, these are critical times, characterized by the omnipresence of danger, the rapidity of change, and of constant surprise. We talk of the cataclysm of war, we hope for peace, we appropriate billions and, now and then, we engage in flights of promissory oratory.

Yet there are mundane problems of housekeeping that must claim our attention. In this latter reference, I ask unanimous consent to have printed in the RECORD a letter I have addressed to the Architect of the Capitol.

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

JULY 23, 1968.

Mr. J. GEORGE STEWART,
Architect of the Capitol,
U.S. Capitol,
Washington, D.C.

DEAR MR. STEWART: You are hereby requested to consider and resolve a problem with which I have been unable to cope successfully. While it may not be of the magnitude of some others you face, such as the rebuilding of the West Front of the Capitol, it does promise to be at least as difficult of solution as the extension of the Capitol subway system.

To put the matter bluntly, mice are destroying the potted plants in my office.

Now, I do not mean to malign mice, and I have often read with sympathetic understanding the immortal words of Bobby Burns,

"I doubt na, whyles, but thou may thrive;
What then? poor beastie, thou maun live."

But I want these mice to thrive and live elsewhere. I want them removed from my office.

I have tried attrition by trapping. My kill ratio appeared to be satisfactory and, according to my computer, the mice have been eliminated. They are still infiltrating.

We have tried other orthodox methods of rat eradication, too. But these mice have resorted to a guerrilla type of warfare and after three years of optimism, I have concluded that it is impossible to win a classical victory with present methods and policies.

You will, perhaps, find this an unwelcome problem, but we must have a program of pacification in my office as these mice are undermining stability. What secretary can type flawless letters in their presence? On one occasion, we found one of our Nervous Nellies standing in her chair. In fact, I must admit that my own chain of thought has just been rudely interrupted by the emergence of one of these infiltrators from the air conditioning duct.

More importantly, they are eating my Philodendron.

So, please organize a search and destroy mission to rid my office of these pests.

Sincerely yours,

ALBERT GORE.

AMERICAN ENJOYMENT OF HUMAN RIGHTS PROTECTIONS IMPLIES A RESPONSIBILITY

Mr. PROXMIRE. Mr. President, we Americans enjoy the fullest measure of human rights and the protection of those rights of any people in history. We can say what we want, live where we want, work where we want, associate with whom we want, and worship God the way we want. But all reasonable men will agree that you cannot equate freedom with license. Every freedom or right carries with it a responsibility. Each individual in order to enjoy these rights for himself must take care that by asserting his own rights in one area he does not violate the rights of others in some other area. In other words, part of every right is a responsibility to protect that right not only for oneself, but just as importantly, for others.

The right to worship God the way one wants is meaningless if there is intolerance of the way others do so. The right to petition of grievances is worse than meaningless if the exercise of that right is marked by violence and disregard for the basic rights of others. All these rights carry responsibility.

But what responsibility is ours because we as Americans enjoy near fullness of human rights? What must we do to continue to enjoy these rights? The answer to that question, Mr. President, would seem to be that we must do everything in our power to see that these rights, which belong to every man by his very nature, are, indeed, enjoyed by every man.

It is said, with validity, that to deserve freedom a nation must continue to struggle for it. But Mr. President, that battle for human rights for all Americans has reached the point where practical implementation is needed instead of further legislation or formal declaration.

However, there are many countries today where there exist official policies of mass exploitation and inhuman violations of the rights and freedoms we take for granted. It is there, Mr. President, that we must focus our efforts. Through international protective mechanisms and fora of discussion, we must take the lead in this struggle in behalf of the rights of all men—for all men.

Mr. President, we are now witnessing

in Nigeria-Biafra violations of basic human rights unequalled in horror since World War II. Yet, the Senate has still failed to ratify the Genocide Convention and other conventions which could provide a basis for protecting the violated rights of these innocents. Here, in the U.S. Senate the responsibility now rests to begin anew that world movement toward guaranteeing those rights that belong to a man, because he is a man. This is how, Mr. President, we guarantee continued enjoyment of these rights and freedoms for ourselves: help insure that they are shared by others.

Ratify the genocide and other conventions now.

THE NEWLY APPROVED FIREARMS CONTROL LAW FOR THE DISTRICT OF COLUMBIA

Mr. DODD. Mr. President, the Mayor and the City Council of the Nation's Capital have now approved a firearms control law and a firearms registration law for this city.

I commend them for this action, and I certainly hope that Mayor Washington and the Police Department will move as rapidly as possible to implement these new regulations.

As a part of my concern with the crime and juvenile delinquency problem in the Nation, I have had a special interest regarding the crime situation here in the District.

I have said in the past that the Capital must be our showcase to the world, but it has been apparent in recent years that Washington's own residents, not to speak of the world, are afraid to move about this city. We have now reached a situation where it is a dangerous occupation in Washington to be a cab driver after dark and where the transit company's bus operators will not, and in fact cannot, carry money.

These are signs that at night the law of the jungle and not the order of man has come to govern this Capital of the most advanced of the civilized nations of the world.

These are the conditions that leave us no doubt that the District as well as other parts of the Nation needs firearms controls to help save and protect the lives of our citizens.

We cannot allow armed rioting hoodlums to practice political extortion on the U.S. Government. We certainly cannot allow them to do this in the Nation's Capital.

Since I became concerned with the problem of guns in riots, I sought evidence to determine the firearms situation in the District of Columbia during the recent riots.

After the disorders and rioting in Washington in April of this year, I asked the Metropolitan Police Department and the FBI for background information on those offenders arrested on weapons charges during the riot.

I wanted to determine to what extent these people had criminal records.

I wanted to know what kinds of people were roaming our streets during these disorders in violation of the curfew and in violation of the District's gun law.

I found out what kinds of people they were. They were thieves, robbers, rapists, and murderers.

They were the hoodlums, the drunks, the vagrants and the narcotic offenders. From any point of view, they were the most unstable element in our society. Some had served time in the penitentiary. Some were robbers who had used force and violence in these crimes. Some had shown a criminal involvement spanning almost half a century. And at least one has acquired a new murder charge several months after his scrape with the law during the riot.

Of 60 cases that I have checked, more than half had prior-arrests records on file with the FBI. And 18 of these offenders appeared to be hardened felons who would and should be denied a firearm even under the most lenient gun control laws imaginable.

All of these men had one thing in common. They had been arrested with a gun in their possession some time between April 4 and April 9 of this year.

These men exemplify the hoodlum gunman not only in Washington but, as our previous studies show, in other cities that have been rocked by violence and disorder.

These men are the criminal element in our society who terrorize peaceful citizens with guns in their hands, with crime in their minds and with violence in their hearts.

They are the last people who should have a firearm, but they happen to be the first to acquire one, in one way or another.

The gun laws we have had thus far have not disarmed them and that is the main reason we need additional regulations such as the registration and licensing provisions now before Congress and such as the new law enacted in the District of Columbia.

Only when we can account for every pistol, every revolver, every rifle, and every shotgun in the Nation will we have the capability to keep them out of criminal hands.

We now have a licensing and registration law for our Capital before we have passed it for the rest of the Nation. This is as it should be.

The Capital can be our showcase to the world and an adequate firearms law is one of the most important steps toward achieving this.

I believe that this law will be adequate because it contains the vital provisions I have found to be necessary in my own effort to design a nationwide measure.

I am pleased to see that this law covers the long arms because my review of the Metropolitan Police records revealed cases where the April rioters with serious criminal backgrounds were apprehended with rifles or shotguns or with sawed-off long arms.

For example, one man's record dates back to 1955 and includes convictions for auto theft and arrests for burglary and assault and battery. Another long gun toter's record began in 1949 and includes convictions for assault and felonious assault in addition to investigation for homicide and arrests for policy slips. During the riot he was charged with carrying a deadly weapon, possession of stolen property and curfew violation.

And I am pleased that the law covers the sale of ammunition since this in effect helps to prevent the use of unregistered weapons.

For these reasons I congratulate Mayor Washington for signing this new legislation. And I commend the City Councilmen for their approval of the law.

I hope that the Mayor will now direct the Police Department to take immediate steps to assure that the law will be fully operational soon after its effective date.

These steps should include an assessment of the extent of firearms ownership in the District.

They should include an educational effort to advise the public of the provisions of the law and of the protection it will provide.

And they should include a public relations effort in the community to achieve maximum compliance with the law among District citizens.

I have full confidence in Mayor Washington and in the Metropolitan Police Department. And I know that they will move to implement this new law with the utmost degree of speed and efficiency.

I want to add, however, that to be fully effective the District's law should be supplemented by similar licensing and registration provisions in the counties surrounding Washington.

I see no reason why each of the surrounding counties cannot enact such provisions and I urge the county governments to take this action to prevent the criminal element in the District from acquiring guns in the adjoining jurisdictions.

Our studies have convinced me that we need these controls for the entire Washington area.

I believe that the adoption of these laws can and will mark a turning point for our Nation's Capital from a crime torn and riot prone metropolitan area to a peaceful and dignified city that can symbolize the greatness of our land to the other nations of the world.

CHEROKEE HILLS RESOURCE CONSERVATION AND DEVELOPMENT PROJECT

Mr. HARRIS. Mr. President, eastern Oklahoma is fortunate to have in operation at the present time the Cherokee Hills resource conservation and development project. This project is doing the kind of things that need to be done for the growth and development of eastern Oklahoma and is providing jobs for previously unemployed Oklahomans.

An outstanding article was recently published in Oklahoma Orbit, the magazine section of the Sunday Oklahoman newpaper. I ask unanimous consent that this article be printed in the RECORD, so that Senators might be able to review the outstanding accomplishments of the Cherokee Hills resource conservation and development project.

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

NEW SKILLS, BETTER JOBS

(By Ed Montgomery)

Thomas Foreman of Jay has gone back to school at the age of 43. He's learning how to run a bulldozer.

People all over the country will be interested in seeing how Thomas Foreman and others like him come out.

They're part of a pilot project designed to train local people to fill new jobs being created in rural America through 41 self-help projects scattered around the country.

The trail-blazing Oklahoma effort, a $1½ million special training program, got started this spring. During the first phase, a $300,000 grant from the U.S. Department of Labor will enable 164 unemployed Oklahomans to learn a variety of specialized jobs.

Thomas Foreman and 14 others are members of the first class to start training under the program. They are undergoing 20 weeks of classes in a school at Bull Hollow, near Jay, Delaware County.

The training site and equipment for the school are furnished by the Cherokee tribe. Most of the trainees are Cherokees.

Eight other courses, now begun or about to start, will train unemployed workers in tractor and implement repair, combination welding, machine tool operation, farm maintenance and small motor repair. Also included are two other classes for bulldozer operators and a stenographer refresher course.

The combination welding and machine tool operating courses will be taught at Northeastern State College, Miami. The rest will be at sites within the Cherokee Hills Resource Conservation and Development Project, which embraces Cherokee, Adair and Delaware counties.

Forty other resource conservation and development projects in other states will adopt their own job-training programs based on the Oklahoma pilot project if results seem to warrant that action.

An application has been submitted for a second Oklahoma RC & D program which would include Pittsburg, Latimer, LeFlore and Haskell counties in southeastern Oklahoma.

The job training and retraining program in the Cherokee Hills area is one important integral part of the over-all project.

The list of project aims includes measures to solve soil and water problems, get more and better recreation areas, attract new industries and find new markets and processors for farm products as well as to provide trained employes for an expanded rural economy.

A number of federal and state agencies are involved in the project.

Orville L. Freeman, U.S. secretary of agriculture, has given this description of the RC & D projects:

"Each of them is multi-purpose in the broadest sense of the word; each conserves resources in an integrated, well-planned manner; each brings jobs to local communities, conserving the human and economic base of rural America."

The Cherokee Hills demonstration project was chosen partly on the basis of successful bulldozer operator courses conducted at Bull Hollow and Candy Mink Springs. Those courses, like the current ones, were offered under the Manpower Development and Training Act.

They, too, were held on land furnished by the Cherokees and with the use of surplus governmental equipment acquired by the tribe.

Delight (pronounced Daylight) Cochran, a 40-year-old Cherokee from Kansas, Delaware County, graduated from one of the courses in February.

He had held various jobs, including one across the state line at Siloam Springs, Ark., where he remembers he started at 95 cents an hour. His last one before he attended the school paid him $1.25 an hour, not much for a married man with four children.

After graduating from the bulldozer school, he went to work for a construction company at Gentry, Ark. Later he took a job with a contractor who does brush-clearing jobs, so he could easily commute to his work from his home.

He's now making $2.25 an hour.

Deciding to attend that school, he agrees, has made a big difference in his life.

Courses offered in the training program are keyed to surveys of job needs in the area. Ralph W. Agnew of Pryor, area representative of the Oklahoma State Employment Service, has followed upon employment records of the last class of bulldozer operators which graduated in February, a bad time of year for finding jobs in that field.

At last check, six graduates of the 15-man class were working as heavy equipment operators. A welder, two chain-saw operators, a farm tractor operator and a plumber's helper are doing jobs related to their training.

Two other graduates were working as rough carpenters, one as a laborer and another in a job of an undetermined nature at an ordnance plant in Kansas.

Some or all of those will presumably find jobs as heavy equipment operators now that a better season for outside work is here.

The mere fact that all 15 graduates of the class are working is encouraging, because all were unemployed when they enrolled in the class.

Recruiting of trainees is handled by the state employment service. Screening, based on aptitude tests and other factors, is apparently thorough, because the dropout rate has been almost nil.

The State Division of Vocational Education designs the courses, hires instructors and furnishes materials. Both the instructors at Bull Hollow—Herschel Benge of Grove and Woodrow Wilson of Jay—have years of experience as heavy equipment operators.

Legal sponsors of the RC & D project are the soil and water conservation districts of the three counties, united to form the Cherokee Hills Council, which is a division of state government. The council elects a 24-man executive committee.

C. M. Lefler, Grove rancher, heads the council. Dan Draper, superintendent of schools at Colcord, is chairman of the executive committee.

Allen Moss, a native of Vici and an employe of the Soil Conservation Service, has been project coordinator for the Cherokee Hills effort with headquarters at Tahlequah since it was first authorized in 1965.

He's enthusiastic about the future of the area and the RC & D project's contribution to it.

The three-county area is handy to the Arkansas Basin project scheduled to be opened to navigation in a few years. It is expected to furnish many of the job-holders for industrial development of the basin.

The training and retraining program is scheduled to equip 750 unemployed men and women to do jobs available in a changing world which has made many jobs obsolete. The $1.5 million program will be spread over three years.

Moss says the program is flexible enough that it can be tailored to specific needs of major employers.

Most of the men attending the job-training courses are victims of the changing times. They were raised in rural areas, and they want to stay in rural areas. But the jobs they could have filled in an earlier time no longer exist.

There will be middle-aged men who have never held regular jobs in their lives.

Agnew, the employment service man, tells of the fairly typical case of a 41-year-old man who had raised his family almost entirely on welfare payments. He attended one of the bulldozer schools and went to work immediately after graduation making $2.50 an hour on a job only 10 minutes from his home.

Trainees must be at least 22 years old and unemployed. A trainee, during training, is entitled to $30 a week plus $5 for each dependent up to six, or a maximum of $60. He also gets five cents a mile for transportation to the school.

Thomas Foreman, the 43-year-old trainee in the Bull Hollow course, hopes to go to work as a heavy equipment worker for some branch of the government when he completes training.

He has spent six years, off and on, driving a truck for the Bureau of Indian Affairs. He also has a total of eight years in the army and navy, so he's hopeful of qualifying for a government pension in 18 or 20 years.

He's not ruling out the possibility of going to work for a construction company, however. Wages of $4 an hour aren't unusual for bulldozer operators on some jobs.

Foreman says he likes the school, likes the instructors and figures he's learning a lot.

He's spent a lot of time working on construction jobs over the years, he explains, but he never had the technical training to qualify for one of the better-paying positions. He figures things are going to be different now.

Local leaders hope things will be different in the future for a lot of people in their area, which has more than 8 percent of its labor force without a job.

Dan Draper, now chairman of the executive committee, has been active in the RC & D project since its earliest planning stages.

He says the training program has moved faster than he hoped for, and he has high hopes for its results.

"Our only salvation," he sums it up, "is to train trainable people to fit into the skills we have."

That, briefly, is what all those governmental agencies are doing for Thomas Foreman and his friends and neighbors in the Cherokee Hills. And what they'll be doing in rural areas all over the country if this first one pans out.

"We still have a long way to go," Secretary Freeman has said, "before rural America is on par with urban America in jobs, housing and income. But we've made a good start.

"We are well on our way to making rural America as attractive economically as it is now in terms of natural beauty, clean environment and unharried living."

HUMAN RIGHTS EDUCATION NEEDED IN UNITED STATES

Mr. PROXMIRE. Mr. President, for 2 years now, I have addressed the Senate on human rights and the pressing need for Senate ratification of the various conventions that guarantee these same rights to all men. Every day the Senate has been in session, I have spoken out on this national disgrace and international scandal. I have discussed this issue with every Senator by phone, in person, or by letter.

As a matter of fact, they had better prepare themselves for an escalation, for I plan to begin a public education campaign that will bring before the American people the pressing need for ratification of the Human Rights Conventions. I would rather not spread our dirty wash out for all the neighbors to view but if the Senate fails to act, then the people should be made aware of that failure and their aid enlisted in securing a favorable vote on all the conventions.

I think the most effective means of enlisting the support of all Americans is to point out what might not have happened in Biafra or Rhodesia or South Africa were there now existing an inter-

national mechanism that would have brought world opinion to bear effectively and peacefully.

What would not have happened, had there been a world forum before which these conflicts would have to be brought? What action could the U.N. have taken had the leadership and strength of the United States been instrumental in creating this mechanism and supporting U.N. action against violators of the conventions and those who refuse to bring alleged violations to the U.N.?

Mr. President, the American people have the right to have their Government formally backing up the rights guaranteed in the various conventions. The American people have a right to know that their Government, through international cooperation, will be able to prevent future crimes against human nature. I assure the Senate I plan to apprise the people of these rights of theirs, should the Senate adjourn this year without ratifying the Human Rights Convention.

MRS. GLADYS AVERY TILLETT, AN OUTSTANDING AMERICAN

Mr. ERVIN. Mr. President, I shall later ask unanimous consent to have printed in the RECORD a statement given recently by an outstanding woman from my State of North Carolina before a United Nation's Commission at the U.N. headquarters in New York. The statement was delivered by Mrs. Gladys Avery Tillett, U.S. representative on the U.N. Commission on the Status of Women, and is entitled: "Civic and Political Education of Woman in the United States."

As a loyal citizen of her country and as a leading member of the Democratic Party, Mrs. Tillett has long been valued and recognized as an articulate spokesman for the changing status of women in national life. In addition, she has continually contributed her time, energy, and intelligence to become one of North Carolina's outstanding public servants.

As a woman in private life, Mrs. Tillett is the mother of three children and the widow of Charles W. Tillett of Charlotte, former president of the North Carolina Bar Association and once chairman of the section on international law in the American Bar Association.

One of the most important aspects of Mrs. Tillett's career has been her devotion to the United Nations. Her association with the United Nations began with the founding of that organization. An observer at the conference in San Francisco which produced the U.N. Charter, she later organized meetings throughout the United States in support of ratification.

She was a member of the 1949 Conference of the United Nations Educational Scientific and Cultural Organization—UNESCO.

Mrs. Tillett was appointed as U.S. representative on the U.N. Status of Women Commission by President Kennedy in March 1961 and confirmed by the Senate. She was reappointed by President Johnson.

She was appointed a member of the U.S. delegation to the United Nations General Assembly, 1961–65, serving as alternate delegate in 1961 and again in 1964 with the rank of Ambassador.

She was spokesman on behalf of the U.S. Government in the Third Committee of the General Assembly in 1961 and again in 1962 on the U.N. Convention on Free Consent to Marriage, Minimum Age for Marriage, and Registration of Marriages.

She was appointed by the President to sign the Marriage Convention on behalf of the United States at the United Nations, December 10, 1962.

Prior to the presentation of the draft resolution on the Marriage Convention in the Third Committee, she participated in U.S. Government policy discussions which resulted in the adoption of revised U.S. policy whereby each U.N. convention is examined and supported or rejected on its merit. Mrs. Tillett's persevering effort and liaison with the U.S. Senate were contributing factors in the adoption of this policy.

Among resolutions establishing new programs on the status of women and on which, as U.S. representative, Mrs. Tillett gave leadership, are those on family planning, free consent to marriage, minimum age for marriage, and registration of marriages, the declaration on the elimination of discrimination against women, slavery and civic and political education of women.

Mrs. Tillett has participated in international conferences and seminars on various aspects of women's status in every region of the world, and has conferred with government officials in many developing countries. She served as consultant to UNESCO on the development of women's programs, attending meeting in Paris, July 1964; U.S. observer to U.N. regional seminar on Participation of Women in Public Life in Ulan Bator, Mongolia, August 1965; U.S. observer in U.N. regional seminars on Women in Family Law in Tokyo, 1962; and in Lome, Togo, 1964; U.S. participant and vice chairman in the Western Hemisphere seminar at Bogotá, 1963; traveled in Latin America as State Department grantee in 1963, visiting 15 countries and Puerto Rico, conferring with government officials, meeting with women leaders and members of women's nongovernmental organizations in various countries; traveled in Southeast Asia and elsewhere on a State Department grant, January–March 1962, conferring with government officials and leaders of women's voluntary organizations; official guest of German Federal Republic in June 1962, for visits to Berlin and other German cities; attended Educational Conference for Women in Ibadan and Lagos, Nigeria, 1961; and met with women leaders and members of nongovernmental organizations in Nigeria; U.S. observer in regional seminar on long-term program for the advancement of women in Manila, Philippines, December 1966; U.S. observer on the U.N. regional seminar on Civic and Political Education of Women in Helsinki, Finland, 1967.

She has written numerous articles on the status of women which have appeared in connection with her role as the U.S. delegate to the U.N. Commission. These articles include: "Elimination of Discrimination Against Women," "Family Law and the Women of Africa," "The Status of Woman in Family Law," and "Family Planning Is a Human Right."

Mrs. Tillett brought to U.N. work a background of experience in civic and political affairs in the United States. She was founder of the first County League of Women Voters in North Carolina and early president of State league; active in a number of other voluntary organizations, including the United Church Women, the national board of the United Nations Association of United States of America, the Charlotte board of the YWCA and for 12 years a member of the national board of the YWCA; active in the Conference of Christians and Jews; the AAUW; the Business and Professional Women; National Council of Women; presently serving on the International Affairs Committee of the national board of the YWCA; served on the Inter-racial Committee of the Charlotte YWCA. She is responsible for the erection of a Negro Presbyterian Church in Charlotte and the founder of two day nurseries for Negro children of working mothers.

Mrs. Tillett's contribution to the Democratic Party has been important not only for the party itself, but for women, who have now come into their own as a vital part of their party. Mrs. Tillett expressed this achievement in a dedication she wrote in 1945 for the women's division of the Democratic National Committee:

> Dedicated to the Democratic women in precinct, county, state, and the nation who have accepted the responsibilities as well as the privileges of suffrage and who have worked unceasingly and faithfully during the quarter of a century that women have had the vote to bring about the participation of women in their Party and in their Government. To these valiant women, and to the men who have assisted them in their march forward, the Women's Division of the Democratic National Committee pays tribute.

Mrs. Tillett served as vice chairman of the Democratic National Committee from 1940 to 1950. She directed the national campaign for women in the Roosevelt-Truman campaign of 1944 and was the keynote speaker for women at the 1944 National Democratic Convention. She was a member of the National Democratic Advisory Political Committee from 1953 to 1959.

In 1960 she was North Carolina co-chairman for the Kennedy-Johnson campaign committee. For the first time in a presidential campaign religion was an unavoidable issue and one which Mrs. Tillett disarmed in a speech given in North Carolina entitled, "Religious Freedom and the Ballot Box." In support of Senator Kennedy, a Catholic, Mrs. Tillett mentioned that Vice President Nixon was a Quaker:

> Do you think the fact that some Quakers are pacifists should be examined in this campaign or that voters should begin to fear that the Vice-President, a Quaker, might not be willing to go to the Mat with the enemies of our country?
>
> Your answer, and mine is, of course, a resounding "no". Then why in the name of justice and freedom can't you and I, and all the rest of us, grant the same right to Senator John Kennedy, namely; the right to render

unto Caesar the things that are Caesar's, and to God the things that are God's?

In a Democracy we can't ration religious freedom—just parcel it out to you and me. Democracy is not only a government—it is philosophy, a way of life. We can't have freedom of religion in your house and my house and not have it in the White House!

As vice chairman of the Democratic National Committee, Mrs. Tillett set as her goal, and was successful in getting, qualified women appointed to the U.S. delegation of each United Nations Conference held prior to the San Francisco Conference which produced the Charter.

The following women were appointed and were "firsts" for women:

First woman to be named on any United Nations Conference. Served as U.S. delegate to United Nations Conference on Food and Agriculture, Miss Josephine Schain, who had wide experience and training in the international field.

First women named on U.S. delegation to United Nations Conference on Relief and Rehabilitation, Mrs. Ellen S. Woodward, Mrs. Elizabeth Conkey. Mrs. Woodward was member of Social Security Board. Mrs. Conkey was commissioner of public welfare in the city of Chicago.

First woman named U.S. delegate to Conference of Allied Ministers of Education, Dean C. Mildred Thompson, of Vassar College.

Only woman member of U.S. delegation to United Nations Monetary and Financial Conference, Dr. Mabel Newcomer, of Vassar College.

Only woman member of U.S. delegation to United Nations Conference on International Organization, Dean Virginia C. Gildersleeve, of Barnard College.

Mrs. Tillett holds an A.B. degree from the University of North Carolina. She served as trustee of the University of North Carolina for 8 years and was recipient of the L.L.D. from both the University of North Carolina at Chapel Hill and the University of North Carolina at Greensboro.

In June 1948, Mrs. Tillett received the honorary degree of L.L.D. from the University of North Carolina. The citation says:

Composite of the highest qualities of daughter, wife, mother, responsible citizen in the local precinct and leader of women in the nation. This keeper of the home is also the keeper of the commonwealth. She would have politics without demagoguery, excellence without arrogance, and democracy without vulgarity. Her organizing ability, imagination and drive as chief of the women's division of a major national party is, in a large part, responsible for the information and activity of legions of American women in public affairs; for their informed support of a great American President in the years of depression and war; and for the organization of two thousand meetings of women in 48 states for the staunch participation of the United States in the United Nations as a chief hope for peace in our broken and bewildered world. By vote of the Faculty and the Trustees of the University of North Carolina we confer upon you the degree of Doctor of Laws.

The Greensboro News paid her this tribute:

She stands today as one of North Carolina's finest ornaments in the field of public service. She is a credit to her home, her community and her state, as well as the nation she represents on an important United Nations Commission.

Mr. President, Mrs. Tillett's life and work are the eloquent expression of a woman who has been totally involved in the world around her. She is both an outstanding individual and an exceptional woman. I ask unanimous consent to have printed in the RECORD Mrs. Tillett's statement before the United Nations Commission and an earlier manuscript by Mrs. Tillett entitled "A Historical Sketch of the Leadership of Democratic Woman from 1936 to 1945."

There being no objection, the statement and manuscript were ordered printed in the RECORD, as follows:

CIVIC AND POLITICAL EDUCATION OF WOMEN IN THE UNITED STATES

(NOTE.—Following is a statement by Mrs. Gladys Avery Tillett, U.S. Representative on the UN Commission on the Status of Women which was delivered at the 21st session of the UN Commission on the Status of Women meeting at UN Headquarters in New York January 29–February 19, 1968.)

In the United States women have been voting for a half century. For the same period they have been holding public office and exercising political rights without being discriminated against. They have been working members of political parties and voluntary organizations; they have long been influential in shaping government policy from the community to the national level.

One source of political know-how and skill in leadership in the United States is to be found in voluntary organizations. I cannot take time to name the hundreds of voluntary organizations in the U.S. but taken all together some fifty million women in the United States belong to these organizations. They include the wives and mothers of America; young women and mature women; women of all races and religions; the women who work on assembly lines, farm women and city women; professional women and executives; nurses and teachers; office workers and homemakers, and women who serve in the armed forces. Records show that volunteers give from as little as one hour a day, a week or a month or less, to as much as fourteen hours daily seven days a week.

One of the benefits of voluntary work is the enrichment of the life of the volunteer. One organization states that its purpose is "to foster interest among its members in the social, economic, educational, cultural and civic conditions of the community and to make efficient their volunteer service".

In this spirit, voluntary groups in the U.S. have become reservoirs of influence and initiators of action, and have a considerable influence over public opinion and political decisions.

Many of the volunteer leaders make the transition from civic to political party leadership. Because our elections are usually on the basis of geographic districts and by majority vote, not by proportional representation, political groupings have tended to merge into two major political parties, the Democratic Party and the Republican Party. Other Parties exist, but on a small scale. All citizens, men and women alike, enjoy the right to belong to the party of their choice and to change party affiliation if they wish to do so. The Parties themselves are organized along democratic lines, with leadership elected by the members.

Women's Divisions of both major political parties have long had active programs of political eduaction for women. Both have focused on developing women leaders who understand public issues, are informed on party policies and equipped with political know-how to organize the party from the community to the national level. With the cooperation of men, women have become integrated into political party organizations. This puts them in line for elective or appointive office by the party.

In addition, the parties have developed auxiliaries such as women's clubs and youth groups and special groups which serve as educational arms of party organization and from these women often move to political office.

There is another fact that should be noted. One school of thought holds that women who gravitate only toward so-called women's concerns, such as health, child-care and social welfare, stereotype the woman in politics as more a woman and less a political leader. In the United States both Mrs. Eleanor Roosevelt, a world figure, and Senator Margaret Chase Smith, who ran for the Vice-presidential nomination have been held in high regard by both sexes. This stems to a large extent from their not being this stereotyped variety of woman politician. As has been often noted these two women took all human problems for their province. They demonstrated that there is nothing unwomanly about being interested in foreign policy or in taxes, or in outer space, and nothing unmanly about being interested in child welfare or family law.

In the United States women are now getting an early start in politics. Many colleges and universities have a lively program which contributes to the development of leadership in the community. Of particular interest is the program of one college. This college offers courses as a part of its liberal arts curriculum which provide field work. This in turn gives students the kind of intellectual background and experience which they find carries over in their communities after graduation.

1. The "parties and politics" course requires students to participate in political campaigns by working for the candidate and party of their choice. They work as regular members of the campaign staff.

2. The public policy course, a seminar directed toward the analysis of federal legislation, includes three days of conferences in Washington when the students meet with policy makers in the Senate and the Congress and in Departments of Government. They also confer with members of the press.

3. A course in state and community government emphasizes planning. Here the students conduct public opinion polls and make use of other devices to learn what the community is thinking.

4. The summer workshop in politics allows a student to study her community as an independent project. One of the purposes is to acquaint her with her own political leaders. She writes an extensive paper at the end of the summer.

5. The college participates in the Washington internship program, usually with 20 to 30 students working for members of Congress, top level administrators in the government, and members of the press.

Finally, let me say that women will rise to new heights in civic and political affairs when they proceed on the basis that ". . . the art of self-government does not come to men and women by nature. It has to be learned; the art of self-government has to be acquired by practice."

A HISTORICAL SKETCH OF THE LEADERSHIP OF DEMOCRATIC WOMEN FROM 1936–45: DEMOCRATIC WOMEN MARCH ON

(By Gladys Avery Tillett)

Playing a role in national politics is no new story for Democratic women, for they were active in party work years before they had the right to vote. Recognized in 1944 as casting a larger vote than the men, and given greater responsibilities than ever before with so many men in the armed forces, the women of the country feel definitely that at last they have "come of age" politically.

To many this has been a long, slow road, but the accomplishments since suffrage was

granted in 1920 are many. Most of these advancements have come about in the face of opposition, although in many instances the men in the party have stood shoulder to shoulder with the women, as they asked for greater recognition.

In recent years Democratic women have averaged from three to five hundred delegates at the national conventions—a far cry from 1900 when Mrs. Elizabeth M. Cohen, of Utah, was the only woman delegate. It is interesting to read of her part in the proceedings of that convention in Kansas City:

"Mrs. Elizabeth M. Cohen, the lady delegate from Utah, was escorted to the platform by Senator Raulins of that state.

"She was introduced by Chairman Richardson, who said:

" 'Gentlemen of the Convention, you have before you one of the delegates from the State of Utah. When that state was called, true to her sex, she was too modest to present herself. I now take pleasure in presenting this delegate, Mrs. Cohen, from Utah!'

"Mrs. Cohen was greeted with a great round of applause. She said:

" 'Mr. Chairman, and Gentlemen of the Convention, on behalf of the State of Utah I desire to second the nomination of that grand and noble exemplar of all that is good and holy in domestic and political life, Hon. William Jennings Bryan. And the Democrats of Utah pledge 25,000 majority for Mr. Bryan in November'."

The only other mention of Mrs. Cohen concerned her being among the Honorary Secretaries selected by the delegations representing the states. It took courage to be the first woman to go to a national convention and no doubt there were many raised eyebrows at such boldness.

It was 1908 before women were again among the delegates but this time, instead of one, there were two, and three alternates to give them support. Utah again sent a woman delegate, Mrs. H. J. Hayward; Colorado was the other "bold" state, sending Mrs. Mary C. C. Bradford, as delegate-at-large. Mrs. K. M. Cook of Colorado was alternate-at-large and Wyoming sent Mrs. Harriet Hood as an alternate-at-large. These women of western states were allowed to vote, and shared the responsibility of making national party decisions.

Again in 1912 Colorado sent two women, Mrs. Anna B. Spitzer as a delegate, and Miss Gene Kelly as an alternate. Washington sent the only other woman, Miss May Awkwright Hutton, as an alternate. This was the Baltimore Convention that nominated Woodrow Wilson as the standard-bearer of the party.

By the time 1916 came around people had awakened to the rising demand for woman suffrage. Already Utah, Colorado, Wyoming, Washington, California, Kansas, Oregon, Arizona, Montana, Nevada and Alaska had granted women the right to vote, and Illinois allowed them to cast a presidential ballot. As a result, when the convention met in St. Louis, 11 women alternates and 11 delegates voted in the balloting that nominated Woodrow Wilson for a second term. Miss Mary Foy had the distinction of serving on the important Credentials Committee.

"WOMEN'S STATES" WON IN 1916

Among the ardent women workers in the party at this time was Mrs. George Bass, who was among those sent to notify President Wilson of his nomination, and who had become chairman of the new Woman's Bureau of the Democratic National Committee in 1916. Since only women in the western states and Illinois could vote, Mrs. Bass was in the Chicago headquarters during the campaign, but in 1917 established offices in Washington, D.C. Incidentally, it was Mrs. Bass' "women's states"—the western states—that won the election for President Wilson.

The Democratic Convention had gone on record in 1916 favoring woman suffrage, and on September 30, 1918, President Wilson made a personal appeal to the Senate to pass the resolution making the Nineteenth Amendment a possibility. Republican Senators Borah and Wadsworth were the only Senators representing suffrage states who voted against it. When it was finally passed, it was too late for the 1919 legislatures to act on it, and the women despondently wondered if they would have any real say-so in the 1920 Convention and election.

A SAY IN PARTY AFFAIRS BY 1919

In January 1918, however, Mrs. Bass had offered a resolution at the meeting of the Democratic National Committee urging them to appoint women as associate members of the committee from each state. Her resolution was accepted, and at the 1920 Convention in San Francisco the gallery just above the platform was assigned to those associate members of the National Committee. Mrs. Bass sat on the platform below them. One day the gavel was handed to her to preside over a session—a distinct tribute to the "Lady Democrats", as many called them. Twenty-five states and territories had sent women as delegates and six others had sent women alternates—299 in all. Fifteen women were on the roster of officers of the convention, and about thirty had places on committees.

It was also at this convention that Mrs. Izetta Jewel Miller seconded the nomination of John W. Davis for the Presidency—another "first" for women.

Among other contributions, the women had drawn up and submitted four planks for the Platform Committee. When Senator Carter Glass read the platform with these four planks he leaned forward and shouted, "And if there is anything else the women want, we are here to give it to them."

Unfortunately, it was not as easy as that. This same convention, however, was urged by Attorney General Homer S. Cummings to go home and adopt the fifty-fifty plan of organization, giving women equal representation with men in all party councils. Colorado had led the way in 1910, but some states were slow to follow—and some have not granted "50–50" yet!

Throughout the San Francisco Convention there was an under-current of excitement as the women worked for the ratification of the Nineteenth Amendment, impressing upon all of the delegates the necessity of having their states ratify it immediately if they had not already done so. One of the most active of these women was Miss Charl Ormond Williams, delegate from Tennessee, who had been elected to serve with Cordell Hull on the Democratic National Committee, and who in 1920 was elected the first woman Vice Chairman of any major political party.

After the convention Miss Williams went to Dayton, Ohio, to attend the notification ceremony of Governor John M. Cox for the Presidency, and while there she received a telegram from the Governor of Tennessee telling her that he was afraid Tennessee was not going to ratify the Nineteenth Amendment and to come at once. By then, thirty-five states had ratified, and one more would give the women of the United States the vote. Miss Williams hurried home and became chairman of a steering committee which pushed the amendment through to victory on August 18, 1920. Thus, sixteen million women achieved voting status.

"NONE, THANK GOD!"

In the spring of 1922, Mrs. Emily Newell Blair of Missouri came into the Women's Division (successor of the Woman's Bureau) of the Democratic National Committee to build up an organization for the coming Congressional campaign. As is often the case in political organizations, all of Mrs. Bass' records had been destroyed, and Mrs. Blair began to build from scratch. She wasn't exactly swamped with encouragement. Out of 3,000 letters she sent to county chairmen asking for the names of women on their committees, she received *seven* replies. Of these, one said, "None, thank God!", while another said, "We haven't any, and don't propose to have any." So Mrs. Blair turned to the Democratic women's clubs to get out the women's vote that year. In addition they began the publication of a fortnightly paper, THE BULLETIN; had Monthly Information Meetings to discuss the issues, and conducted Schools for Democracy in 17 states.

Mrs. Blair refused to be discouraged easily and was largely responsible for fifty-fifty in her home state—making Missouri the next state after Colorado to pass this law. Others soon followed. In addition, at a meeting of the National Committee which preceded the 1924 Convention she asked that the states name eight delegates-at-large to the convention, each with one-half a vote, and that half of these delegates be women. Her resolution was passed and a total of 492 delegates and alternates were on hand when the convention opened at Madison Square Garden that June. Again Mrs. Izetta Jewel Miller seconded the nomination of John W. Davis, and this time her candidate was the choice of the convention.

THE WOMEN WAIT IT OUT

Not being members of the Platform Committee, but having such a large membership among the convention delegates, the women decided to have their own platform committee. Mrs. Franklin D. Roosevelt, who was chairman, tells the story of sitting all night outside the closed door of the room where the Platform Committee was meeting, waiting to get some man to take her sheeet of paper inside and present the women's suggestions to the members.

It was at this convention that many more precedents were broken. Mrs. LeRoy Springs of South Carolina not only was made Chairman of the Credentials Committee, but her fellow delegates placed her name in nomination for Vice President. Following the convention, Mrs. Blair, as the woman Vice Chairman of the National Committee, was asked to preside at the notification of Charles Bryan for Vice President. She was the first woman to be elected *First* Vice Chairman of the Committee and served as head of the Women's Division until 1928. Before the convention in Houston in 1928 the Democratic National Committee passed a resolution asking that women be admitted to membership on the Platform Committee, but that was still more than the men were willing to grant, and nothing came of it.

Ex-Governor Nellie Taylor Ross of Wyoming, now Director of the United States Mint, was elected First Vice Chairman to succeed Mrs. Blair. With her came Miss Sue White of Tennessee as Executive Secretary. The women who were active in party circles became aware that there was a great deal of educational work to be done, and set out to widen the scope of women's interests. Mrs. Ross was particularly interested in young voters, and still considers herself the godmother of the Young Democrats.

Work during all of these years when the party was out of power was unusually difficult, but more and more the women leaders became aware of the growing restlessness and the desire of the people for new leadership. Mrs. Ross visited forty-six states, urging the women to seek representation in the party organization and to maintain their interest and to build up strength for the 1932 convention. THE BULLETIN continued to be a valuable tool, and throughout the four years Mrs. Ross was with the National Committee the Women's Division carried on its philosophy of liberalism and continued to stress the importance of being informed and of working for the advancement of human welfare.

A VOICE IN THE PLATFORM OF 1932

When the Democrats met in Chicago in 1932 for their convention, they came knowing

that they had a good chance to win if they could get a strong candidate. They did. They nominated Franklin D. Roosevelt. Four hundred and seventy-eight women delegates and alternates helped to make this choice. They were on hand to applaud Senator Alben Barkley of Kentucky loudly when he declared to the Convention that "the Democratic Party is made of men and women." Evangeline Booth of the Salvation Army delivered the invocation that officially opened the Convention, the first woman to officiate in that capacity, and Mrs. Jean Springstead Whittemore of Puerto Rico was the first woman member appointed by any political party to the Platform Committee. The late Mrs. Caroline O'Day, Congresswoman from New York, offered the only amendment to the platform that was accepted. It put the party on record as being in favor of "continuous responsibility of government for human welfare—especially for protection of children."

EDUCATION TO RESPONSIBILITY

After Governor Roosevelt's nomination in 1932, Miss Mary W. Dewson (Molly Dewson to all of her friends) came to the National Committee to become "Jim" Farley's right hand and to direct the women's campaign—and to set the pattern of organization for women throughout the Roosevelt Administration.

Miss Dewson came to her job with a wealth of experience, having worked with and for women for many years. Her greatest asset in her new position was knowledge gained in the 1928 campaign when she had been a Vice Chairman of the Central Regional Headquarters in Chicago. Miss Dewson said she came out of that national campaign with the following ideas:

"1. The run of the mill voter has more sense than he ever gains credit for. He is worth educating. When both party platforms sound pretty much alike there is nothing to educate him about, but given a party with a straight-forward program he wants to know the whys and wherefores.

"2. No glamour boy can be sold on emotional appeal and glittering generalities if his opponent's record and specific ideas stand up and are known by the rank and file of voters.

"3. The attention of the public mind wanders when presented with undigested facts wrapped in a cotton batting of words and words and words. The public mind is confused by too much detail on too many subjects all at once. It prefers swing music on the air to vehement politicians. It enjoys movies more than political gatherings.

"4. The men's organizations, if their leaders are not balky, will work hard to keep party voters in line and see that they vote. These efforts account for about forty per cent of the voters. But men's organizations do not know what to do about footloose voters—the twenty per cent that decides elections. They put their trust in conventional old-fashioned methods, big meetings, spellbinding, dull 'literature,' newspaper publicity, billboard advertising, sunflowers and whatnot and let it go at that. All these things are grand for party enthusiasts, but leave the independent voter cold even if they ever reach him.

"5. Women are not an important factor in a campaign if they are auxiliaries in political clubs. Eternal bickering for prominence can be brought to the irreducible minimum only when women are given acknowledged party posts with definite responsibilities. Clubs have served their day, doing valuable work in interesting women when first given the vote, and giving confidence to those enlisted.

"6. Incidentally, regional headquarters are folly."

RAINBOW FLIERS

Miss Dewson brought with her, in addition to her "ideas," one of the most effective campaign tools yet found—the Rainbow Flier—short, simple, to-the-point compilation of facts on vari-colored sheets of paper. These fliers were first tried out in Roosevelt's campaign for reelection as Governor of New York in 1930 when Miss Dewson had charge of women's activities upstate, and it was her proud boast that "we carried upstate New York for the first time for a Democratic governor." In 1936 eighty-three million fliers were distributed, and "Charlie" Michelson said that these fliers saved the Democratic National Committee "a cool million dollars".

The orders came in from the men so fast that practically little other literature except reprints of Roosevelt's speeches was sent out by the National Committee.

In each campaign since 1932 one of the first demands of party workers is, "Send us some Rainbow Fliers". They are now recognized as much a part of the Women's Division as the two famous slogans, "Campaigns Are Won Between Elections" and "Elections Are Won in the Precincts."

It was also Miss Dewson who first through the Reporter Plan, and later through the Six-Point Program, began the most intensive plan of educating women to their responsibilities of citizenship ever inaugurated by any political party. In the Reporter Plan each woman informed herself on one of the branches of government, and used every opportunity to "report" to others, and met regularly with other "reporters", thus bringing about the exchange of a wealth of information.

Miss Dewson insisted that women concentrate more on being in the regular party organization, using clubs as auxiliaries. She picked up the battle for fifty-fifty plan of organization, pointing out the advantages to all—men and women alike—in having women recognized equally with men on all party committees—national, state, county, and precinct. It was largely through her efforts that Democratic women can point to many of the eighteen states having full fifty-fifty, right down through the precinct. In addition, twenty-one states have partial fifty-fifty. Unfortunately, nine states still have no provision for fifty-fifty either by law or by party rule, although in some instances women are given party recognition. This concentrated effort on fifty-fifty did result in many more women state, county, and precinct vice chairmen.

When the campaign was over Miss Dewson took it upon herself to see that the women who had helped put the Democrats in power should receive recognition, and "not be forced to content themselves with token payments as they had in the three Republican Administrations" since women had the vote. As she said, "The President (Roosevelt) appreciates women's native ability more than any man I know." Her success is recorded in the Milestones of Democratic Women.

THE DEMOCRATIC DIGEST

In 1934, Mrs. James H. Wolfe of Salt Lake City, became Director of the Women's Division, bringing with her Mrs. June Fickel of Iowa as Assistant Director. Miss Dewson, as Chairman of the Advisory Committee to the Women's Division, continued her untiring activity in behalf of women. Mrs. Wolfe did much to extend the Reporter Plan, thereby acquainting the women of America with the plans and policies of the New Deal. Also, during the time that she was director of women's activities, the Woman's National Democratic Club, which had edited THE BULLETIN, transferred it to the Women's Division where it became known as THE DEMOCRATIC DIGEST, and an official party organ. Mrs. Wolfe also inaugurated the Donkey Bank plan, believing that women should raise at least part of the money to carry on their party activity, and convinced that all women wanted to contribute to the things in which they believe.

The Chicago Convention had seen Democratic women continuing their political progress, and in Philadelphia in 1936 even greater strides were made. The women got to work early, and, at their request, Governor McNutt of Indiana presented the resolution which they had written to the convention, requesting that each state name a member and an alternate member of the Platform Committee, of opposite sex. When the resolution was presented there was not a dissenting voice and, as Miss Harriet Elliott said, "the walls of Jericho" had at last fallen. The North Carolina delegates immediately called a caucus and elected Miss Elliott alternate to the Platform Committee. It was a well-deserved honor, for Miss Elliott had been an ardent worker for woman suffrage, and in the early days of the Reporter Plan had traveled across the country introducing it to Democratic women everywhere. The principles of seven of the eight planks prepared by this Women's Advisory Committee were written into the party platform. In addition, Mrs. Whittemore of Puerto Rico was again on the Platform Committee as a full member instead of an alternate, and of the sixteen Vice Chairmen named to the National Committee one-half were women.

THE PROGRAM EXPANDS

From 1937 through 1940 Mrs. Thomas F. McAllister of Michigan was Director, and Mrs. May Thompson Evans of North Carolina, Assistant Director of the Women's Division. Mrs. McAllister previously had served as State Chairman of the Reporter Plan in Michigan, had been appointed to innumerable state commissions, and was widely known as a national speaker for the party. Mrs. Evans resigned the dual directorship of the North Carolina State Employment Service and National Reemployment Service to accept the position with the Women's Division. She had been active in the North Carolina Young Democrats previously, having been the first woman in the country to be elected state president.

These two women were untiring in their efforts to extend the educational program, and under Mrs. McAllister's leadership the Reporter Plan reached new proportions. Regional meetings served as a means of getting the facts to the voters, and their efforts bore fruit in May, 1940, when a National Institute of Government was held in Washington with five thousand women from every state in the union attending. When the call was issued, it had been expected that five hundred would possibly attend. As the reservations poured in, every plan had to be expanded, larger meeting places secured, and pleas made to home-owners to open their doors to house the throngs. They came by train, plane, bus, and caravan, and proved to Washington that Democratic women not only had learned about their government, but wanted to see it in action.

Mrs. Evans conducted a constant campaign to secure new readers of THE DEMOCRATIC DIGEST, and through her intensive drive the list rose to 25,000 paid subscribers. That was a rapid rise from the 1,600 readers the clubs turned over with THE BULLETIN in 1935.

Much work was also done to stimulate interest in the remaining divisions of the Six-Point Program—radio, publicity, and speakers, and the money-raising donkey bank plan. In addition to this latter plan the women, at Mrs. Roosevelt's suggestion, began in 1939 to celebrate September 27 as Democratic Women's Day, a special fund-raising day. This day was chosen to commemorate the day in 1919 when the Executive Committee of the Democratic National Committee, anticipating the suffrage amendment admitted women to membership.

In her speech to the National Convention in 1940 Mrs. McAllister summarized her program when she said:

"The principle of the recognition of women in party organization has been fundamental in the Democratic Party. The Democrats gave

women equal representation with men on their National Committee four years before the Republicans. In 1936, the Democratic Convention made it possible for women from every state to participate as alternate members on the Platform Committee.

"This year, in Washington, the full membership of the Democratic National Committee unanimously adopted a resolution recommending to this convention that there be two members on the Platform Committee from every state, one man and one woman. And at this convention this afternoon there is to be presented a resolution to give women equal representation with men on the National Platform Committee. As a representative of the Women's Division of the Democratic National Committee, I sincerely ask of all the delegations a unanimous vote in favor of this resolution. Women work as hard as men in a political campaign—they cast 50 per cent of the vote. With the men of the party, we carry on the fight, side by side. We ought to have equal voice in what we fight for. And we are satisfied that this convention, following Democratic principles, will give us an equal voice.

"And speaking of the fight to be carried on this year—the women of the Democratic Party have been building their organization for the past four years on the principle that campaigns are won between elections. They are fortified with facts to fight the campaign. They know the record of this Administration and 30,000 New Deal reporters are ready to tell this record to the voters. In every state of the Union the women of the Democratic Party have carried on a program of organization and education, so that today in the files of the Women's Division we have the names of 109,000 women who are ready to go into this campaign, to fight for our victory for democracy and the Democratic Party.

"We have 1,500 volunteer directors of publicity in the states and counties to answer false propaganda.

"We have 1,200 directors of radio who are ready to go into this campaign to notify the voters when our leaders go on the air.

"We have 850 directors of speakers' bureaus who are training and informing the campaigners who will go into the rural villages as well as the large cities to bring the message of the New Deal to the people.

"And we have 2,000 discussion groups meeting regularly every month.

"And we have the Democratic Digest, our official publication, with 25,000 subscribers, going into every state of the Union informing precinct, county, city and state leaders of the facts and achievements of our party.

"We have already published and circulated 10,000,000 Rainbow Fliers for this campaign which set forth graphically and simply on a single page the record of our national Administration, and clarify the issues of this campaign.

"These are a few of the activities directed by the Women's Division of the Democratic National Committee."

THE GREATEST ADVANCE

The women at the 1940 Convention were determined to demand equal representation on the Platform Committee and to get it, yet even at the last minute it looked as if the "die-hards" might defeat them. Mrs. McAllister and Mrs. Evans discovered the night before the Platform Committee was to be named that there was danger of a movement developing against equal representation for women on the committee. They organized their forces and worked until daybreak contacting individuals and delegations. At the sessions the next day after the resolution had been offered by Mrs. Thomas Buckley of Massachusetts, and seconded in a stirring appeal by Hon. Mary T. Norton of New Jersey—the Speaker of the House, William Bankhead (presiding) settled the issue once and for all as he put the question and then bringing down his gavel with resounding finality, announced: "The ayes have it. The resolution is adopted".

This victory was called by political reporters "the greatest advance in women's political history since suffrage." This had indeed been a precedent-breaking convention, for in addition to the Platform victory, Franklin Delano Roosevelt had been drafted for a third term; Mrs. Roosevelt had been the first wife of a President to address a political convention; and Mrs. McAllister had been the first woman to speak to a convention on a matter of general policy, presenting to the assemblage the point of view of Democratic women.

WARTIME ORGANIZATION

Mrs. Charles W. Tillett (Gladys Avery Tillett) of North Carolina came to Washington in January, 1941, as Assistant Chairman of the Democratic National Committee and as head of the Women's Division.

Mrs. Tillett brought to the task a background of wide experience in party work, which was to stand her in good stead in making the difficult and unprecedented adjustments necessary in party organization work under wartime conditions. Her experience included political organization from the precinct to the National Committee, as she had headed each unit in the party setup. She had served as a delegate in the three national conventions which had nominated Franklin D. Roosevelt. Long interested in women assuming their obligations as citizens, she had presented in her own state, and succeeded in having passed, the resolution providing for equal precinct representation for women in the party setup. She headed the National Speakers' Bureau for the Women's Division in the '36 campaign, and Jim Farley and Molly Dewson said of her: "The only person who ever ran a National Speakers' Bureau without a headache for herself or anyone else." Mrs. Tillett headed the Speakers' Bureau again in the '40 campaign.

With Mrs. Tillett, came Miss Lorean Hickock, as Executive Secretary. Miss Hickock, a well-known newspaper woman, had served in the Publicity Department with Mr. Michelson before joining the Women's Division staff. A reporter for twenty-five years, many of them with the Associated Press, she knew how to present the most complicated subject with simplicity, and yet with drama and force.

The Women's Division, starting out to develop further the organization and educational program of the party, held Regional Conferences in all sections of the country. There was, however, a new note in the conference programs indicative of things to come—it was the added emphasis on Foreign Policy.

In addition to the Regional Conferences, the Women's Division scheduled meetings in many of the states; presenting panel discussions on Foreign Policy. Thousands attended these meetings and much was accomplished in creating an informed public opinion on international affairs as the war clouds were gathering over Europe.

Pearl Harbor changed the picture and the Women's Division joined the rest of the nation in an all-out war effort. In addition to their party work, groups of Democratic women throughout the country put their energies into war work. Regional Conferences and even state meetings became of necessity things of the past as gasoline rationing and restricted travel became accepted parts of American life, and in their stead there was greater emphasis on county and precinct meetings.

Through study groups in counties throughout the country and through THE DEMOCRATIC DIGEST, a concentrated effort was made to continue laying the foundation of knowledge necessary to support an Administration in power during the most critical time in our country's history. Under the editorship of Miss Virginia Rishel, who came to the Digest when Mrs. Wolfe was Director of the Women's Division, and remained until June, 1945, the magazine continued to be the best means of getting the issues and the Administration's point of view before the people. Democratic women gave all-out support to the Administration in its effort toward winning the war and the peace.

Mrs. Tillett was quick to realize that the war presented one of the most difficult problems with which any political party had to deal. Not only were many young party leaders in service, but many hundreds of thousands had moved from their homes to do war work. It was clear, too, as the war progressed, that the women's organization would have to be a key factor in the heavy, detailed organization job to be done before the 1944 election.

The shifting wartime registration task was staggering, and the small vote in the 1942 Congressional elections aroused party officials to the tremendous job ahead. The Women's Division began the registration drive early, working through regular party organization channels. Too much cannot be said in praise of the efforts of Democratic women in city and county organizations for their patient, persistent and effective effort in registering block after city block of war workers who had moved with their families to jobs in shipyards, airplane factories, and munitions plants. They knew that footwork was as important as brainwork, and they didn't spare their shoe leather.

To aid in this registration drive, the Women's Division, with the assistance of Mrs. Alice Cameron, an authority on voting laws, prepared two booklets on registration and voting—one for civilians, and then after the various state legislatures had acted, one for those in the armed forces.

In the period that the Women's Division worked on organization and registration, looking toward the 1944 election, Mrs. Tillett visited 44 states holding conferences and making organization plans with state and local leaders.

In addition to holding conferences on organization, Mrs. Tillett spoke in all sections of the country, to Democratic women's organizations, labor groups, Negro women's clubs, state conventions, Jackson Day Dinners, to independent and civic groups, such as, Federated Clubs, League of Women Voters, Business and Professional Women's Clubs, at educational institutions and before International Relations Councils. She took part in forums with leading Republican women, both on the radio and on programs of women's national organizations. By the time 1945 came around she had chalked up more than 1,000 speeches since the first Roosevelt Administration.

In 1944, women in every state gave unstintingly of their time to bring about a Democratic victory. Many women campaigned as never before, and outstanding among these women was Mrs. Emma Guffey Miller, National Committeewoman of Pennsylvania who led all other national speakers in the number of meetings covered.

In wartime organization work there was greater emphasis on radio than ever before. The stimulation of registration and voting, so important to the Democratic campaign, was regarded as a public service by many of the women commentators. During the campaign the Women's Division placed hundreds of radio transcriptions for use by State Committees throughout the country. This back-breaking job in the radio field was done under the able direction of Mrs. India Edwards, who later joined the staff of the Women's Division as Executive Secretary when Miss Lorena Hickok resigned because of ill health. Precinct rallies featured the 1944 observance of Democratic Women's Day with some 40,000 local meetings tuned in to the nationwide broadcast.

In 1943 Mrs. Tillett was elected Vice Chair-

man of the Democratic National Committee. In 1944 Mrs. Dorothy McElroy Vredenburgh of Alabama was appointed Secretary of the Democratic National Committee by Chairman Robert E. Hannegan, the first woman to hold that post. Following the 1944 Convention, Mrs. Tillett was again elected Vice Chairman, the first woman vice chairman to be re-elected. Mrs. Vredenburgh was elected Secretary. During this wartime period the effort for recognition of women continued unceasingly. Women were, for the first time in history, appointed as delegates to Conferences of the United Nations; to serve as members of War and Defense Agencies and in increased numbers in policy-making positions in government.

WOMEN GET GREATER RECOGNITION

Prior to the 1944 Convention, women served in equal numbers with the men on the Arrangements Committee, helping to choose the keynoter and make other plans. Those serving were the following National Committeewomen: Mrs. Elizabeth Conkey, Illinois; Mrs. Marguerite Peyton Thompson, Colorado; Mrs. Daphna Nygaard, North Dakota; Mrs. Albert E. Hill, Tennessee; Mrs. Margaret Sullivan, Rhode Island; Mrs. James H. Wolfe, Utah; Mrs. Mildred R. Jaster, Ohio; Mrs. Polly Rose Balfe, Florida.

Women were also on the Convention Executive Committee in equal numbers with the men, and included Hon. Mary T. Norton, Congresswoman and National Committeewoman of New Jersey; Mrs. Helen Gahagan Douglas, National Committeewoman of California; Mrs. Daphna Nygaard, Mrs. James H. Wolfe, Mrs. Albert E. Hill, and Mrs. Lennard Thomas, National Committeewoman of Alabama.

Women also served as Co-Chairman of all the major Convention Committees: Hon. Mary T. Norton, Platform and Resolutions; Mrs. James H. Wolfe, Rules and Order of Business; Mrs. Margaret Sullivan, Credentials, and Mrs. Clara D. Van Auken, National Committeewoman of Michigan, Permanent Organization.

At the 1944 Convention, women were given more recognition than at any previous Convention. For the first time an equal number of women were appointed to serve with the men on the sub-committee of the Platform Committee. Hon. John McCormack, Congressman from Massachusetts, served as Chairman of the Platform Committee and Hon. Mary T. Norton served as Co-Chairman. The other members of the sub-committee were:

Mrs. Julia Porter, California; Miss Doris I. Byrne, New York; Mrs. W. T. Bost, North-Carolina; Mrs. Scott Stewart, Utah; Mrs. Albert E. Hill, Tennessee; Mrs. N. T. Stewart, Kansas; Mrs. Charles G. Ryan, Nebraska; Mrs. Nellie Tayloe Ross, Wyoming; Mrs. Fred Vinson, Kentucky; Mrs. Sue Ruble, Oklahoma, and Mrs. Mildred R. Jaster, Ohio.

Again the Platform Committee was made up of one man and one woman from each state.

In addition to these gains, Mrs. Tillett and Mrs. Helen Gahagan Douglas, now a member of Congress from California, made major addresses at evening sessions of the Convention. Women came away convinced they had played a major role in the nomination of Franklin D. Roosevelt and Harry S. Truman.

While at the Convention, delegates had an opportunity to learn in the Women's Division "Campaign School" how best to win votes in a wartime campaign. This was the first time a political party had conducted a "Campaign School" at a National Convention, and the plans paralleled those outlined in TOOLS FOR DEMOCRATIC VICTORY, organization handbook prepared by the Women's Division and distributed to party workers throughout the nation. Party leaders who had done outstanding work in their own states in registration and getting out the vote, fund-raising, publicity and speaking, assisted in the "Campaign School" sessions.

Candidates who had used the Women's Division idea of the neighborhood meeting focused attention on the importance of the small meeting—in apartment house foyers, street corners, front porches, or backyards. It was a new emphasis on the Women's Division slogan: "Elections Are Won in the Precinct". A majority of all of the special stories during the Convention played up women's activities—publicity which they lived up to by getting out the largest women's vote in history. It would not be possible to count that vote accurately. But it was estimated in the *New York Times* two days after the election that 50.3 per cent of the ballots were cast by feminine voters and it is probable that this figure is low rather than high.

The year 1944 saw many signs of women's unusual participation in party organization in all parts of the country. At the Wisconsin State Convention, for the first time in its history, a joint session was turned over to the women. Women stepped into leadership in the party as never before, with approximately one hundred serving as county chairmen and many more as precinct chairmen and registration chairmen, jobs usually held by men. An increasing number of women ran for public office—offices on the national, state, county and city tickets. Democrats in Lawrence County, Indiana, even had an all-woman county ticket!

In addition to electing four Democratic Congresswomen—Hon. Mary T. Norton, of New Jersey, serving her twenty-first year in the House; Hon. Chase Going Woodhouse, of Connecticut; Hon. Emily Taft Douglas, Congresswoman-at-large from Illinois, and Hon. Helen Gahagan Douglas, of California, large numbers of other women were elected to key state offices—three Secretaries of State, three State Superintendents of Education, one State Treasurer, and one State Auditor. Fifty-nine women have reported their election to state legislative bodies, and indications are that this is an incomplete list. Countless others were elected to county and city offices.

RECONVERSION BEGINS

As Democratic women entered 1945 they were deep in plans for study of the Dumbarton Oaks Proposals, the first step towards an enduring peace. April 4 was designated by the Women's Division as "Dumbarton Oaks Day", and it was celebrated with over 2,000 meetings in all parts of the country. Other organizations participated in making this the biggest concerted effort women had yet made to voice their determination to have peace and to lend their support to President Roosevelt in a plan for world organization.

When the news came of President Roosevelt's death in the late afternoon of April 12, a stunned nation staggered, and then, regaining its confidence, marched ahead. From President Truman down to thousands of precinct workers came the pledges of a united party, determined to carry out the Roosevelt plans to win the war as speedily as possible and to work untiringly for a world security organization. President Truman's first act was to declare that the San Francisco Conference would open on April 25, as President Roosevelt had planned. His spirit dominated the Conference and from San Francisco emerged the Charter of the United Nations Organization.

Representing the Women's Division at the Conference of the United Nations in San Francisco were Mrs. Charles W. Tillett and Mrs. India Edwards.

Again, the Women's Division prepared literature on the Charter and held meetings. Democratic women gave their utmost support to this plan for a world peace organization.

Now, with hope in their hearts for a peaceful world, Democratic women are beginning plans for the 1946 elections and the strong support of President Truman.

MILESTONES IN DEMOCRATIC WOMEN'S PROGRESS—IN THEIR PARTY . . . AND THEIR GOVERNMENT

1869

Wyoming gave women the vote for the first time.

1908

Women attended Democratic National Convention in Denver as delegates for the first time in either political party.

1910

Colorado became first state to give women equal representation with men on political party committees.

1916

Women's political influence recognized by Democratic Party when Woman's Bureau of Democratic National Committee was established to work with women in the western states where they had the vote.

President Wilson made a number of outstanding women's appointments, most important of which were: Mrs. Annette Abbott Adams, Assistant Attorney General; Miss Mabel Boardman, Commissioner, District of Columbia; and Mrs. Helen Gardner, Commissioner, United States Civil Service Commission. (Mrs. Lucille Foster McMillan now holds the post of U.S. Civil Service Commissioner.)

1918

September 30. President Wilson made a personal appeal to the Senate in favor of woman suffrage.

1919

The Executive Committee of the Democratic National Committee, anticipating the ratification of the Constitutional Amendment permitting women to vote, voted on September 27, 1919, to admit women to membership. It was not until four years later that the Republicans gave women this recognition.

1920

Women became associate members of the Democratic National Committee—four years ahead of the Republicans. At one session of the San Francisco Convention, Mrs. George Bass presided. Women delegates served on committees and as convention officers, and Mrs. Izetta Jewel Miller seconded the nomination of John W. Davis for President. Women also presented their platform planks to the convention.

Miss Charl Ormond Williams was elected Vice Chairman of the Democratic National Committee—the first woman of any political party so honored.

August 18. Nineteenth Amendment became law when Tennessee ratified the amendment, making it possible for 16 million women to vote.

1922

The first woman ever appointed to the United States Senate was Mrs. Rebecca L. Felton of Georgia.

1924

Democratic National Committee passed resolution asking states to send eight delegates-at-large to convention—half of them to be women.

First Democratic woman elected to Congress—Honorable Mary T. Norton of New Jersey. Later—(1931)—she was first woman to serve as Chairman of a House Committee. Since 1937 she has been Chairman of the powerful House Committee on Labor.

Mrs. LeRoy Springs of South Carolina served as first woman chairman of Credentials Committee, and was also the first woman presented for the Vice Presidency.

At this convention the women had their own platform committee, with Mrs. Franklin D. Roosevelt as chairman.

1925

First woman elected governor of a state—Mrs. Nellie Tayloe Ross, Wyoming.

1932

First woman elected to United States Senate—Mrs. Hattie W. Caraway, Arkansas.

First woman named member of Platform Committee—Mrs. Jean Springstead Whittemore, Puerto Rico.

1936

Philadelphia Convention passed resolution requesting each state to appoint a member and alternate to Platform Committee—of opposite sex.

1940

Chicago Convention passed resolution asking each state to appoint two members of the Platform Committee—one to be a woman—four years ahead of the Republicans.

For the first time a woman made a major speech to a National Convention—Mrs. Franklin D. Roosevelt.

For the first time the Director of the Women's Division addressed a National Convention on policy—Mrs. Thomas F. McAllister.

1943

Mrs. Charles W. Tillett elected Vice Chairman of the Democratic National Committee.

1944

Mrs. Dorothy McElroy Vredenburgh appointed Secretary of the Democratic National Committee, by Chairman Robert E. Hannegan—the first woman to hold this post.

Mrs. Charles W. Tillett elected Vice Chairman of the Democratic National Committee, the first woman Vice Chairman to be re-elected. Mrs. Dorothy Vredenburgh elected Secretary.

Mrs. Charles W. Tillett, Vice Chairman, addressed the National Convention in Chicago at the first evening session.

Mrs. Helen Gahagan Douglas addressed the National Convention in Chicago at the second evening session.

Women served in equal numbers with men on Arrangements Committee and Convention Executive Committee.

Women served as Co-Chairmen on all the major Convention committees.

Equal number of women appointed to serve with men on the subcommittee as well as on the Platform Committee. For the first time a woman was appointed as Temporary Assistant Chairman of the Convention and elected Permanent Assistant Chairman of the Convention—Mrs. Charles W. Tillett.

For the first time a woman was appointed as Temporary Secretary of the Convention and elected Permanent Secretary of the Convention—Mrs. Dorothy Vredenburgh.

TRIBUTE TO NEVADA MORMONS

Mr. BIBLE. Mr. President, today marks an important anniversary in the distinguished history of a great religious faith. It was on July 24, 1847, that the first Mormon pioneers arrived in Utah's Salt Lake Valley to build the foundations of a prosperous and beautiful State.

But the creative influence of the Church of Jesus Christ of Latter-day Saints extended far beyond the borders of Utah. There were adventurers among those bold pioneers who paused only briefly at Salt Lake before pushing forth to open the frontiers of the entire West. They battled the fiercest elements of nature and man to build settlements in the territories of Nevada, Arizona, and New Mexico. They moved west to the Pacific Ocean and north to the Canadian border.

Nevada owes much to the Mormon pioneers. The history of our State, in large part, is a splendid heritage of their courage, devotion, and determination. Nevada's first settlement—Mormon Station—was founded by these pioneers. And the State's largest city, Las Vegas, was settled by Mormons exactly 100 years ago this month.

Recently, the six stakes of the Las Vegas region of the Latter-day Saints Church joined in presenting a musical and dramatic production which paid tribute to the many contributions of those early pioneers. Entitled "Promised Valley," the pageant dramatized their movement across the great plains to the wilderness of the West. More than 100 talented men, women, and children took part in the presentation, which drew large and enthusiastic crowds for each of four performances at Las Vegas High School. Without exception, the southern Nevada news media hailed it as an artistic and cultural triumph.

Equally successful was the "Pioneer Parade" and other events climaxing the 4-day celebration on Saturday, July 13, in downtown Las Vegas. Many thousands attended these final activities, and many thousands came away with a deeper appreciation of the great contributions of those early Mormon settlers to Nevada's permanent heritage.

Mr. President, I was highly honored to receive an invitation to take part in this 4-day celebration, and I salute the 30,000 residents of southern Nevada who proudly hold membership in the Latter-day Saints Church. Like their forebears, they are fine citizens who are actively engaged in efforts to build a better community and a better State. Their creative influence has been felt in every worthwhile endeavor.

I would particularly commend the presidents of the six stakes of the Las Vegas region—Reed Whipple, James K. Seastrand, Samuel M. Davis, Rulon A. Earl, James I. Gibson, and Grant Bowler. Certainly, their tireless efforts contributed in no small measure to the tremendous success of the celebration.

On July 12, 1968, the Las Vegas Review-Journal published an editorial commemorating the contributions of the Mormon pioneers. I believe it properly captures the spirit that motivated those courageous Americans. I ask unanimous consent that it be printed in the RECORD.

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

MORMONS COMMEMORATE FIRST LAS VEGAS SETTLEMENT

In the summer of 1855, Las Vegas Valley was a barren, hot and unfamiliar place. But there was water here if men had the courage and stamina to look for it. And crops would grow if men had the ambition and the faith to plant them.

Such was the beginning of a settlement in this valley. The men, 30 of them, were Mormons sent out from Salt Lake City. They were charged with the responsibility of establishing a fort in this harsh land. They were also told to teach the Indians and plant the crops. The crops were vital for their survival and part of their plan to provide a station where weary travelers might find food and rest.

The Las Vegas Springs provided water and the meadows of the lower valley offered a natural site for farming and building. Each man took two-and-a-half acres for himself and began to cultivate it. By the fall of 1855 the settlers were rewarded with corn, melons, pumpkins and squash. The fort was nearly completed and the Indians were friendly. A community had been established.

This week Las Vegas' 30,000 Mormons, some of them possibly descendants of those 30 pioneers who settled in the valley, will mark the anniversary with four days of activity sponsored by the five stakes of the LDS church in the Las Vegas Valley.

A musical entitled "Promised Valley" will be offered Wednesday through Saturday at 8 p.m. at the Las Vegas High School auditorium to commemorate the arrival of the Mormons in the Valley. A "Pioneer Parade" is scheduled Saturday at 10 a.m. along with other events.

It is a celebration worth joining. It is a time for pausing and marvelling at the courage and conviction of those men who made a wild valley bear fruit more than 100 years ago.

BANKS AND DROPOUTS

Mr. PERCY. Mr. President, the Chase Manhattan Bank in New York is doing an outstanding job in training unskilled high school dropouts for white-collar jobs in the banking industry. On the basis of the bank's initial success in this area, they are now planning to open a training center in lower Manhattan where 700 young men and women will be provided remedial and technical skills for entry level jobs.

This is a very worthwhile project, including a private sector approach to a public sector problem. I ask unanimous consent that an article from the New York Times, of July 14, be printed in the RECORD at this point for the guidance of other organizations that might be like minded in objectives.

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

BANKS AND DROPOUTS, NOW GETTING ACQUAINTED, ARE FINDING THEY LIKE EACH OTHER

(By Leonard Sloane)

Last December, the Chase Manhattan Bank began a program for training unskilled high school dropouts. The initial results of its work with these "unemployables" have been so successful that the bank now says it will train 1,000 in the next three years.

In two weeks, the First National City Bank will open a training center in lower Manhattan, where it will provide remedial and technical skills for entry-level jobs for the hard-core unemployed. Some 700 young men and women will receive this instruction in the next 18 months under a contract between the bank and the United States Department of Labor.

And just last week, the American Institute of Banking began classes in basic education and banking terminology for ghetto residents who are employed by 34 commercial and savings bank in the New York area. It's goal is to provide this training for more than 700 members of minority groups over the next year.

These programs are indicative of what the banking industry is beginning to do across the nation to make the phrase "equal opportunity" in employment more meaningful. Other banks working through different means to achieve a greater rapport with the Negro community include the Bank of America in California, the nation's largest, and the Industrial National Bank in Rhode Island, the biggest in that state.

Why are the banks, both locally and nationally, taking such an interest in finding the unemployed and training them for jobs they are presently unqualified for? For one thing, banks are highly visible institutions and their employment of Negroes and Puerto

Ricans is usually obvious to the public, unlike the situation in most manufacturing industries whose factories are not normally visited by passersby.

"Banks draw their employe and customer populations from the city," says a veteran banker. "You just can't pick up your bank and move it to the suburbs as some other companies can. So if you have to stay locked in with the city and its working class, you have to be aware of who the people are."

But why are banks going in for these various programs at this time when the population mix in the big cities has already been changing for many years? One banking official puts it this way:

"Training minorities for employment has just become respectable with the formation of the National Alliance of Businessmen and the leadership of such men as Henry Ford [chairman of Ford Motor Company] and J. Paul Austin [president of the Coca-Cola Company]. And since banks see themselves as the capstones of business anyway, they figured that this is the time to do something in that area."

One of Chase's "somethings" is its training program for young men between the ages of 17 and 22 who are unable to meet the bank's qualifications for white-collar employment. The men are referred by social agencies, bank liaison officers, employment interviewers and others and have in common a basic motivation to succeed as bank employes.

"We're looking for the young men who have some potential that can be tapped and who want to go to work," says Arthur J. Humphrey, a Chase assistant treasurer and director of the program. "We don't mind his being skeptical but we want that will to win."

PHASES DESCRIBED

There are three phases to the remedial program in reading, language skills and mathematics that Mr. Humphrey and other bank officials have worked out with the six teachers employed by Chase. The first encompasses a six-week, all-day session during which trainees receive a nontaxable training allowance of $1.60 an hour.

During phase two, employes are placed in entry-level jobs at which they earn about $75 a week but return to the 28th floor training center at 1 Chase Manhattan Plaza for up to two hours of remedial education a day. The final phase is geared to make the young men better qualified for promotions as they open up at the bank.

"I love it because it's a lot different from school," says Gilbert Rivera, 17 years old, who dropped out of high school in the 10th grade. "You get more individual instruction here."

"We have more confidence in the teachers than we did at school," adds Rudy Martinez, 21, who has completed phase one and is now working as a tape feed clerk in the domestic money transfer department. "They're not like teachers, they're more like friends."

Venise Greene, an 18-year-old from Brooklyn who left high school last March, points out that "in school they didn't start at the root of things. Here they start at the root and go on up."

One reason for this unusual teacher-student relationship is the small class sizes of 10 to a group. Another is the informality that prevails with teachers called by their first names and students able to walk out of the room at any time for personal reasons. And then there is the fact that students even help to organize the curriculum by selecting their own books to read.

For instance, one poem read by the students in the Chase program is "The Ballad of the Landlord," by Langston Hughes. Educational critic Jonathan Kozol was dismissed from the Boston school system in 1965 for reading this poem to his students because of its alleged antiwhite tone.

CENTER BEING SET UP

As Linda Kunz, a teacher of language arts, observes, "We have no set syllabus here. Content is geared in two directions, toward their own backgrounds and toward anything to do with banking. The students should not deny their own backgrounds nor should they only get into the banking area when they start their jobs."

At First National City, two floors are being outfitted at a building on Canal Street and Broadway for the first two 20-student classes in its training program for the unemployed and underemployed. Over a 16-to-22-week period, these young men and women will be given remedial skills and technical training for such jobs as general clerk, typist and check-processing machine operator.

While they are being trained by the bank—as part of the Federal Government's Job Opportunities in the Business Sector program—the students are bank employes and are paid a salary of $65 a week. Upon completion of their training, they receive an increase of at least $10 a week and move into a beginner's job at the bank.

Robert W. Feagles, a City Bank senior vice president, emphasizes that "the entry-level position is not the end of the road. These men and women have career opportunities absolutely on a par with any other employes. Our whole purpose is to erase the hard-core stamp and make them nonidentifiable as anything but employes of the bank."

This will be accomplished even at the new training center through the immediate establishment of an employer-employe relationship, rather than a continuation of any government aid situation. The environment, moreover, will be that of work—with 9-to-5 day punctuality and its dress requirements, etc.—instead of a high school for adolescents.

Funds for the students in the J.O.B.S. program were provided by the Government to the tune of more than $1.5-million. However, the bank figures that more than $150,000 of its own money is involved in providing administrative and other services not covered by the training contract.

According to Mr. Feagles, this money is well spent. "Social problems are only resolved in an atmosphere of economic equality and well-being. We have been aware of the need to do more as we re-examined our criteria for entry-level jobs. This is a major step toward the first requirement, economic equality.

ADDITIONAL SCHOOLING

The classes at the American Institute of Banking are providing, in effect, for a consortium of banks what giant institutions like Chase and City Bank are doing on their own. Students with average fifth to eighth-grade achievement levels will be given six weeks of training to lay the educational and career foundations for bank employment.

Afterwards the students will return to A.I.B. classrooms for nine hours a week of additional training. "This instruction plus departmental bank experience will point the successful trainee directly toward the mainstream of departmental promotability and a successful banking career," says the institute.

While the A.I.B. is providing its facilities at the Woolworth Building for the classes, the actual teaching and counseling will be done by the Board of Fundamental Education, a nonprofit organization that designs programs for the disadvantaged. Bankers from the participating institutions—such as the Morgan Guaranty Trust Company, the Bowery Savings Bank and Brown Brothers Harriman & Co.—will also conduct panel discussion with the trainees.

MORMON PIONEER DAY

Mr. CHURCH. Mr. President, today the people of my State and our sister State of Utah commemorate the 121st anniversary of the settlement of our region by the Mormon pioneers. On July 24, 1847, a small company of Mormon men and women emerged from a canyon overlooking the Great Salt Lake Valley. Brigham Young, the leader of the church, looked out upon the arid valley from his sick bed in one of the lead wagons, and declared an end to the long and arduous search for sanctuary:

It is enough. This is the place.

From Salt Lake Valley, the Mormons, formally known as the Church of Jesus Christ of Latter-day Saints, soon established settlements in more than seven Western States, stretching as far as San Bernardino, San Francisco, and Sacramento in California. Samuel Brannan, the founder of San Francisco, and John Sutter, the owner of the famed Sutter's mill where gold was first discovered in California, were members of the Latter-day Saints Church. Agricultural communities in Idaho, Arizona, New Mexico, Colorado, Wyoming, and Oregon sprang up under the direction of one of history's greatest settlers, Brigham Young.

The Latter-day Saints wisely shunned the promise of quick fortunes in the mines of the burgeoning West. It is said that President Young counseled the Latter-day Saints against developing the rich copper deposits at Bingham, Utah, only 20 miles from Salt Lake City. President Young emphasized, instead, the more lasting vocations of farming, milling, teaching, craftsmanship, and merchandising. Following the precept, "The glory of God is intelligence," the arts and education also flourished. The University of Utah, the oldest school of higher education west of the Missouri River, was founded in 1850. Other schools were soon established in northern Utah and southeastern Idaho. Ricks College, now one of the fastest-growing private colleges in the United States, was founded in my State at Rexburg in 1888. At that time, Idaho had not yet achieved statehood and the principal industries were still trapping and mining.

The Latter-day Saints left their comfortable homes in Illinois for the rigors of the Rocky Mountains due to religious persecution. In the first 20 years of the church's history, the faithful were forced to move more than six times. From New York to Ohio, Missouri, Illinois, and finally to Utah. Their arrival in Utah however, did not end the persecution. They became the object of punitive legislation several times before the turn of the century. In my home State, some Latter-day Saints, along with Orientals and Indians, were discriminated against in exercising their right to vote.

But today, the Latter-day Saints occupy a prestigious position in American life. One of their members was a frontrunner this year for the Republican nomination for President of the United States. Others have played prominent roles in the legislative and executive branches of the Federal Government.

As I have said on numerous previous occasions, the prestige now enjoyed by the Latter-day Saints was not achieved by accident. They have a strong commitment to hard work and wholesome living. They maintain a membership of 2,500,-

000 without a paid clergy, relying on the voluntary efforts of the workers, farmers, housewives, and professional people who comprise their congregations. Over 12,000 young Latter-day Saints men and women now are voluntarily giving 2 years or more of their lives to serve missions for their faith. Church activities permeate the social structure of Mormon communities, providing care for the needy, the sick, the aged, as well as recreational and cultural programs for the young. The Latter-day Saints sponsor the world's largest baseball and basketball tournaments, as teams from the wards are matched each summer and winter. Indeed, their programs provide examples worthy of emulation in other communities racked with restlessness, idleness, and violence.

For these reasons, I am proud to pause with the people of my State to pay tribute to the Mormon pioneers. I hope that our descendants will be able to look back upon the accomplishments of our day with the same pride.

HEADSTART

Mr. DOMINICK. Mr. President, on Wednesday, July 17, 1968, by a vote of 60 to 29, the Senate approved my amendment to transfer the Headstart program from OEO to the Office of Education.

Since that time, a great deal of misinformation has been circulating as to the contents of the amendment, its purposes, and its effect.

An unfortunate example is an article which was published on the front page of a local newspaper while I was in Colorado and was brought to my attention when I returned to Washington last evening. The article is entitled "Senate Setback Laid to White House Lag—Johnson Moves To Rescue Headstart." It was carried by the Washington Post on July 22, 1968. I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

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

SENATE SETBACK LAID TO WHITE HOUSE LAG—JOHNSON MOVES TO RESCUE HEADSTART

(By Eve Edstrom)

The Senate last week crippled the poverty war's most popular child—Head Start—while the White House reportedly stood still.

If the Senate action stands, Head Start would be turned over to the states. Its most innovative ingredients would almost surely be wiped out. Its neediest beneficiaries—the children of the poorest Southern Negroes, Indians and migrants—would be all but shut out.

Yet Head Start supporters say their appeal for White House aid early last week was brushed aside on the grounds that the Senate amendment didn't have a chance of passage.

But after it was adopted by a whopping 60 to 29, the White House actively began trying to undo the damage. Visits were paid to key Congressional leaders in an effort to overturn the Senate action when it goes to conference.

Actually, if there had been any coordinated Administration strategy during last Wednesday's hasty Senate debate, an acceptable compromise might have been worked out. But the issues were so obscured that even sensational charges against a Chicago street gang were used to hamstring Head Start.

At first glance, the Senate amendment to the Vocational Education Bill would appear to result in nothing more than a long-expected bureaucratic shift.

The popular Head Start program for preschoolers would be taken away from the Office of Economic Opportunity (OEO) and given to the Office of Education, effective next July.

But neither the Office of Education nor its parent, the Department of Health, Education and Welfare (HEW), wants Head Start under the conditions which the Senate imposed.

This is because Head Start money would be channeled through state school agencies and the Office of Education would not even have the final power to disapprove a state plan for Head Start funding.

As explained by the chief mover of the Senate amendment, Sen. Peter H. Dominick (R-Colo.), school officials "would, therefore, state by state, be in charge of this program."

Sen. John Stennis (D-Miss.) immediately applauded the move to give Head Start to state educators. He long has fought OEO-supported Head Start projects in Mississippi which operated outside of the schools to get innovative programs to the poorest Negro children.

An end to such projects is almost certain if the Senate amendment passes. Similarly, it is doubtful that states will give up funds for Head Start projects on Federal Indian reservations or for children of migrants.

Furthermore, the argument that Sen. Wayne Morse (D.-Ore.) made in support of the amendment is strongly contested by both OEO and HEW officials. Unlike Morse, they do not believe Head Start is strictly an educational program and should therefore be in the Office of Education.

In a letter that was made part of the Senate debate, HEW Secretary Wilbur J. Cohen said:

"Head Start was imaginatively developed by the Office of Economic Opportunity as part of a broad-scale and coordinated attack on the many social problems—nutritional, medical, psychological as well as educational—which contribute to the cycle of poverty.

"In this comprehensive format, Head Start has functioned exceedingly well under the Office of Economic Opportunity and, consequently, we believe that its assignment there should be continued."

This should not be interpreted to mean that Cohen does not want Head Start within HEW if it could be operated under the same flexible guidelines that exist at OEO.

In fact, both OEO and HEW are in general agreement that Head Start should be transferred, either as an independent agency directly under the HEW Secretary supervision or as a compoment of the Children's Bureau.

This was a principal reason why Jule M. Sugarman, the creator and developer of Head Start, left OEO in April to become associate chief of the Children's Bureau. His job is to weld together all health, educational and welfare services for pre-school children.

Such a coordinated attack on the problems of preschoolers, along with the continuing involvement of parents that has characterized Head Start programs, has been a chief aim of Secretary Cohen. But the Senate debate did not focus on these aspects of Head Start. Instead, Morse in becoming a strong ally of Republican proponents of the amendment, emphasized how OEO programs in his state have been beset by "inefficiency, by waste and by maladministration." OEO sources say Morse is piqued because Congressional fund cutbacks forced the closing of a Job Corps center in Oregon.

Sen. Frank J. Lausche (D-Ohio) said he would vote for the transfer because he had read how OEO had supported a Chicago street gang project that was controlled by "thugs, thieves, hippies, drug addicts."

Southern Democrats, angered because OEO used discretionary powers to fund projects in their states, found themselves in the unusual position of giving Head Start to one of their chief whipping boys, Education Commissioner Harold Howe II, former enforcer of HEW school desegregation policies.

Thus, the Senate vote can be interpreted as stemming from broad anti-OEO feeling, rather than any considered judgment of how Head Start can best be operated.

The Head Start transfer has not been the subject of hearings, and did not come up in the House when the Vocational Education Bill passed.

Senate conferees, who have been appointed to resolve the matter, are split right down the middle—five voted for the transfer and five voted against it.

They will meet with yet-to-be-selected House conferees. However, a majority of the House conferees will reflect the sentiments of House Education and Labor Committee Chairman, Carl D. Perkins (D-Ky.).

Perkins is dead set against the transfer, but no one is predicting how the battle will come out.

Mr. DOMINICK. Mr. President, with all due respect to the writer, I must say that the article is not an objective reporting of the facts, nor is it accurate.

In all fairness, a news item should present both sides of an issue. Certainly that is our object during Senate debate. I was, therefore, particularly surprised, and, frankly, dismayed, as the author of the amendment, to see that in an article of this length no effort was made to mention any of the arguments which I made on the Senate floor in describing the rationale for the change. Indeed, there was only a single sentence passing reference which was pulled out of context to support a conclusion which was itself not correct.

The entire character of the article is thrust to the front with the statement in the third paragraph that "Headstart supporters," I repeat, "Headstart supporters," appealed to the White House for aid to stop the amendment. The inference, of course, is that the 60 Senators who decided that the program should be shifted to the Office of Education are not supporters of Headstart. Nothing could be further from the truth.

We have been cast in the role of wearing black hats. But the amendment was offered to strengthen Headstart, not to cripple it. I believe, as do other Senators, that Headstart is a strong program. I also believe, as do other Senators, that Headstart can be an even better program. This was brought out in the debate, but you will not find it in this newspaper article or in the memorandum being distributed at taxpayer's expense by the Acting Director of the Office of Economic Opportunity to poverty agencies throughout the country.

Some contend that Headstart should forever be locked into OEO, but they would do well to read again the words of Acting OEO Director Harding, who said:

It is longstanding OEO policy that projects should be shifted to other agencies when they have been fully developed and when the interests of poor people are adequately safeguarded by the provisions for transfer, thereby freeing OEO to innovate new approaches to the elimination of poverty.

It was the conclusion of the Members of this body of Congress that the program was fully developed and those interests were protected by the language of my amendment.

The article refers to a "hasty Senate debate." But as the Senators well know, this is a smokescreen. I offered an almost identical amendment 2 years ago. Last year the amendment was thoroughly debated on the floor of the Senate. The transfer has been discussed time and again in our Senate committee and witnesses have been questioned in companion hearings.

Very misleading is that part of the article which states:

The Office of Education would not even have the final power to disapprove a state plan for Headstart funding.

The amendment, of course, sets forth in detail, and with much forethought the standards which any State plans must meet. All State plans are specifically subject to the approval of the Office of Education. Not only may a plan be disapproved upon failure to meet these criteria, but the Commissioner may reject a State plan which he believes indicates a desire on the part of State officials to prevent operation of any acceptaole program. If criteria in addition to those already set out in the amendment are desired by some, I would be happy to receive them for consideration and discuss them with the conferees.

Completely overlooked was the portion of the amendment which would earmark $375 million to be used solely for Headstart. We were successful in earmarking funds for the program 2 years ago. Last year, however, Headstart ran into funding problems because OEO opposed specific funding of Headstart. Instead, they sought, and obtained, lumpsum funding of community action programs along with discretion to allocate money among the different sectors. Headstart suffered at the hands of the OEO Director.

The article states that an end to projects, such as those in Mississippi, which are operated outside of the schools "is almost a certainty" under my amendment. This is simply not true. The amendment provides in section 802(a)(2) that the State plan must be one which: "sets forth a program under which funds paid to the State from its allotment under section 801 will be used to make grants to community action agencies (established pursuant to the Economic Opportunity Act of 1964), and public agencies or private nonprofit agencies or organizations, including local educational agencies, to assist them in carrying on preschool programs, which, under subsection (b), are eligible for assistance under this title."

The language of the amendment, as well as the floor debate, demonstrate emphatically that Headstart agencies operated outside the schools are and will continue to be eligible. The changes made by the amendment are at the administrative level—in the coordination department—not at the day-to-day operational level.

Equally important is that part of the amendment which allows the Office of Education to bypass a State educational agency which is hampering the conduct of an acceptable program. Section 804 (c) reads as follows:

In the event a State shall, within a reasonable time fail to submit a State plan, or shall fail to submit an acceptable State plan under circumstances that the Commissioner believes indicate a desire on the part of State officials to prevent operation of any acceptable program under this title within the State, the Commissioner is authorized to contract directly with qualified community action agencies, and public agencies or private nonprofit agencies or organizations, including local educational agencies, to implement programs under this title within such State.

I do not believe, nor do other Senators with whom I have discussed this matter, that Headstart is strictly an educational program. This is a favorite allegation against us by those who oppose the transfer. But the article did not bring out the fact that one of the congressional guidelines which would be required of any State plan would be that it: "provides a balanced program to meet the educational, nutritional, health, clothing, and other unique needs of children from impoverished backgrounds in order for them to function at optimum levels in relationship to other children."

Certainly it is not accurate to even imply that my amendment contemplates Headstart should be strictly an educational program and hence, in the Office of Education.

Mr. President, since I have asked that the article be printed in the RECORD earlier in my remarks, I think that for the purposes of clarity it would be helpful to make the text of the amendment a part of the RECORD as well. I therefore ask unanimous consent that pages 138–146 of the vocational education bill which contains my amendment be printed in the RECORD.

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

"TITLE VIII—PRESCHOOL PROGRAMS FOR CHILDREN OF LOW-INCOME FAMILIES

ALLOTMENTS TO STATES

"SEC. 801. From the sums appropriated to make basic grants under this title for any fiscal year, the Commissioner shall allot not more than 2 per centum among Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 10 per centum of those sums for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the average number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes of less than $1,000 in each State as compared to all States. For purposes of the preceding sentence, the term 'State' does not include Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands. That part of any State allotment which the Commissioner determines will not be needed may be reallotted, on such dates during the fiscal year as the Commissioner may fix, to other States, in proportion to their original allotments, but with appropriate adjustments to assure that any amount so made available to any State in excess of its needs is similarly reallotted among the other States.

"STATE PLANS

"SEC. 802. (a) Any State which desires to receive grants under this title shall submit to the Commissioner, through its State educational agency, a State plan, in such detail as the Commissioner deems necessary, which—

"(1) provides that the State educational agency will be the sole State agency for the administration of the State plan;

"(2) sets forth a program under which funds paid to the State from its allotment under section 801 will be used to make grants to community action agencies (established pursuant to the Economic Opportunity Act of 1964), and public agencies or private nonprofit agencies or organizations, including local educational agencies, to assist them in carrying on preschool programs, which, under subsection (b), are eligible for assistance under this title;

"(3) provides that effective procedures will be adopted for acquiring and disseminating to teachers and administrators significant information derived from educational research, demonstration, and similar projects, and for adopting, where appropriate, promising educational practices developed through such projects;

"(4) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the State (including any funds paid by the State, if any, to any other agency) under this title;

"(5) provides for making such reports, in such form and containing such information, as the Commissioner may find necessary to assure the correctness and verification of such reports;

"(6) provides a balanced program to meet the educational, nutritional, health, clothing, and other unique needs of children from impoverished backgrounds in order for them to function at optimum levels in relationship to other children;

"(7) provides a standard of poverty for individuals and families in the State that takes into account the number of children, dependents, and other special circumstances substantially affecting the ability of individuals and families to be self-sustaining; and

"(8) sets forth policies and procedures which give satisfactory assurance that Federal funds made available under this title for any fiscal year will not be commingled with State funds.

"(b) A preschool program shall be eligible for assistance under this title if (1) it is designed to prepare educationally deprived children in areas having high proportions of children from low-income families to successfully undertake the regular elementary school program, (2) it is carried on by, or under contracts or arrangements with, a community action agency or a public agency or private nonprofit agency or organization, including a local educational agency, and (3) it is limited to participation by children from families meeting the poverty standards established under section 802(a)(7).

"(c) The Commissioner shall approve any State plan and any modification thereof which meets the requirements of subsection (a).

"PAYMENTS TO STATES

"SEC. 803. (a) From the amounts allotted to each State under section 801, the Commissioner shall pay to each State an amount equal to the Federal share of the expenditures made such State in carrying out its State plan. Such payments may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments. Non-Federal contributions may be made by the State or, at the discretion of the

State, by the community action agency, and public agency or private nonprofit agency or organization, and may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services.

"(b) For purposes of subsection (a), the Federal share for each State shall be 90 per centum for the fiscal year ending June 30, 1970.

"ADMINISTRATION OF STATE PLANS

"SEC. 804. (a) The Commissioner shall not finally disapprove any State plan submitted under this title, or any modification thereof, without first affording the State educational agency administering the plan reasonable notice and opportunity for a hearing.

"(b) Whenever the Commissioner, after reasonable notice and opportunity by hearing to such agency, finds—

"(1) that the State plan has been so changed that it no longer complies with the provisions of section 802(a), or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision,

the Commissioner shall notify such State agency that the State will not be regarded as eligible to participate in the program under this title until he is satisfied that there is no longer any such failure to comply.

"(c) In the event a State shall, within a reasonable time fail to submit a State plan, or shall fail to submit an acceptable State plan under circumstances that the Commissioner believes indicate a desire on the part of State officials to prevent operation of any acceptable program under this title within the State, the Commissioner is authorized to contract directly with qualified community action agencies, and public agencies or private nonprofit agencies or organizations, including local educational agencies, to implement programs under this title within such State.

"JUDICIAL REVIEW

"SEC. 805. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under section 802(a) or with his final action under section 804(b), such State may within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

"(b) The findings of fact by the Commissioner, if supported by substantial evidence shall be conclusive; but the court, for good cause shown may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(c) The court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 806. The Commissioner shall carry out the programs provided for in this title during the fiscal year ending June 30, 1970. There is authorized to be appropriated $375,000,000 for the fiscal year ending June 30, 1970, to make grants to States for preschool programs under this title."

(b)(1) Section 222(a) of the Economic Opportunity Act of 1964 is amended by striking out paragraph (1) and by redesignating paragraphs (2), (3), (4), (5), (6), and (7), as redesignated by section 210(a) of this Act, and references thereto, as paragraphs (1) through (6), respectively.

(2) The amendments made by subsection (b) shall apply with respect to fiscal years ending after June 30, 1969, which provide assistance for a Headstart program. After June 30, 1969, the Director of the Office of Economic Opportunity may not enter into any contract or make any grant to carry out a program similar to any program carried out under title VIII of the Elementary and Secondary Education Act of 1965.

(c)(1) Section 901 (as redesignated by subsection (a) of this section) of the Elementary and Secondary Education Act of 1965 is amended by striking out "and VII" in the matter preceding clause (a) and inserting in lieu thereof "VII and VIII".

(2) Such section 901 is further amended by striking out "and VII" in clause (j) thereof and inserting in lieu thereof "VII and VIII".

REGULATION OF MAXIMUM RATES OF INTEREST PAID ON TIME AND SAVINGS DEPOSITS

The PRESIDING OFFICER. Under the order of yesterday, the Chair lays before the Senate the unfinished business, which will be stated by title.

The BILL CLERK. A bill (S. 3133) to extend for 2 years the authority for more flexible regulation of maximum rates of interest or dividends, higher reserve requirements, and open market operations in agency issues.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. The pending question is on the amendment offered by the Senator from Alabama.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BENNETT. Mr. President, I yield 10 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, it is my opinion that pending before the Senate at this time is a measure of great significance, although there seems to be indifference given to it. In my judgment the measure before the Senate, if adopted, would constitute the first invasion upon the authority and the responsibilities vested in the Federal Reserve Board to help in the management of our economy so as to insure growth, employment, and purchasing power, while at the same time guaranteeing the stability of the purchasing power of the dollar. The function of the Federal Reserve System has been to make possible the flow of credit and money which will foster orderly economic growth, a stable dollar. An efficient monetary mechanism is indispensable to the steady development of the Nation's resources and a rising standard of living.

The Federal Reserve System was established in 1913 and has been in existence for 55 years. When the System was established, it was proclaimed as a great achievement in the Wilson administration, recognizing that the management of the monetary system of this Nation would be taken out of politics and placed in an independent agency, free from the frequent evil influences that political ambitions bring upon public officials.

In the 55 years' existence of the Federal Reserve Board, there has never been an invasion of its authority and responsibilities. In my judgment, the provisions of the present bill constitute the first time that an invasion is happening and a curtailment of the powers of that Board are being sought to be put into effect. The pending bill provides that the Federal Reserve Bank shall be obligated to purchase securities issued by any agency of Government.

Denial will be made that it is an obligatory responsibility but I want to negate that denial by reading from the bill.

The bill reads:

It is the sense of Congress that the authority conferred by paragraph 2 be used when alternative means cannot effectively be employed to permit financial institutions to continue to supply reasonable amounts of funds to the mortgage market during periods of monetary stringency and rapidly rising interest rates.

Mr. President, in paragraph 2 the language is permissive. In subparagraph (b) of paragraph 2, it is declared that it is the sense of Congress that the Federal Reserve Board buy mortgage paper from the Home Loan Bank so as to stimulate the mortgage industry.

Now I want to read what Mr. William McChesney Martin said on this subject:

Such a directive—

That is a directive to the Federal Reserve Board to buy paper to stimulate the mortgage business—

would violate the fundamental principle of sound monetary policy in that it would attempt to use the credit creating powers of the central bank to subsidize programs benefiting special sectors of the economy.

Mr. President, I want to reread what I just read:

Such a directive—

That the Federal Reserve Board begin buying securities to stimulate activities in one section of the economy—

would violate a fundamental principle of sound monetary policy in that it would attempt to use the credit creating powers of the central bank to subsidize programs benefiting special sectors of the economy.

I read further from Mr. Martin's statement:

There are, of course, legitimate grounds for concern about the mortgage market, just as there are many other areas in which Federal support programs may be called for. But, thus far, the Congress very wisely has refrained from attempting to finance such programs through creation of money by the central bank. At a time when our confidence in our ability to manage our financial affairs responsibly is being severely tested, we simply cannot afford to create the impression that we are about to embark on a new sup-

port program to be financed in such a fashion.

Mr. President, there are many segments of the economy that might want special consideration in a period when the economy is too hot and the Federal Reserve Board has applied restraints to cool the economy.

What about the States of the Union selling bonds?

What about counties selling bonds?

What about municipalities selling bonds?

What about small businesses selling bonds?

What about the farm loan aid program?

Why should not one of these entities in the future say, "Extend to me the same unprecedented treatment you are giving to the mortgage loan industry"?

Mr. President, what is the paradox here?

In this period of test, whether we can meet our fiscal and monetary responsibilities, we passed a bill imposing a 10-percent surtax. In the same bill, we reduced Government expenditures by mandatory order in the sum of $6 billion.

In one instance, we are trying to cool the economy and by the pending bill we will heat it. When restraints are imposed by the Federal Reserve Board, it is calculated that between $8 billion to $10 billion is taken out of the mortgage market. The mortgage market industry says to the Congress, "Treat us as a special child."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. May I have 3 minutes?

Mr. BENNETT. Mr. President, I am happy to yield to the Senator from Ohio 3 more minutes.

Mr. LAUSCHE. In effect, the mortgage industry says to the Congress, "Call upon the Federal Reserve Board to do what it has never done before, and require it to buy bonds to be issued to stimulate the mortgage business."

When I began my statement, I said what is sought to be done here is unprecedented. It has never happened before. In 1946, of course, the full employment bill was passed, but that has no relevance to what we are trying to do here.

In my judgment, eventually this will be the ruination of what has proved for 55 years to be a system of monetary management that has been successful. We cannot appropriate money to the building and loan associations. Since we will not do that, because it would show up in the balance sheets, this indirect method is being used, making it mandatory upon the Federal Reserve Board to buy $2 billion worth of bonds that will supposedly be issued under the Sparkman amendment.

Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, what we are concerned with now is the Sparkman amendment. The Sparkman amendment should have the support of every Member of the Senate, whether he is for or against the provision in the bill that directs the Federal Reserve Board, under certain circumstances, to buy obligations of the Home Loan Bank Board and FNMA.

The Sparkman amendment would moderate that provision. It would limit the amount that the Federal Reserve Board could purchase from the Home Loan Bank Board or FNMA to $2 billion in any one year. So it would meet the principal objections made by Governor Martin, Governor Robertson, and the other Federal agency officials.

Any reading of the testimony makes it clear that what they were primarily concerned with, if the bill is passed in its original form, unamended, was that it might be necessary for the Federal Reserve Board to buy many billions of dollars of obligations of FNMA and the Home Loan Bank Board, and in doing so it would have an inflationary impact, and if they attempted to moderate that inflationary impact by sale of Federal obligations, they might have to sell so many that it would bring prices down and force interest rates to such a high level that it would be expensive to the Government.

This objection is well met by the Sparkman amendment. I really and sincerely feel that if the Sparkman amendment had been attached to the bill when it left the committee, while there may still have been some opposition, there may not have been very much. I think it would have been very slight, if any.

Certainly the opposition of the administration would have been greatly moderated. I think the administration might conceivably have supported the bill. This would mean the action the Fed is directed to take under the bill to help the housing industry avoid a catastrophic depression in the event of super-tight money would be so limited that it would not be inflationary.

The Fed could very easily sell $2 billion of Treasury bills to neutralize any possible inflationary effect of the $2 billion in purchases of agency issues.

I say that on the basis of what the Fed buys and sells every quarter of the year in its open market operations. The addition of $2 billion in the sale of Treasury bills would not result in upsetting this market. After all, it constitutes only 4 percent of the total volume of Treasury bills held by the public.

The argument that this would result in much lower prices and higher interest rates for Treasury obligations simply would not stand the test of any scrutiny.

So it is believed that any inflationary effect of this relief for the housing industry would be eliminated by the Sparkman amendment, but the bill would still be effective because this $2 billion would be added to the $2 billion of liquidity the Home Loan Bank Board has now. This housing industry is in a better position than it was in 1966—not sufficiently better to counter all tight money conditions, but in a better position. These combined resources would mean the $4 billion that is available for housing would certainly have sharply reduced much of the 1966 credit crunch on housing, although housing would still have to bear a large portion of the restriction.

I would like to say to the Senator from Utah that there has been no effort on the part of the Senator from Alabama [Mr. SPARKMAN] or the Senator from Wisconsin to insulate housing or safeguard housing from any impact of monetary restriction. Housing would have to bear a big share, but it would not have to bear an overwhelming share. Here is an industry that constitutes 4 percent of our total gross national product. Governor Maisel testified housing suffered between 60 and 70 percent of the cutback. That is not fair. It may still suffer, under our language, but to have it suffer 60 or 70 percent of the restraint, when business is expanding is not appropriate or fair.

The Sparkman amendment should certainly have the support of all these agencies, including the Federal Reserve Board, the Treasury, and so forth. Whether they would support the bill if the Sparkman amendment were adopted is a question, but there is no question that the Federal Reserve Board would like to have that restriction. There is no question that the Treasury would like to have it. There is no question that the administration or the Federal Reserve Board, if they could vote, would vote for the Sparkman amendment.

In view of the unlikelihood of the substitution of Treasury bills for savings and loan funds without a very sharp increase in Treasury bill rates, and in view of the similar unlikelihood of the substitution of Treasury bills for mortgages without a sharp hike in Treasury bill rates, this amendment knocks out the likelihood that such a substitution would take place.

The Senator from Utah argues that this is self-defeating. The minority report says it is self-defeating. They attempt to show what would happen if the Treasury sells Treasury bills. It is alleged that the raising of Treasury bill rates would mean that people would get out of mortgages and savings and loan shares and buy Treasury bills. In actuality, people would be very reluctant to do so, because those who buy Treasury bills are not the people who put their money into savings and loans. These are different markets. People who invest money in mortgages are long-term investors, and the people who invest in Treasury bills are 90-day investors. Most obligations of the Treasury are for less than a year.

So there would not be much of a substitution in any event, and if the Sparkman amendment is adopted, so that the amount of agency issues bought by the Federal Reserve Board would be limited to $2 billion, the amount of Treasury bill sales would likewise be limited. It is clear that the interest effect on Treasury bills would be so slight that there would be very little, if any, substitution at all.

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

Mr. PROXMIRE. I am glad to yield to the author of the amendment and chairman of the committee.

Mr. SPARKMAN. I just want to call attention to the fact that the amendment which I have offered is a limitation amendment upon the amendment that was adopted in the committee.

Mr. PROXMIRE. That is correct. That fact has been obscured because the opponents of the amendment—and I cannot understand the logic of the opposi-

tion to the amendment—are those who oppose the basic provision. This amendment limits that basic provision.

Mr. SPARKMAN. Some of the criticism—not necessarily here, but we did hear it in other places—to the amendment which the Senator proposed in committee, and which is a part of the bill, was that it was going to require the Fed to purchase an enormous amount of agency issues. Figures as high as $8 billion to $10 billion were used.

Mr. PROXMIRE. That is correct.

Mr. SPARKMAN. I have come in with the limitation that under no conditions shall there be more than $2 billion used for this purpose; is that not right?

Mr. PROXMIRE. That is right. That would be exactly the effect of the Sparkman proposal.

Mr. SPARKMAN. It seems to me that the Senator from Ohio and the Senator from Utah would be supporting an amendment to provide a limitation such as this; does not the Senator agree?

Mr. PROXMIRE. I agree. I cannot see why the Senator from Ohio is not an enthusiastic supporter of it. He should vote for the Sparkman amendment, and so should the Senator from Utah.

Mr. LAUSCHE. Mr. President, the reason I am not supporting it is that the pending amendment will be putting a chocolate flavor on a pill that is full of disaster as far as the people of the Nation are concerned.

Mr. PROXMIRE. May I say to the Senator from Ohio, if he likes chocolate, he can have all the chocolate he wants; he does not have to take the pill. He can vote for the Sparkman amendment and for the Bennett amendment also, if he wishes.

Mr. LAUSCHE. It is sweetening a thing that ought not to be sweetened. The basic essence of the proposal is bad, and I am not going to be misled by putting a sweet flavor upon an essence that is bad for the Nation.

Mr. SPARKMAN. Mr. President, will the Senator from Wisconsin yield further?

Mr. PROXMIRE. Yes, indeed.

Mr. SPARKMAN. The Senator knows, I am sure, that the language which the committee adopted was dictated by the Treasury Department. I do not know what my attitude would have been on this amendment had I known at the beginning that they were opposed to it. But they did not lead us to believe they were opposed to it. Did we ever hear from the Federal Reserve Board, during the 2 or 3 weeks the matter was pending in committee?

Mr. PROXMIRE. I do not remember hearing from them.

Mr. SPARKMAN. I do not believe we did.

Mr. PROXMIRE. I am sure we did not.

Mr. SPARKMAN. I believe it was after the amendment was acted upon, or perhaps about a day before the amendment was acted upon, before we had any word from them at all; and when I did find out they were opposed, and they were discussing this big figure, I said, "Let us limit this, so it will not be that big." And I add one further point: The Federal Reserve Board is in the process right now—and I want the Senator from Ohio to hear this—according to the newspapers of Sunday and Monday, of making an expansion of credit running to the commercial banks of the country, of as much as $3.8 billion. My limitation would hold it down to a little bit more than half of that amount for thrift institutions. I do not see how Senators can argue against a proposal that would make it possible for the housing industry to continue, only in adverse circumstances, only when there is a crisis going on; and that is the language of the amendment.

Mr. PROXMIRE. And only when the Federal Reserve Board itself, on the basis of its own judgment, decides that there is a crisis and there are no alternative means.

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. So the Federal Reserve Board takes the initiative.

Mr. SPARKMAN. That is correct.

Mr. PROXMIRE. In the case of the discount window, the initiative is that of the member banks.

Mr. SPARKMAN. That is true; and there is no such extreme language as that, I submit, so far as that $3.8 billion is concerned.

Mr. PROXMIRE. The Senator is correct.

Mr. President, in my view, monetary policy, which is very important, of course, is one of the two major weapons that our Government has to try to encourage the growth of our economy and stabilize our economy. Monetary policy could be more effective with the Sparkman amendment, as it modifies the provision in the bill, because it would be possible for the Nation's money managers to provide at least a partial offset for housing when they jam on the monetary brakes generally.

Monetary policy has been seriously handicapped exactly because they could not do this. The big restraining force on the Federal Reserve, I am sure, in 1967 and 1968, has been that they were afraid that if they had put the brakes on the way they thought they should do in this inflationary period, the result would have been disastrous for housing.

After all, it is the fact that we have been in a period of escalating inflation for the last 12 months at least, and the Federal Reserve Board, during much of that period, has been pouring more and more money into the economy. They have been taking inflationary action.

When you ask them why, their first answer is, "If we do not do this, housing will suffer."

What this proposal would do is give them a weapon, so they could cushion the housing industry, in part, from the impact of their restraint. That would make it possible for them to have a more effective monetary policy, to cool down inflation, it seems to me, much more sharply, because it would be possible for them to provide that housing would not suffer the devastating effect that it suffered in 1966.

We cannot get away from the fact that in 1966, we had the situation in which the Federal Reserve Board jammed on the brakes, and an industry representing 4 percent of our gross national product suffered between 60 to 70 percent of the cutback. That is not right.

I ask the Senator from Utah and the Senator from Ohio, when they secure the floor on their own time, if they will, to state how they can justify that kind of situation for the housing industry. It is true that some things have been done for the housing industry since then, but the housing industry still is not in good shape. From all indications, they cannot possibly do the job the President of the United States has charted for them. They cannot possibly provide the funds for 26 million housing starts over the next 10 years, unless they have more liberal provisions for financing than they have under the present law.

Mr. President, I yield the floor, and reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LAUSCHE. Mr. President, I would like to answer the Senator from Wisconsin.

Mr. BENNETT. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 16 minutes.

Mr. BENNETT. I yield myself 10 minutes.

Several things have been stated that I think need to be straightened out. As late as 12 o'clock today, or 45 minutes ago, Governor Robertson of the Federal Reserve System, who is sometimes referred to as the most liberal member of that Board, repeated his unalterable opposition to the Sparkman amendment, and he made it perfectly clear to me that he wanted it opposed.

I would also like to answer the last comment of the Senator from Wisconsin. We are not trying to turn back to 1966. We are looking at the situation in 1968, and, as I carefully detailed yesterday, the housing industry has $15 billion worth of new liquid resources to call upon, more than it had in 1966.

When we talk about a program to add $2 billion, under the Sparkman amendment, by forcing the Federal Reserve Board to accept responsibilities that it should not accept, of course, the thing is completely out of balance.

I was interested in the statement that the language in the bill was suggested by the Treasury. It is my understanding that after the language was written, it was referred to the Treasury, and the general counsel suggested alternative language, but when the authors of the bill came to change their original language, they changed the Treasury's alternative.

So the language in the bill, as I understand it, is not the Treasury language.

Mr. SPARKMAN. Mr. President, will the Senator yield at that point?

Mr. BENNETT. I yield.

Mr. SPARKMAN. Since I am the one who handled it, I would like to state just what happened, if I may.

Mr. BENNETT. Mr. President, I am not sure I have enough time.

Mr. PROXMIRE. I yield the Senator from Alabama whatever time he may require for this answer.

Mr. BENNETT. All right.

Mr. SPARKMAN. On the morning this was to be called up, I received a telephone call from one of the highest officials in the Treasury Department, who said to me, "Give us language under

which we can live." Those were his words. I did not evoke them.

So I suggested to him that he get up language for us. When I went to the committee, I asked Lewis Odom, the staff director of the committee, to go to the telephone and call this official, and tell him that we would like to have language from the Treasury Department.

The Treasury official had the general counsel call Mr. Odom, and the counsel dictated the language that was used. There was only one word which was different. He wanted, in lieu of the word "effectively," to use "appropriately." However, Mr. Odom told him that we wanted to use "effectively." That is exactly the language written into the bill. That is the only word on which there was any discussion at all.

Mr. BENNETT. Mr. President, the Senator from Utah and the Senator from Alabama are in agreement. It was the General Counsel of the Treasury that suggested the language. And the committee changed the word "appropriately" to "effectively", which substantially increased the severity of the requirement.

Mr. SPARKMAN. But those two words were discussed between Mr. Odom and Mr. Smith.

Mr. BENNETT. But the Treasury did not accept it. We went ahead in defiance of the Treasury.

Mr. SPARKMAN. I think that the correct way to say it is that the Treasury would have preferred to use "appropriately."

Mr. BENNETT. The Treasury, of course, did not have the final say.

Mr. SPARKMAN. No; of course not. Under our legislative system, Congress has the final say.

Mr. BENNETT. The Secretary of the Treasury wrote the committee after that, indicating their continued strong opposition to the proposition.

Mr. SPARKMAN. The Senator is correct. We had a letter from the Treasury Department and also from the Federal Reserve after the amendment had been put in.

Mr. BENNETT. The Senator is correct. So, the Treasury is still in opposition to the proposition.

Mr. SPARKMAN. Mr. President, I want to make it very clear that I have never contended that the Treasury was in favor of this. I did say that they said, "Give us language under which we can live." And they dictated the language. The only discussion was whether to use "appropriately" or "effectively."

Mr. BENNETT. Mr. President, I cannot support the Sparkman amendment as an alternative to one which I have offered to strike all of section 3 of this bill. It is true that it would limit the use of Federal Reserve direct purchases to support the mortgage market through savings and loan associations to $2 billion a year. We are so used to talking in billions that $2 billion seems to many as if it were an insignificant amount. I cannot agree. More important than the exact amount, in this instance, however, is the fact, as has been pointed out repeatedly, that if the housing industry is granted direct access to the moneymaking power of the Federal Government to finance its operations in periods of restrictive monetary policy, it will only be a matter of time until other segments will demand the same privilege.

What about the small business community that is hurt as badly and as immediately as the housing industry? What about the programs for the elderly? What about the educational groups? Once we breach this wall, there is no limit to the pressure that will be brought to continue this special treatment.

I support housing and homeownership. I represent a State that probably has a higher degree of homeownership and holds homeownership in higher regard than any other State in this country. Yet, I cannot support this provision because I believe it to be only a limited version of an unwise activity by the Federal Reserve System.

The Sparkman amendment is a limitation only in that the committee amendment had no limit. It was pointed out by its sponsor, however, very emphatically that he did not intend that the amount involved would exceed $2 billion. Now this amendment places a ceiling at the very top of the amount that was expected under the other provision. I do not call that a compromise.

Just last week in our housing conference, we agreed that we would not provide back-door financing of a flood insurance program in the amount of $500 million of lending authority. Now, the following week, we are being asked by the same individuals who agreed to that action to provide for back-door financing limited to the sum of $2 billion. I sense an inconsistency here.

Let me also add, it is already agreed that the Senator from Alabama will offer another amendment recommended by the Federal Home Loan Bank Board which could provide additional liquidity of $6 billion to be used in periods of stress. On yesterday I counted up a total of $15 billion. That figure included this amount.

The proposal will set up a wider variety of liquidity instruments, including assets of a short-term nature which members could utilize on a more flexible basis and which would be more profitable than their present choice of either cash or Government obligations. These instruments would include, with Board approval, time and savings deposits in Federal Home Loan Banks and commercial banks, and such obligations, including special obligations of the United States, a State, or a political subdivision, agency, or instrumentality of any one or more of the foregoing, and bankers' acceptances. The provision would also give the Federal Home Loan Bank Board authority to set liquidity requirements for member institutions from 4 to 10 percent instead of from 4 to 8 percent, as at present, and to control the mix of instruments held for liquidity purposes. By raising and lowering the percentage of savings to be held in the eligible instruments, the Board could assure that ample liquidity was built up in periods of easy money which could be released to the mortgage market in periods of restrictive monetary policy.

As an example of what the Board could accomplish through this means, in the period from 1961 through 1964, when mortgage money was easy, the Board could have required that associations hold 10 percent of their savings in a liquidity pool with 6 percent in relatively short-term instruments. It would then have been possible in 1966 to reduce the requirement from 10 percent to 4 percent. This action could have released about $6 billion for use in the housing market during the credit squeeze of 1966. The additional credit would have more than offset the entire drop as stated by the Senator from Wisconsin yesterday in his remarks.

I intend to support that amendment when it is offered. I think it is a much better alternative than the pending amendment. I believe that we established the Federal Home Loan Bank System for the purpose of supplying funds to the savings and loan industry during periods of stress. It has been pointed out by the Senator from Wisconsin that it was unable to do so in 1966 in sufficient amounts to meet the requirement. My answer is that if it was not, then we should readjust its authority so that it cannot take that responsibility away from the System and require the Federal Reserve to take on the additional responsibility.

Mr. President, we are dealing here, as has been said over and over again, with the first attempt to breach the responsibilities of the Federal Reserve System to provide special benefits for one particular segment of the economy. If that breach is made, we can find ample emotional and economic reasons to let others in through the same hole. And soon we will have destroyed the power of the Federal Reserve System to impose more credit restraint.

Yesterday the Senator from Wisconsin talked about the experience of other countries and said, in effect, that they were smarter than we are because they do have such selective credit controls. The Senator mentioned several countries. The record is very interesting.

Look at this problem in terms of the capacity of their central banks to control inflation in the face of the laws they have, compared with what the Federal Reserve Board can do here.

The Senator mentioned Belgium. Between 1960 and 1967, inflation ate up 22 percent of value of the Belgian franc. In France, it was 27 percent. In Italy, it was 32 percent. In Sweden, it was 35 percent.

We had inflation in our country which in my view is not acceptable especially in the last few years, but with the Federal Reserve powers intact in the period, our inflation was a much lower 14 percent. So I do not think these figures demonstrate that the boys in Europe were smarter than we were, or that by setting up and copying the European pattern in this country, we would be helping our problem of inflation.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Utah has 5 minutes remaining. The Senator from Wisconsin has 11 minutes remaining.

Mr. BENNETT. Mr. President, I reserve the remainder of my time.

Mr. LAUSCHE. Mr. President, will the Senator yield me 2 minutes?

Mr. BENNETT. Mr. President, I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. The Senator from Wisconsin asked a question concerning what our answer is to the proposal that aid be given to the mortgage industry through backdoor financing that has never been done before.

I wish to repeat what McChesney Martin said:

Such a directive would violate a fundamental principle of sound monetary policy, in that it would attempt to use the credit creating powers of the central bank to subsidize programs benefiting special sectors of the economy.

My answer is that if we want to subsidize, do it directly by appropriations. Do not do it by backdoor financing imposed upon the Federal Reserve System in a manner never done in the 55 years of the history of that institution. If we are going to subsidize this business, put it in the budget. Let the budget show that we are subsidizing by $2 billion. Let the people know about it. And do not put it in the manner of violating the very essence of the creation of the bank. Keep our hands off that institution. Let it stand inviolate. Do not break it down.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. I yield 2 minutes to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I just wish to say this. I believe it is most unfortunate that Mr. Martin, the very able man he is, used the word "subsidy." I cannot understand—if I know the meaning of "subsidy"—how any subsidy is involved in this matter. It is using the monetary system of the United States in extreme cases to help this particular industry.

I believe it is likewise unfortunate—I do not understand that Mr. Martin used this term—that the term "backdoor financing" has been used here. No backdoor financing is involved. This is the use of the monetary powers vested by Congress in the Federal Reserve Board to help relieve the mortgage market in dire distress.

I have pointed out that certainly no one would claim that the Fed's proposed liberalization of the discount window, which would extend up to $3,800 million to the commercial banks, involves any subsidy. Nobody would claim that any backdoor financing is involved in that; and neither is any subsidy or backdoor financing involved in this proposal.

Furthermore, I point out that my amendment would be a limitation upon this provision.

Mr. PROXMIRE. Mr. President, I yield myself 3 minutes.

Mr. President, I believe the words of the Senator from Alabama should be considered very carefully. The argument has been made over and over again: Suppose some people vote against the Sparkman amendment on the ground that there is some subsidy involved in this whole operation. If there is a subsidy, then every time a bank goes to the discount window, to the Federal Reserve Board, to get a loan, that is a subsidy, because this is precisely the same kind of financing by the Federal Reserve Board. As the Senator from Alabama has said so well, this has never been called a subsidy. Indeed, the Federal Reserve Board, on Monday, announced it is going to widen the discount window broadly to the extent of $3.8 billion and provide this additional financing to the commercial banks.

Mr. President, the prime argument of the Senator from Utah has been that we have done enough for the housing industry and we are doing enough for the housing industry, that they are getting a substantial increase in funds on the basis of measures that either have been acted on in 1966 or are being acted on in this year. I believe we are doing something for the housing industry, as I have said repeatedly in this debate. But if we are doing enough, so that there is a reasonable amount of funds for housing, then the Federal Reserve Board will never be called upon to act.

This is an insurance policy. This is only in the event funds are not available for housing in reasonable amount. And who determines that? The Federal Reserve Board determines it. Congress will not determine it. The Home Loan Bank Board will not determine it. The savings and loan institutions will not determine it. The Federal Reserve Board will determine it. Certainly, the Federal Reserve Board is not going to determine this on the basis of something that is likely to be discriminatory against the banks or in favor of inflation.

Let me read very carefully the short provision about which we are talking:

It is the sense of the Congress that the authority conferred by paragraph (2) of section 14(b) of such act be used, when alternative means cannot effectively be employed—

And who determines whether it is effective? The Federal Reserve Board determines whether it is effective—

to permit financial institutions to continue to supply reasonable amounts of funds—

Who determines reasonable? The Federal Reserve Board determines reasonable—

to the mortgage market during periods of monetary stringency and rapidly rising interest rates.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROXMIRE. I yield myself two additional minutes.

All of the argument of the Senator from Utah—that we have already done something for the housing industry; they are not in as bad straits as they were in 1966—adds up to the probability that we are less likely to use this insurance policy, that housing is not going to be so desperate as to make it necessary for the Federal Reserve Board to act. They only act—this is something the Senator from Ohio and the Senator from Utah have not answered—when the Federal Reserve Board determines there are not alternative means that can be used effectively and that reasonable amounts of funds are not available.

What in the world is wrong with that? We are trying to help the housing industry. I do not know how we can help them if we say they cannot have funds, when even the Federal Reserve Board determines there are no other effective ways of getting them funds and even when the Federal Reserve Board determines housing does not have funds in a reasonable amount.

As to the word "reasonable," let us put that in proper perspective. "Reasonable" relates to the particular economic situation which confronts the United States at the time. When we are in an inflationary situation, of course it is necessary for housing to bear a substantial share—and probably a disproportionate share, unfortunately—of restraint; but certainly not the kind of restraint they suffered in 1966, when the Governor of the Federal Reserve Board testified that housing can afford 4 percent of the gross national product, that housing bore between 60 to 70 percent of the cutback. The industry was devastated. Unemployment was increasing at a time when we had an expanding economy. Business was investing more than it had ever invested, in the history of this Nation, in plant and equipment, and we went down to 850,000 housing starts a year. That kind of situation should not prevail again, and this provision tries to correct it.

I point out that the Sparkman amendment simply sets a limitation on the application of this provision, the limitation being $2 billion. As I have said over and over again, I do not know how anybody can object to a limitation of something they consider dangerous.

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

Mr. PROXMIRE. I yield.

Mr. LAUSCHE. What would be the situation if the Federal Reserve Board wrote to Congress and said there is an effective method of stimulating the market in mortgages by Congress appropriating to the Federal Home Loan Bank $2 billion to feed into the market, instead of having the Federal Reserve Board, for the first time in 55 years, enter into the field of financing? What would we say?

Mr. PROXMIRE. In the first place, I disagree with almost every part of the assumption of the Senator from Ohio. The fact is that we would say, of course, unless Congress acts to provide an appropriation under those circumstances, that is not an effective means that is available.

What we have been doing for years is to provide that any member bank that wants to borrow money from the Federal Reserve Board can do so from the discount window. Now we are providing that the Federal Home Loan Bank Board, if the Fed thinks it is necessary, when the Fed says it is reasonable, can have something like the same privilege, although it would be limited.

Mr. LAUSCHE. It would be the first time in history that this would be done. If we ought to do it to help the mortgage industry, appropriate $2 billion to the Federal Home Loan Bank Board to finance the buying of mortgages, and do not break the precedent that has been in existence for 55 years.

Mr. PROXMIRE. I wish to ask the Senator if he opposes the discount practice that has been in effect for 55 years?

Mr. LAUSCHE. No.

Mr. PROXMIRE. Why, then, should we not require Congress to appropriate money to individual banks when they come to the discount window to borrow from the Federal Reserve?

Mr. LAUSCHE. It has never been done before. We are placing on the Federal Reserve System an obligation that may spread into disastrous proportions when other segments of the economy are involved.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 1 additional minute.

Mr. PROXMIRE. Mr. President, the argument of the Senator from Ohio has been consistent that, one, we should not do this because it has never been done before and two, we may lose our heads and spread the practice throughout the economy, and that that would be a catastrophe.

First, if we were to follow the first argument, we would never change anything. We have a clear injustice and a very serious economic problem in the field of housing. Everybody knows that. We cannot help correct that situation effectively unless we provide that the housing industry, through the Home Loan Bank Board and FNMA, would be able to receive money from the Federal Reserve when the Federal Reserve considers it and finds, under the provisions of this bill, that no alternative means can be used and two, it is necessary to supply reasonable amounts of funds to the mortgage market.

Mr. LAUSCHE. Mr. President, may I be recognized for one-half minute?

Mr. BENNETT. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator from Utah has 3 minutes remaining.

Mr. BENNETT. I yield 1 minute to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I wish to repeat that all we have to do is appropriate $2 billion to the Federal Home Loan Bank and tell them to use that amount to stimulate the mortgage industry. We can do it directly and put it in the budget; but now we are trying to do it indirectly by establishing a policy that has never been in existence before.

Mr. BENNETT. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I think the purpose of this amendment should be clear. It became obvious to the sponsor of the original amendment that his amendment is not desirable, so he is attempting to salvage it by putting this ceiling on, which has no significance. If their proposal is wise, it is too low to handle an emergency; and if the proposal is unwise, the ceiling does not make it wise.

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

Mr. BENNETT. I yield.

Mr. DIRKSEN. Mr. President, to me it is strange that the Fed, the Federal Home Loan Bank Board, and the Treasury are all opposed to this proposal. How can it be said they are sympathetic when they are opposed to it?

Mr. BENNETT. I do not think there is any answer to that question.

Mr. President, I am ready to yield back the remainder of my time if the Senator from Wisconsin is ready to yield back the remainder of his time.

Mr. PROXMIRE. Mr. President, I yield myself 30 seconds.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, this is the Sparkman amendment we are voting on and not a provision in the bill. It is a limitation; therefore, anyone who opposes the bill should in good sense vote for the Sparkman limitation. I hope that is fully understood by the Senate when Senators vote.

I am prepared to yield back the remainder of my time.

Mr. BENNETT. I yield back the remainder of my time.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. RANDOLPH (after having voted in the negative). On this vote I have a live pair with the Senator from Alaska [Mr. BARTLETT]. If he were present, he would vote "yea." I have already voted "nay." I withdraw my vote. If I were at liberty to vote, I would vote "nay."

Mr. BYRD of West Virginia. I announce that the Senator from Maryland [Mr. BREWSTER], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], and the Senator from Hawaii [Mr. INOUYE] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], and the Senator from Minnesota [Mr. MCCARTHY] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. HART] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Michigan [Mr. GRIFFIN] is detained on official business.

Mr. MONTOYA. Mr. President——

Mr. KUCHEL. Regular order.

The PRESIDING OFFICER. The regular order has been called for.

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry before the regular order is called for.

The PRESIDING OFFICER. The regular order has been called for.

Mr. YARBOROUGH. My parliamentary inquiry is whether when a Senator has asked for recognition before the call for the regular order, he is entitled to recognition. The Senator from New Mexico asked for recognition before the Chair said the regular order had been called for. Which takes priority—the call for recognition by the Senator from New Mexico or the subsequent call for the regular order?

The PRESIDING OFFICER. Does the Senator from New Mexico seek recognition?

Mr. MONTOYA. Mr. President, the matter would be moot anyway, because I had more or less withdrawn my request for recognition.

The PRESIDING OFFICER. The Chair will announce the vote.

The result was announced—yeas 44, nays 44, as follows:

[No. 237 Leg.]

YEAS—44

Bayh	Hayden	Muskie
Bible	Hill	Nelson
Burdick	Jackson	Pastore
Byrd, Va.	Javits	Pell
Byrd, W. Va.	Long, La.	Proxmire
Cannon	Magnuson	Ribicoff
Case	Mansfield	Russell
Church	McClellan	Sparkman
Clark	McGee	Spong
Dodd	McGovern	Talmadge
Fong	McIntyre	Tydings
Gore	Mondale	Williams, N.J.
Harris	Monroney	Yarborough
Hartke	Morse	Young, Ohio
Hatfield	Moss	

NAYS—44

Aiken	Ervin	Mundt
Allott	Fannin	Murphy
Anderson	Hansen	Pearson
Baker	Hickenlooper	Percy
Bennett	Holland	Prouty
Boggs	Hollings	Scott
Brooke	Hruska	Smathers
Carlson	Jordan, N.C.	Smith
Cooper	Jordan, Idaho	Stennis
Cotton	Kuchel	Symington
Curtis	Lausche	Thurmond
Dirksen	Metcalf	Tower
Dominick	Miller	Williams, Del.
Eastland	Montoya	Young, N. Dak.
Ellender	Morton	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Randolph, against.

NOT VOTING—10

Bartlett	Gruening	Long, Mo.
Brewster	Hart	McCarthy
Fulbright	Inouye	
Griffin	Kennedy	

So Mr. SPARKMAN's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 897

Mr. BENNETT. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment, as follows:

On page 2, beginning with line 14, strike out all through line 5, page 3.

The language proposed to be stricken by the amendment is as follows:

SEC. 3. (a) Paragraph (2) of section 14(b) of the Federal Reserve Act (12 U.S.C. 355) is amended to read as follows:

"(2) Under the direction and regulations of the Federal Open Market Committee, to buy and sell in the open market, or to deal

directly with the issuing agency in the purchase and sale of, any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States."

(b) It is the sense of the Congress that the authority conferred by paragraph (2) of section 14(b) of such Act be used, when alternative means cannot effectively be employed, to permit financial institutions to continue to supply reasonable amounts of funds to the mortgage market during periods of monetary stringency and rapidly rising interest rates.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. BENNETT. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator may proceed.

Mr. BENNETT. Mr. President, the purpose of my amendment is to strike from the bill the amendment written into it in committee by the Senator from Wisconsin, which in effect would give a mandate to the Federal Reserve System to purchase paper supplied to it by the Federal Home Loan Bank Board and the Federal National Mortgage Association in terms of participation certificates or other obligations if it were necessary to maintain a flow of mortgage funding.

Mr. BYRD of West Virginia. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Utah may proceed.

Mr. BENNETT. Mr. President, the purchase of participation certificates or similar instruments is intended to supply added liquidity to the mortgage market. The effect of the bill as it now stands is to provide a special treatment of funds intended for mortgages and to restrict the power of the Federal Reserve Board to operate in its responsibility to stabilize the monetary system of the United States. By rejecting the Sparkman amendment, we return to the original Proxmire amendment.

Mr. President, every emotion has been appealed to by the Senator from Wisconsin in his support of this proposal to change the responsibility of the Federal Reserve System from one of dealing strictly with broad, overall monetary policy while considering all of the effects of that policy to a segmented approach in which the Federal Reserve would be required to take action to assure that any restraint on the economy is equally levied against all sectors. I have stated earlier, and I state again, that I do not support such a change and feel strongly that it would not prove to be in the best interest of the economy of this Nation.

The Senator has suggested that a crisis such as we had in 1966 "might very well recur during the last half of 1968." While nearly anything is possible, the facts at hand do not even suggest that such a situation may recur. The fiscal action taken on the other hand has been such as to make it possible for interest rates to be lower than they otherwise would have been. The Senator from Wisconsin himself on many occasions has said that he expects not inflationary pressures, but a slowdown as the tax measure takes purchasing power from the economy and the social security tax and other measures become effective. If a slowdown is really expected, then it is obvious that the Federal Reserve would not react with restrictive monetary policy. In other words, the two positions are inconsistent.

The prediction of crisis in my view is simply an attempt to muster support for this unnecessary and unwise provision.

The Senator suggested that "a tight money policy is supposed to restrain the economy by cutting back on all investment." I have yet to read or hear the statement that it is or has been the intent of general monetary policy to cut back on all investment.

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

The PRESIDING OFFICER. The Senate will be in order.

The Chair will say to the attachés that the Chamber will be cleared if there is any more talking among the attachés. The Chair will request, too, that Senators refrain from talking, so the Senator from Utah may make his speech.

Mr. BENNETT. Mr. President, in a system where money flows to those uses which are willing to pay the most for it, a cutback will never be equal on all segments unless a specific system of rationing and controls is put into effect, and, I might add, experience indicates that even strict controls are not highly effective.

I might add, experience has indicated that even strict controls are not highly effective.

The Senator properly argues that savings and loan associations are limited in their liquidity because most of their investments are in long-term mortgages and therefore are "locked in" during a period of rising interest rates. This is the nature of mortgage lending, and savings and loan associations were specifically set up and given tax advantages so that they could provide mortgage money. The amendment for which the Senator from Wisconsin is arguing would, according to his words, require the Fed to "purchase the obligations of the home loan banks on such terms as would permit relending to savings and loans at rates which savings and loans were able to pay, given the current average yield on their earning assets." Some of the loans made by savings institutions were made when interest rates were much lower than they are at the present. Then the Senator goes on to say that "the rate charged by the Fed could be less than the market rate." Later in his remarks the Senator argued, and the Senator from Alabama argued also, that this is "not a subsidy." I do not understand his reluctance to admit that a subsidy is involved. The definition of subsidy, according to Webster's New International Unabridged Dictionary is: "To aid or promote, as a private enterprise, with public money." There is no doubt that this section of the bill would be to aid private enterprise and that it would be through the use of an interest rate differential brought about by the Federal monetary authority. We call it a subsidy when 3 percent money is made available for the REA, we call it a subsidy when the Federal Government makes money available at lower rates than would be available from the money market for all other recipients, so there is no logical reason not to term this differential and preferential treatment a subsidy. Why not just admit it?

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

Mr. BENNETT. I yield.

Mr. LAUSCHE. If the Federal Reserve Bank is forced and mandated to buy securities to finance the mortgage industry, is it not a fact that the interest rate that would be charged to those institutions might be different from the interest rate being charged in the general open market?

Mr. BENNETT. If it were not so, there would not be any point in requiring the Federal Reserve to step in, because they could get the money in the open market if they were willing to pay the interest.

Mr. LAUSCHE. That would mean that the interest rate that would be paid to the Federal Reserve System would be less than the interest rate that would have to be paid in the open market?

Mr. BENNETT. That is my understanding.

Mr. LAUSCHE. And if it is less, to the extent that it is less, it would be a subsidy?

Mr. BENNETT. I think there is no question about it.

The Senator from Wisconsin argues that the purchase of $1 billion to $2 billion of Federal Home Loan Bank Board obligations allowing that amount of money to be distributed by the System to savings and loan associations would have provided substantial relief for housing. Indeed, as I have pointed out, the Home Loan Banks now have that much greater liquidity with which to assist. In addition, if one were to total the other liquidity and assistance provided through other measures approved by the Congress or soon to be approved, the amount would be in the neighborhood of $15 billion with the funds intended in this bill. If, as the Senator from Wisconsin has stated, the total drop in 1966 was $5 billion, and that he does not intend that the whole drop be offset then, certainly, the additional $15 billion, which is three times the whole reduction, should be able to take care of the situation without bringing Federal Reserve direct purchases of obligations into the picture.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question at that point?

Mr. BENNETT. I am happy to yield.

Mr. LAUSCHE. How have we generated a $15 billion available fund to support the mortgage market?

Mr. BENNETT. Yesterday I listed bills that have been passed in the last 2 years and other action which has contributed to that total. I do not want to take the time to repeat the list.

Mr. LAUSCHE. They are contained in the Senator's statement?

Mr. BENNETT. They are contained in yesterday's RECORD and my statement of today.

The Senator from Wisconsin states that if this authority is granted and enforced, it would assure that the "housing sector will not be called upon to bear a disproportionate share of the cutbacks

as it was in 1966." I suggest that every segment of our economy bears a different share of the restraint, depending on its willingness to bid for money. I just wonder what housing's proportionate share would be and how the Federal Reserve would justify a specific burden on housing as compared to other segments.

The Senator uses to bolster his statement that the poor are the ones to be disadvantaged when housing is restricted, the statement that the Bureau of Census data "show the average cost per unit rising during periods of tight money." This does not support the point made by the Senator. It should be remembered that the very reason for the restrictive policy by the Federal Reserve is to hold inflationary costs. Therefore, the increase in prices for construction are one of the reasons the Fed tightens money. The higher prices are not, therefore, the effect but the cause.

The Senator claims that the amendment would only partially redress the competitive imbalance between banks and savings and loan associations. Of course, the two types of institutions are not equal competitively in all respects. In some competitive factors, savings and loan associations have a competitive edge, and in others, banks have an edge because of their different purposes and functions. I might state that the housing bill which has been reported from the conference committee granted significantly broader powers to the savings and loan industry against bank opposition. We cannot be accused of legislating in favor of commercial banks to the disadvantage of savings and loan associations this year.

The Senator suggests that the Federal Reserve is already involved in politics because of its present responsibilities of adjusting its policies in an effort to approach full employment, stable prices, and economic growth. It should be pointed out that all these goals span the entire economy and are not limited to any one segment, such as housing.

Mr. LAUSCHE. Mr. President, will the Senator yield at that point?

Mr. BENNETT. I am happy to yield.

Mr. LAUSCHE. Is it not a fact that what was done by the 1946 full employment program sponsored by the distinguished and honorable former Senator Douglas, of Illinois, was, in substance, in conformity with what the purpose of the Federal Reserve System was declared to be, to promote the economy and to stabilize prices? When you promote the economy, you promote employment and the growth of population.

Mr. BENNETT. I do not know that any one man is entitled to the entire credit for that very important bill, but it certainly is true that a major part of it was the responsibility to stabilize the economy.

This authority and congressional mandate that the Senator from Wisconsin is championing is an entirely different matter. It does specifically assist one segment to the detriment of competing segments.

The Senator discusses briefly welfare economics, and comes to the conclusion that "private market rates will not necessarily direct resources to their most efficient use." One cannot argue with that statement, but who is to determine what is the best use? Thus far, in our system, we have allowed great freedom of choice to individuals over the expenditures which they feel important. Some other societies have decided that the allocation of resources can better be made through centralized planning of their Government. I prefer the system we have over theirs, even if it does allow some economic inefficiencies. By the same reasoning, no one can claim that a democratic system is the most efficient, but I still consider it to be far superior to those which stifle or ignore the desires of individual citizens.

The Senator also mentions several countries which have various rediscounting arrangements through their central banks. I have not had time to study each of these systems, but I have taken the time to see what has happened to price levels in these countries over the past few years, and, as I expected, in every one of them, price levels have not been as stable as they have been in this country. I have no doubt that the stability which we have had, and it is nothing to brag about, has been greatly due to the efforts of the Federal Reserve to hold prices. The countries mentioned by the Senator as examples and their price levels are:

COST OF LIVING

[In percent]

	1960	1967	About
Belgium	102	124	22
France	110	140	27
Italy	102	135	32
Sweden	105	139	32
United States	102	116	14

On the basis of these examples, the Senator states:

Thus, in opposing the amendment before us, the Federal Reserve Board is not reflecting the revealed wisdom of modern day central banking.

I do not feel that this implied criticism of the Federal Reserve Board members is justified. On the other hand, I suspect that they are fully aware of the actions taken by other central bankers and understand their systems, and, as a matter of deliberate judgment, have refused to follow them.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BENNETT. Mr. President, I yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Utah is recognized for 3 minutes.

Mr. BENNETT. The Senator states that "there are times, Mr. President, when even the Federal Reserve Board acknowledges that it has a special responsibility to the housing sector of the economy and to thrift institutions which supply much of the necessary mortgage credit." Indeed, all sectors are taken into consideration, and although special segmented treatment is not granted, overall policy, as stated by Governor Mitchell and quoted by the Senator, is adjusted to meet major needs and avoid major problems of various segments.

The Senator brought the report of a committee of the Federal Reserve System regarding the discount mechanism into the discussion to support his amendment. One would be led to believe from his remarks that the mechanism provided in this bill is analogous to the discounting privileges of commercial banks. It is not, and in fact in the majority report on this bill, the access to the discount window was specifically listed as an alternative which would make this amendment unnecessary. Certainly, this alternative should be explored, but it is not now before us.

I would like to point out, however, that the use of the discount privilege by banks is not to maintain a rate of long-term lending as is anticipated in this bill. Remember that mortgages run from 20 to 40 years. Once the Federal Reserve commits money for this purpose, it is committed for that period. Discounts to banks are only to carry the banking institution over crisis periods of very short duration, a matter of days usually. There is, in fact, an administrative ruling in effect which precludes retailing operations in Federal Reserve credit obtained through the discount window.

The Senator criticizes the fact that the discount rate during 1966 was below the short-term money market rates. Indeed, I am sure that he will recall that the Fed was accused of increasing all interest rates because they are based on the discount rate. We cannot have it both ways.

Mr. President, I have not dealt with all of the statements made in support of this legislation with which I cannot agree. Others which I have omitted have been covered in the minority views, and time does not permit a proper discussion of some of the more technical ones.

Let me say in conclusion that all of the arguments used in favor of this provision do not change the fact that it is special treatment for one industry and it will involve a subsidy and it will restrict the flexibility of the Federal Reserve to carry out its major responsibility of maintaining stability in the economy through monetary policy. This issue is that simple when all of the arguments are summarized.

I strongly recommend that the Senate reject the committee amendment.

Mr. PROXMIRE. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 5 minutes.

Mr. PROXMIRE. Mr. President, I do not expect to take very much of my time. I expect to yield back a substantial amount of time. I hope that we can have a vote by about 2:15, and certainly before 2:30.

Mr. President, this issue has been debated at great length yesterday and today. I will do my best to summarize it without being too repetitive and try to answer some of the arguments raised in the last few minutes by the distinguished Senator from Utah.

Mr. President, the Senator argued that this provision which specifies that the Federal Reserve Board under certain, unusual conditions, if it deems it necessary, shall buy obligations of the Federal Home Loan Bank Board and FNMA would restrict the Federal Reserve Board in monetary policy. He is

very emphatic in arguing that this practice would restrict the Federal Reserve Board.

In my view, it would give the Federal Reserve Board a very useful tool. As I shall try to emphasize in my remarks, the greatest restraint at the present time on monetary policy and the reason the Federal Reserve Board is not able to restrict the economy, as it should be doing now, and as it should have been doing last year and during the period of expansion, is its fear of throttling the housing industry. Certainly we should not have been pumping money into the economy at the rapid rate of 8 to 10 percent, as we were doing last year. Why was it done? It was done because it was believed if they did not do it, interest rates would rise so rapidly that housing would suffer and suffer disastrously.

This gives the Federal Reserve Board a tool which they can use when they find on the basis of their own judgment that other means are not effective, when they determine on the basis of their own judgment that reasonable amounts of money are not available for the housing industry. Only then would they be in a position to purchase the securities of the Federal Home Loan Bank Board.

So, in my view, this does not impair the Federal Reserve Board monetary policies. It improves them. It means, for example, that if we had had this provision in effect last year, we could have had a lesser rate of inflation and we would have had a healthier situation in the housing industry. We would have had some restraint. We should have had restraint, and we would have had it. We would have had a healthier situation, and we would have had a situation in which we would have had more restraint on the rest of the economy.

I think that is perfectly consistent and perfectly appropriate.

The distinguished Senator from Utah argued that the proposal in the pending bill is inappropriate inasmuch as I have said that I expect a slowdown to result from the tax increase and the spending reduction. That is correct. I do expect a slowdown. I could be wrong. I have been wrong in the past. I suppose I have been as wrong in estimating the economic future as other people have been. If I am wrong this time we could certainly have an inflationary situation in which the Federal Reserve Board would jam on the monetary brakes. And they should, and if they do, the housing industry will be hit again and hurt.

The important point is that this provision is a new proposal. It will be used only when it is necessary. It will be used only if all of the measures developed so well by the Senator from Utah are not enough. It will be used only when the Federal Reserve Board itself decides the measures are not enough, when the Fed decides that reasonable amounts of money are not available and there are not effective means necessary.

Mr. President, the Senator from Utah contended that the discounting which banks can do in going to the Federal Reserve Board and borrowing money on their own initiative is not analogous to the money which the Federal Reserve Board would make available through the savings and loan associations to the housing industry for mortgages on the grounds that the discounting is for short periods and that the mortgages are for long periods.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, I yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for an additional 3 minutes.

Mr. PROXMIRE. Mr. President, the fact is that this discounting procedure has recently been broadened. It will be for 6 months, with an additional 3 months if necessary for seasonal operations. Well, the provision in the pending bill would also be for a short period of time, only during periods of a serious credit crunch on housing.

If this provision had been in effect in 1966, for example, the Federal Reserve Board would have purchased obligations of the Federal Home Loan Bank Board and held those obligations for a few months, probably not more than 6 months. It would then have sold the obligations.

The argument made by the Senator from Utah that the Federal Reserve's funds would be frozen in the mortgages for 20 to 40 years is not any part of the bill. It is not any part of our intention.

The Federal Reserve Board can turn these obligations over as soon as the situation has been alleviated. In the past, the situations have been of brief duration. They have been for a limit of a few months.

The argument of the Senator from Utah does not stand up.

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

Mr. PROXMIRE. I yield.

Mr. JAVITS. Mr. President, the Senator spoke about a limited time. There is no time limit under the Senator's amendment relating to the action by the open market committee. I understand the Senator's proposal and the legislative draft to be that this authority will be limited to a 2-year period.

Mr. PROXMIRE. The Senator is correct. We consulted with the committee counsel about this, and their construction of this provision is that, since the bill itself is limited to 2 years, this particular provision of the bill relating to the purchase directive to the Federal Reserve Board would also be limited to 2 years.

Mr. JAVITS. That is critically important, because one limitation having failed—to wit, the monetary limitation which Senator Sparkman proposed—it is a fact, however, that the 2-year term persists in the amendment as it is before the Senate.

Mr. PROXMIRE. That is correct.

Mr. JAVITS. Second, is there anything mandatory about this on the Federal open market committee except that it gives them a set of directions, which we expect they will follow? But do they not have a very wide discretion as to where, when, how, the amounts, and so forth?

Mr. PROXMIRE. The Senator from New York is correct. The provision is that when alternative means cannot effectively be employed—who determines whether they are effective? The Federal Reserve Board. It is a guideline for them to permit financial institutions to continue to supply reasonable amounts. Who determines whether the amounts are reasonable? The Federal Reserve Board. It is their judgment that is a guideline.

Mr. JAVITS. Nothing in the provision would change the autonomy of the Federal Reserve Board or its independence. Am I correct?

Mr. PROXMIRE. The Senator is correct.

Mr. JAVITS. Is there any sanction on the Federal Reserve Board if it acts in a way with which the Senator from Wisconsin or any other Member of Congress—or even the entire Congress—disagrees?

Mr. PROXMIRE. No, indeed.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. I yield myself 3 additional minutes.

As the Senator from New York well knows, the Federal Reserve Board always has been a center of controversy. They are in the unenviable position of finding that at least some people always disagree with them. Some people think they should stimulate the economy more by pumping money into it; that unemployment is too high. Others argue that inflation is too serious and that the Federal Reserve Board should act to restrain the economy more.

There will be people in and out of Congress who will disagree with the Federal Reserve Board. But the Federal Reserve Board has this discretion. No action, no criticism of any kind, by the Committee on Banking and Currency of the House or the Senate, no action by the Senate or the House as a whole—unless, of course, we change the law—can restrain or restrict or interfere with the freedom of the Federal Reserve Board.

Mr. JAVITS. After the purchase or sale of Treasury obligations, are housing obligations the largest single item of financing or guarantee by the United States?

Mr. PROXMIRE. That is my understanding.

Mr. JAVITS. So that the only precedent set is that they now have the power in Treasury securities, and now it is being opened up to the guarantees of housing obligations, and whether it is opened further than that is up to Congress?

Mr. PROXMIRE. That is correct.

Mr. JAVITS. In other words, this is only a precedent, if we use it as a precedent, and we can vote "yea" or "nay."

Mr. PROXMIRE. The Senator is correct.

It has been argued that once we do this, we might do all kinds of other things. That is not so. This is for 2 years only. It is up to the Federal Reserve Board to use its judgment in following the guidelines, not the judgment of any Member of Congress.

Mr. JAVITS. Finally, although the limitation of Senator SPARKMAN's amendment did not prevail—I wish it had—is it the Senator's intention, as the author of this and the manager of the bill, that

the Federal Reserve Board shall operate in this field to a greater extent than that specified in the Sparkman amendment—that is, about $2 billion?

Mr. PROXMIRE. The intention of the author of this provision in the bill has been consistently as the Senator from Utah said earlier, that we should operate within a $1.5 to $2 billion authorization. I do not feel the Federal Reserve Board should exceed $2 billion.

Mr. JAVITS. So if the Federal Reserve Board met with this rule, it would certainly not face any opposition from the chairman of the Senate committee or from the manager of the bill, and it would be entirely consonant with the policy that the author of the amendment and the manager of the bill, in proposing it to the Senate, ask be carried out.

Mr. PROXMIRE. The Senator is correct. It is a very important construction, because in the vote that will come up, I believe this will be the intention of many Members of the Senate who support the amendment, that it should be applied with moderation.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. I yield myself 3 additional minutes.

Mr. JAVITS. When the Senator speaks of moderation, he speaks of 2 years' autonomous discretion within the request and the authority granted by Congress. That is point 2.

Point 3: a limited figure of $1½ to $2 billion to the ambit of its use.

Mr. PROXMIRE. The Senator is correct. I thank the Senator.

Mr. President, I should like to conclude my remarks by emphasizing the fundamental point that housing in this country is in distress, that housing needs more financing, and that it suffered greatly in 1966 and it can suffer again.

The burden of the remarks by the Senator from Utah is that housing has been taken care of; that we have done a great deal to provide more funds for housing and have provided enough.

One argument I made is that this provision is an insurance policy, only to be used if the Federal Reserve Board finds that the facts indicate that we have not done enough.

The second point: What do the facts show? They show that since 1963 the net flow of savings to banks, which that year was 50 percent of all net savings in the country, increased to 60 percent in 1967.

I point out that many of the provisions argued by the Senator from Utah were put into effect in 1966. Yet, in 1967 the net flow to banks had increased over the 1963 level by that much.

What happened to savings and loan? Savings and loan, which in 1963 had a net flow of savings of 39 percent, dropped down to 27 percent in 1967.

Mr. Horne, in testifying before the House committee, said the net flow in savings in the first half of this year, 1968, had not been good for the savings and loan, that it had been adverse. It is true that the net flow of savings to banks has not been as good as in the past; but in relationship to savings and loan, savings and loan—which, of course, is important to the housing industry—has suffered, and suffered seriously.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. I yield myself 2 additional minutes.

Therefore, even allowing for all the arguments of the Senator from Utah, even recognizing that we have done something for the housing industry and that it is somewhat better off, we must recognize that what we have done has not been enough; that the amount of funds going to the savings and loan, the heart and soul of our housing financing, has been declining and will continue to decline, unless we act.

We passed a housing bill this year in which all Members of Congress can rightly take pride. I believe it is one of the most important measures in this field enacted in the last decade. But if it really is to be effective, if there is to be the money to provide the housing starts envisioned in that bill, some provision such as this is required.

Mr. President, I have no requests for time on this side, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. I yield 6 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, the fact should be clearly considered that the agencies of the Federal Government dealing with price stability, soundness of the market, full employment, and other aspects that mean much to the population of our country, are all opposed to this bill. Not one agency of the Federal Government vested with the responsibility of developing a sound economy supports the measure. The Federal Reserve Board is opposed to it. The Treasury Department is opposed to it. The Federal Deposit Insurance Corporation and the Federal Home Loan Bank are opposed to it.

In the Committee on Banking and Currency of the House, a vote was taken on the proposal, and nine were against it and two for it.

Thus, we begin with the base that not one agency of the Government vested with the responsibility of protecting the people favors this measure.

Mr. President, I shall read further from what Mr. McChesney Martin had said about any efforts to impose upon the Federal Reserve System the obligation of buying Federal securities.

Mr. McChesney Martin in his testimony before the House committee, on June 27 stated:

> There are, of course, legitimate grounds for concern about the mortgage market—

However, he went on to say further:

> just as there are many other areas in which Federal support programs may be called for. But thus far the Congress very wisely has refrained from attempting to finance such programs through creation of money by the central bank. At a time when confidence in our ability to manage our financial affairs responsibly is being severely tested, we simply cannot afford to create the impression that we are about to embark on a new support program to be financed in such a fashion.

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

Mr. LAUSCHE. I yield.

Mr. BENNETT. The Senator was depending on my poor memory for the figures he quoted. The House vote was 22 to 9.

Mr. LAUSCHE. The vote was 22 to 9.

Mr. BENNETT. Yes; against this provision.

Mr. LAUSCHE. I thank the Senator very much.

Mr. McChesney Martin further stated:

> Recognizing the dangers inherent in excessive extensions of credit by the Federal Reserve—

And I wish to emphasize he limits his statement to the Federal Reserve—

> the Congress has carefully limited the authority of the System to purchase obligations directly from the Treasury. Not only is there a statutory limit on the amount of such purchases, but the authority is temporary, subject to renewal by Congress every two years, and the legislative history established in the course of numerous extensions has repeatedly emphasized that the authority is to be used sparingly, and only for extremely short periods. Thus Congress has sought to prevent Federal Reserve credit from expanding to meet the Treasury's needs for funds at the expense of overall stabilization goals, and the Treasury has never borrowed more than $1.3 billion under the authority at any one time. Indeed, in the past decade the authority has been used only five times, and then for no more than 3 days, nor more than $207 million, at any one time.

To explain, in 10 years for a period of 3 days only the sum of $207 million has been borrowed.

The PRESIDING OFFICER. The Senator's 6 minutes have expired.

Mr. BENNETT. Mr. President, I yield 1 additional minute to the Senator.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mr. LAUSCHE. Mr. President, the Sparkman amendment contemplated borrowing $2 billion; the original bill contemplated borrowing $8 to $10 billion.

Mr. President, the Federal Reserve Board has done a good job. I stated earlier today let the Congress keep its hands off this institution. If we want to subsidize, do it within the budget; let it be known to the world we are subsidizing. But do not do it through the back door of pretending you are serving the country by calling upon the central bank, the Federal Reserve System, to do the financing in the manner contemplated by the bill.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, I understand the Senator has 5 minutes remaining.

The PRESIDING OFFICER. The Senator is correct.

Mr. BENNETT. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 minute.

Mr. BENNETT. Mr. President, all of these arguments have been made and remade in various forms, but I wish to comment on the situation in which we find ourselves. The Senate rejected the

proposal to permit the setting up of this new power to draw on the Federal Reserve by limiting it to $2 billion. I interpret that to mean that this is essentially a vote against the extension of this power and that, therefore, some of my colleagues must have voted for the limitation rather than the proposal.

I would hope that Senators would recognize we are now facing the fundamental problem and would vote for the amendment which I have offered and against the requirement contained in the committee amendment.

The PRESIDING OFFICER. Mr. President, who yields time?

Mr. PROXMIRE. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 2 minutes.

Mr. PROXMIRE. Mr. President, I wish to say that the heart of this provision is that the committee amendment expresses the sense of Congress that the authority be used by the Federal Reserve Board "to permit financial institutions to continue to supply reasonable amounts of funds to the mortgage market during periods of monetary stringency and rapidly rising interest rates." would be given complete authority to The keyword is "reasonable." The Fed interpret reasonable levels of assistance consistent with sound monetary policy.

How in the world that restricts the Federal Reserve Board monetary policy is beyond me. They determine what is reasonable and it does not interfere, as the Senator from New York brought out so well in colloquy, with their autonomy or independence. It sets guidelines, as Congress is bound to do under the Constitution, but it does not interfere with administration or policy and it does provide that the housing industry will have this insurance policy in the event the provisions we have made, in the last 18 months or so, to improve the situation for housing are not adequate.

Mr. President, in conclusion, I wish to say that the advantages of the amendment may be summarized as follows:

First, while it would not completely insulate housing from tight money it would prevent housing from bearing the entire brunt of the cutback. Second, it helps slum dwellers become homeowners but it does not confine it to the poor. It means many people who cannot now own a home could own a home. Third, it improves the efficiency of the homebuilding industry and lowers housing costs. This is a very important element we have ignored so far in the debate, today. Whenever you have a situation in which there are wide swings in housing, so that resources are drained off, then it is very costly to get those resources back. A major reason for the increase in costs in 1967 was the fact that we had a terrific deterioration in housing starts in 1966.

Also, this provision maintains confidence and stability in the savings and loan associations by providing an emergency source of funds in a crisis, by making it clear that they will have the funds whenever the Federal Reserve Board determines there is reasonable need and no alternative means are available.

Finally, to help maintain competitive equality of competition between financial institutions, by giving thrift institutions indirect access to Federal Reserve Bank credit.

Mr. President, I yield back the remainder of my time.

Mr. BENNETT. Mr. President, before I yield back the remainder of my time, there are a number of Senators who will need a little notice to come into the Chamber for the vote, and I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. Will not the Senator yield back the remainder of his time before the suggestion of the quorum?

Mr. BENNETT. Yes, Mr. President, I yield back the remainder of my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. NELSON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has now been yielded back.

The question is on agreeing to the amendment of the Senator from Utah [Mr. BENNETT].

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Alaska [Mr. GRUENING] and the Senator from Hawaii [Mr. INOUYE] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], and the Senator from Minnesota [Mr. MCCARTHY] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT] and the Senator from Alaska [Mr. GRUENING] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. FANNIN] is detained on official business, and if present and voting would vote "yea."

The result was announced—yeas 46, nays 45, as follows:

[No. 238 Leg.]

YEAS—46

Aiken	Fong	Percy
Allott	Griffin	Prouty
Baker	Hansen	Randolph
Bennett	Hickenlooper	Russell
Boggs	Holland	Scott
Brooke	Hruska	Smathers
Byrd, Va.	Jordan, N.C.	Smith
Carlson	Jordan, Idaho	Stennis
Cooper	Kuchel	Symington
Cotton	Lausche	Talmadge
Curtis	McClellan	Thurmond
Dirksen	Miller	Tower
Dominick	Morton	Williams, Del.
Eastland	Mundt	Young, N. Dak.
Ellender	Murphy	
Ervin	Pearson	

NAYS—45

Anderson	Hatfield	Montoya
Bayh	Hayden	Morse
Bible	Hill	Moss
Brewster	Hollings	Muskie
Burdick	Jackson	Nelson
Byrd, W. Va.	Javits	Pastore
Cannon	Long, La.	Pell
Case	Magnuson	Proxmire
Church	Mansfield	Ribicoff
Clark	McGee	Sparkman
Dodd	McGovern	Spong
Gore	McIntyre	Tydings
Harris	Metcalf	Williams, N.J.
Hart	Mondale	Yarborough
Hartke	Monroney	Young, Ohio

NOT VOTING—8

Bartlett	Gruening	Long, Mo.
Fannin	Inouye	McCarthy
Fulbright	Kennedy	

So Mr. BENNETT'S amendment was agreed to.

Mr. KUCHEL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BENNETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PROXMIRE. Mr. President, I yield such time as he may require to the chairman of the committee, the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. SPARKMAN. I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD.

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

The amendment of Mr. SPARKMAN is as follows:

At the end of the bill insert:

"SEC. 4. Section 5A of the Federal Home Loan Bank Act is amended to read as follows:

"'SEC. 5A. (a) The purpose of this section is to provide a means for creating meaningful and flexible liquidity in savings and loan associations which can be increased when mortgage money is plentiful, maintained in easily liquidated instruments, and reduced to add to the flow of funds to the mortgage market in periods of credit stringency. More flexible liquidity will help support two main purposes of the Federal Home Loan Bank Act—sound mortgage credit and a more stable supply of such credit.

"'(b) Every member shall maintain liquid assets in such aggregate amount as, in the opinion of the Board, is appropriate. The requirement prescribed by the Board pursuant to this subsection (hereinafter in this section referred to as the "liquidity requirement") shall not be less than 4 per centum or more than 10 per centum of the obligation of the member on withdrawable accounts and borrowings payable on demand or with unexpired maturities or one year or less or, in the case of members which are insurance companies, such other base or bases as the Board may determine to be comparable.

"'(c) The amount of the liquidity requirement shall be calculated in such manner as the Board shall prescribe. The Board may prescribe from time to time different liquidity requirements, within the limitations specified herein, for different classes of members, and for such purposes the Board is authorized to classify members according to type of institution, size, location, rate of withdrawals, or, without limitation by or on the foregoing,

on such other basis or bases of differentiation as the Board may deem to be reasonably necessary or appropriate for effectuating the purposes of this section.

"'(d) Any deficiencies in compliance with such requirements shall be computed, in such manner as the Board shall prescribe, on the basis of the average daily net amounts of the member covering such periods as may be established by the Board, and the Board may make provisions with respect to nonbusiness days, or similar days, occurring in such periods.

"'(e) For any deficiencies in compliance with the liquidity requirement, the Board may, in its discretion, assess penalties which shall consist of the payment by the member to the Federal Home Loan Bank of which such member is a member of such sums as may be assessed by the Board but not in excess of a rate equal to the highest rate on advances of one year or less, plus 2 per centum per annum, on the amount of any average deficiency for the period with respect to which any such deficiency existed. The right to assess or recover, or to assess and recover, any such penalty shall not be abated or affected by a members' ceasing to be a member. The Board may authorize or require that, at any time before collection thereof, and whether before or after the bringing of any action or other legal proceeding, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process therefor, and with or without consideration, any such penalty or recovery be compromised, remitted, or mitigated in whole or part. Any such penalties shall be cumulative to any remedies or sanctions which would be available in the absence of this subsection.

"'Whenever the Board deems it advisable in order to enable a member to meet withdrawals or to pay obligations, the Board may, to such extent and subject to such conditions as it may prescribe, permit such member to reduce its liquidity below the minimum amount. Whenever the Board determines that conditions of national emergency or unusual economic stress exist, the Board may suspend any part or all of the liquidity requirements hereunder for such period as the Board may prescribe. Any such suspension, unless sooner terminated by its terms or by the Board, shall terminate at the expiration of ninety days next after its commencement, but nothing in this sentence shall prevent the Board from again exercising, before, at, or after any such termination, the authority conferred by this subsection.

"'(g) The Board is authorized to issue such rules and regulations, including definitions of terms used in this section, to make such examinations, and to conduct such investigations as it deems necessary or appropriate to effectuate the purposes of this section. The reasonable cost of any such examination or investigation, as determined by the Board, shall be paid by the member. In connection with any such examination or investigation the Board shall have the same functions and authority that the Federal Savings and Loan Insurance Corporation has under subsection (m) or section 407 of the National Housing Act, and for purposes of this subsection the provisions of said subsection (m), including the next to last sentence but not including the last sentence, and the provisions of the first sentence of subsection (n) of said section shall be applicable in the same manner and to the same extent that they would be applicable if all references therein to said Corporation were references to the Board and all references therein to said section 407 or to provisions thereof were references to this subsection.

"'(h) As used in this section, "Board" means the Federal Home Loan Bank Board, "member" means any member as defined in subdivision (4) of section 2 of this Act and any institution which is an insured institution as defined in subdivision (a) of section 401 of the National Housing Act, "liquid assets" means (1) cash, (2) to such extent as the Board may approve for the purposes of this section, time and savings deposits in Federal Home Loan Banks and commercial banks, and (3) to such extent as the Board may so approve, such obligations, including such special obligations, of the United States, a State, or a political subdivision, agency, or instrumentality of any one or more of the foregoing, and bankers' acceptances, as the Board may approve, and "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States."

"SEC. 6. Section 5(c) of the Home Owners' Loan Act of 1933 is amended by adding, immediately after the colon at the end of the second proviso, the following new matter: *'And provided further*, That any such association may also invest in any investments which, at the time of the making of such investment, are assets eligible for inclusion as liquid assets toward the satisfaction of any liquidity requirement imposed on such association pursuant to section 5A of the Federal Home Loan Bank Act, but only to the extent such investments are permitted to be so included under regulations issued by the Board pursuant to said section 5A'."

Mr. SPARKMAN. Mr. President, this is an amendment concerning liquidity which would be applicable to all members of the Federal Home Loan Bank System and an additional amendment to authorize Federal savings and loan associations to invest in investments which are eligible as such liquidity. The Federal Home Loan Bank Board favors this proposal because it would provide a flexible tool which would be very helpful to the mortgage market. It would work as follows:

First. It would provide for a wider variety of liquidity instruments including assets of a short-term nature which members could utilize on a more flexible basis and which would be more profitable than their present choice of either cash or Governments;

Second. It would give the Board authority to set the liquidity requirement from 4 to 10 percent instead of from 4 to 8 percent and to control the mix of instruments held for liquidity purposes;

Third. By raising and lowering the percentage of savings to be held in the eligible instruments, the Board could assure that ample liquidity was built up in periods of easy money which could be released to the mortgage market in periods of tight money.

For example, in the period from 1961 through 1964 when mortgage money was very easy, the Board could have required that associations hold 10 percent of their savings in a liquidity pool with 5 percent in relatively short-term instruments. It would then have been possible to reduce the requirement from 10 to 8 or 5 percent, depending upon conditions, to release from $2 to $5 billion for use in the housing market during the credit squeeze of 1966.

This type of release of liquidity would have greatly reduced the pressure on the mortgage market and would have helped not only the members of the Federal Home Loan Bank System but homebuilders and homebuyers as well.

Mr. President, this is a matter which is fully understood by the Senator from Utah and the Senator from Wisconsin. It is identical, except for the introductory paragraph—which simply states the purpose—with material to which the House and Senate conferees agreed in the housing bill, but which we were later told would be stricken on a point of order in the House of Representatives; and it was decided that it would be proper to offer it here.

I offer the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, I yield myself 1 minute to say that, since the Senate has previously approved this proposal on the housing bill, I see no reason why it should not be approved on the pending measure. I am perfectly happy to support the chairman of the committee on his amendment, and I hope that the Senate will agree to it.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. BENNETT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. SPARKMAN. I ask unanimous consent that further reading of the amendment be dispensed with, and that the amendment be printed in the RECORD.

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

Mr. SPARKMAN'S amendment is as follows:

Add the following new section:

"SEC. 7. Subsection (d) of section 404 of the National Housing Act, as amended, is amended (1) by substituting a colon for the period at the end of the proviso, and (2) by adding, immediately after that proviso, the following additional provisos: *'Provided further*, That, except to such extent as may be otherwise provided by regulation of the Board, in the calculation of any such net increase for any such calendar year beginning after the date of enactment of this proviso there shall be subtracted (but not so as to produce a negative amount from the amount of such accounts at the end of such calendar year the highest amount of such accounts at the end of any previous calendar year beginning with 1966: *Provided further*, That the Corporation may provide, by regulation or otherwise, for the adjustment of payments made or to be made under this subsection and subsections (b) and (c) of this section in cases of merger or consolidation, transfer of bulk assets or assumption of liabilities as defined by the Corporation by regulation or otherwise for the purposes of this sentence, and similar transactions, as so defined'."

Mr. SPARKMAN. Mr. President, this amendment is similar to the other, and arises under the same conditions.

Section 404(d) of the National Housing Act, as amended, requires an insured institution to pay to the Federal

Savings and Loan Insurance Corporation additional insurance premiums in the nature of a prepayment of future premiums equal to 2 percent of the net increase of all accounts during the next preceding calendar year, less an adjustment for the required purchase of Federal Home Loan Bank stock. That section does not provide for an offset or other equitable treatment for increases in years following years of net savings decreases.

The inequity can be demonstrated in the following example. During 1967 an insured institution grows $5 million and prepays its required 2 percent premium of $100,000. The following year the association sustains a net decrease of $4 million in savings and it is not required to make any prepayment, since it has no increase in accounts. In the succeeding year, the insured institution attracts new savings in the amount of $4 million. Under existing law, the institution must again prepay a future premium on this growth even though its savings are now at the same level as they were 2 years preceding.

The attached amendment would eliminate this double payment. It permits an insured institution which sustains a net decrease in savings to cease making prepayments until its savings as of the end of the preceding calendar year are restored at least to its earlier high level.

Mr. BENNETT. Mr. President, I yield myself one-half minute to say that my attitude is the same on this amendment as to the other amendment of the Senator from Alabama, and I hope that the Senate will agree to it.

The PRESIDING OFFICER. Do the Senator from Alabama and the Senator from Utah yield back the remainder of their time?

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. BENNETT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. PROXMIRE. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

Mr. PROXMIRE. I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment be printed in the RECORD.

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

Mr. PROXMIRE'S amendment is as follows:

At the end of the bill, add the following new section:

"SEC. 4. (a) The first sentence of the eighth full paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 347) is amended by striking out 'secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase' and inserting in lieu thereof 'secured by such obligations as are eligible for rediscount or for purchase'.

"(b) The last full paragraph of such section (12 U.S.C. 347c) is amended by inserting before the period at the end of the first sentence the following: 'or by any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States'."

The PRESIDING OFFICER. The Senate will be in order. The Senator from Wisconsin may proceed.

Mr. PROXMIRE. Mr. President, the amendment is a technical amendment which has been recommended by the Federal Reserve Board, I am happy to say.

Section 4(a) of the proposed amendment would amend the Federal Reserve Act to permit advances to member banks to be secured by any obligation eligible for rediscount or for purchase by Federal Reserve Banks. This would broaden such lending authority to include as eligible collateral all of the direct obligations of Federal agencies, as well as obligations guaranteed as to principal and interest by such agencies.

Section 4(b) broadens in similar fashion, the types of collateral authorized for Federal Reserve Bank loans to individuals, partnerships, and corporations under section 13 of the Federal Reserve Act. The collateral for such advances now may consist only of the direct obligations of the United States. The amendment would also include Federal agency obligations.

The amendment, I understand, has been cleared by the distinguished Senator from Utah.

Mr. BENNETT. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, this is another amendment to which I give my complete concurrence. I hope the Senate will accept the amendment.

I yield back the remainder of my time.

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3133) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 3133

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Act of September 21, 1966 (80 Stat. 823), as amended by the Act of September 21, 1967 (81 Stat. 226), is hereby amended by striking "two-year" and inserting in lieu thereof "four-year".

SEC. 2. (a) The first sentence of section 19(j) of the Federal Reserve Act (12 U.S.C. 371b.) is amended by striking out "limit by regulation" and inserting in lieu thereof "promulgate rules governing the payment of interest on deposits, including limitations on".

(b) The second sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by striking out "limit by regulation" and inserting in lieu thereof "promulgate rules governing the payment of interest on deposits, including limitations on".

(c) The first sentence of section 5B of the Federal Home Loan Bank (12 U.S.C. 1425b.) is amended by striking out "limit by regulation" and inserting in lieu thereof "promulgate rules governing the payment of interest or dividends on deposits, shares, or withdrawable accounts, including limitations on".

SEC. 3. (a) The first sentence of the eighth full paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 347) is amended by striking out "secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase" and inserting in lieu thereof "secured by such obligations as are eligible for rediscount or for purchase".

(b) The last full paragraph of such section (12 U.S.C. 347c) is amended by inserting before the period at the end of the first sentence the following: "or by any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States".

SEC. 4. Section 5A of the Federal Home Loan Bank Act is amended to read as follows:

"SEC. 5A. (a) The purpose of this section is to provide a means for creating meaningful and flexible liquidity in savings and loan associations which can be increased when mortgage money is plentiful, maintained in easily liquidated instruments, and reduced to add to the flow of funds to the mortgage market in periods of credit stringency. More flexible liquidity will help support two main purposes of the Federal Home Loan Bank Act—sound mortgage credit and a more stable supply of such credit.

"(b) Every member shall maintain liquid assets in such aggregate amount as, in the opinion of the Board, is appropriate. The requirement prescribed by the Board pursuant to this subsection (hereinafter in this section referred to as the 'liquidity requirement') shall not be less than 4 per centum or more than 10 per centum of the obligation of the member on withdrawable accounts and borrowings payable on demand or with unexpired maturities of one year or less or, in the case of members which are insurance companies, such other base or bases as the Board may determine to be comparable.

"(c) The amount of the liquidity requirement shall be calculated in such manner as the Board shall prescribe. The Board may prescribe from time to time different liquidity requirements, within the limitations specified herein, for different classes of members, and for such purposes the Board is authorized to classify members according to type of institution, size, location, rate of withdrawals, or, without limitation by or on the foregoing, on such other basis or bases of differentiation as the Board may deem to be reasonably necessary or appropriate for effectuating the purposes of this section.

"(d) Any deficiencies in compliance with such requirements shall be computed, in such manner as the Board shall prescribe, on the basis of the average daily net amounts of the member covering such periods as may be established by the Board, and the Board may make provisions with respect to nonbusiness days, or similar days, occurring in such periods.

"(e) For any deficiencies in compliance with the liquidity requirement, the Board may, in its discretion, assess penalties which shall consist of the payment by the member to the Federal Home Loan Bank of which such member is a member of such sums as may be assessed by the Board but not in excess of a rate equal to the highest rate on advances of one year or less, plus 2 per centum per annum, on the amount of any average deficiency for the period with respect

to which any such deficiency existed. The right to assess or to recover, or to assess and recover, any such penalty shall not be abated or affected by a member's ceasing to be a member. The Board may authorize or require that, at any time before collection thereof, and whether before or after the bringing of any action or other legal proceeding, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process therefor, and with or without consideration, any such penalty or recovery be compromised, remitted, or mitigated in whole or part. Any such penalties shall be cumulative to any remedies or sanctions which would be available in the absence of this subsection.

"(f) Whenever the Board deems it advisable in order to enable a member to meet withdrawals or to pay obligations, the Board may, to such extent and subject to such conditions as it may prescribe, permit such member to reduce its liquidity below the minimum amount. Whenever the Board determines that conditions of national emergency or unusual economic stress exist, the Board may suspend any part or all of the liquidity requirements hereunder for such period as the Board may prescribe. Any such suspension, unless sooner terminated by its terms or by the Board, shall terminate at the expiration of ninety days next after its commencement, but nothing in this sentence shall prevent the Board from again exercising, before, at, or after any such termination, the authority conferred by this subsection.

"(g) The Board is authorized to issue such rules and regulations, including definitions of terms used in this section, to make such examinations, and to conduct such investigations as it deems necessary or appropriate to effectuate the purposes of this section. The reasonable cost of any such examination or investigation, as determined by the Board, shall be paid by the member. In connection with any such examination or investigation the Board shall have the same functions and authority that the Federal Savings and Loan Insurance Corporation has under subsection (m) or section 407 of the National Housing Act, and for purposes of this subsection the provisions of said subsection (m), including the next to last sentence but not including the last sentence, and the provisions of the first sentence of subsection (n) of said section shall be applicable in the same manner and to the same extent that they would be applicable if all references therein to said Corporation were references to the Board and all references therein to said section 407 or to provisions thereof were references to this subsection.

"(h) As used in this section, 'Board' means the Federal Home Loan Bank Board, 'member' means any member as defined in subdivision (4) of section 2 of this Act and any institution which is an insured institution as defined in subdivision (a) of section 401 of the National Housing Act, 'liquid assets' means (1) cash, (2) to such extent as the Board may approve for the purposes of this section, time and savings deposits in Federal home loan banks and commercial banks, and (3) to such extent as the Board may so approve, such obligations, including such special obligations, of the United States, a State, or a political subdivision, agency, or instrumentality of any one or more of the foregoing, and bankers' acceptances, as the Board may approve, and 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States."

SEC. 5. Section 5(c) of the Home Owners' Loan Act of 1933 is amended by adding, immediately after the colon at the end of the second proviso, the following new matter: *"And provided further,* That any such association may also invest in any investments which, at the time of the making of such investment, are assets eligible for inclusion as liquid assets toward the satisfaction of any liquidity requirement imposed on such association pursuant to section 5A of the Federal Home Loan Bank Act, but only to the extent such investments are permitted to be so included under regulations issued by the Board pursuant to said section 5A."

SEC. 6. Subsection (d) of section 404 of the National Housing Act, as amended, is amended (1) by substituting a colon for the period at the end of the proviso, and (2) by adding, immediately after that proviso, the following additional provisos: *"Provided further,* That, except to such extent as may be otherwise provided by regulation of the Board, in the calculation of any such net increase for any such calendar year beginning after the date of enactment of this proviso there shall be subtracted (but not so as to produce a negative amount) from the amount of such accounts at the end of such calendar year the highest amount of such accounts at the end of any previous calendar year beginning with 1966: *Provided further,* That the Corporation may provide, by regulation or otherwise, for the adjustment of payments made or to be made under this subsection and subsections (b) and (c) of this section in cases of merger or consolidation, transfer of bulk assets or assumption of liabilities as defined by the Corporation by regulation or otherwise for the purposes of this sentence, and similar transactions, as so defined."

The PRESIDING OFFICER. The amendment to the title is rejected.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

RADIATION CONTROL FOR HEALTH AND SAFETY ACT OF 1968—ORDER FOR REPORTING BILL

Mr. HILL. Mr. President, on Wednesday, July 17, the distinguished senior Senator from Washington [Mr. MAGNUSON] asked and received unanimous consent that the Committee on Labor and Public Welfare be instructed to report H.R. 10790, the Radiation Control for Health and Safety Act of 1968, before the close of business on Thursday, July 25, 1968.

I ask unanimous consent that that order be amended to provide for reporting the bill before the close of business August 1, 1968.

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

REGISTRY OF BLIND PERSONS IN THE DISTRICT OF COLUMBIA

Mr. MORSE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1224.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1224) to establish a register of blind persons in the District of Columbia, to provide for the mandatory reporting of information concerning such persons, and for other purposes which was, strike out all after the enacting clause, and insert:

That the Commissioner of the District of Columbia shall establish and maintain a register of blind persons residing in the District of Columbia. Such register shall, under regulations prescribed by the District of Columbia Council, provide information of such nature as will or may be of assistance in the planning of improved facilities and services for blind persons and in the restoration and conservation of sight.

SEC. 2. Each—

(1) health, educational, and social service agency or institution operating in the District of Columbia and having in its care or custody (either full or part time), or rendering service to, any blind person,

(2) physician and osteopath licensed or registered by the District of Columbia who has in his professional care for diagnosis or treatment such a person, and

(3) optometrist licensed by the District of Columbia who, in the course of his practice of optometry, ascertains that a person is blind,

shall report in writing to the Commissioner the name, age, and residence of such person and such additional information as the Council may, by regulation, require for incorporation in the register referred to in the first section. Such register and reports shall not be open to public inspection. The Commissioner may make available in the form of statistical abstracts or digests information contained in such register and reports if the identity of persons referred to in such register or reports is not disclosed in such abstracts or digests.

SEC. 3. For the purpose of this Act—

(1) the term "blind person" means, and the term "blind" refers to, a person who (A) is totally blind, (B) has impaired vision of not more than 20/200 visual acuity in the better eye and for whom vision cannot be improved to better than 20/200, or (C) who has loss of vision due wholly or in part to impairment of field vision or to other factors which affect the usefulness of vision to a like degree,

(2) the term "Commissioner" means the Commissioner of the District of Columbia or his designated agent, and

(3) the term "Council" means the District of Columbia Council.

SEC. 4. Any person who in good faith makes a report pursuant to this Act or pursuant to any regulation promulgated under the authority of this Act, shall not, by reason thereof, be personally liable in damages.

SEC. 5. This Act shall take effect on the first day of the first month which begins on or after the thirtieth day of the date of its enactment.

Mr. MORSE. Mr. President, the amendment of the House is acceptable. We have cleared it with both sides.

The bill establishes a Register of Blind Persons in the District of Columbia. The House passed the bill with technical amendments to conform the language of the bill to the new Commissioner-City Council form of government.

I move that the Senate concur in the House amendment.

The motion was agreed to.

CONSTRUCTION AND MODERNIZATION OF HOSPITALS IN THE DISTRICT OF COLUMBIA

Mr. MORSE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1228.

The PRESIDING OFFICER laid before the Senate the amendment of the

House of Representatives to the bill (S. 1228) to authorize projects grants for construction and modernization of hospitals and other medical facilities in the District of Columbia, which was, strike out all after the enacting clause, and insert:

That this Act may be cited as the "District of Columbia Medical Facilities Construction Act of 1968".

AUTHORIZATION OF APPROPRIATIONS FOR GRANTS

SEC. 2. There are authorized to be appropriated for the fiscal year ending June 30, 1969, and for each of the next three fiscal years, such sums as may be necessary, not to exceed in the aggregate to $40,052,000, to enable the Secretary of Health, Education, and Welfare (hereafter in this Act referred to as the "Secretary"), to make grants to assist in meeting the cost of projects for the modernization of public or nonprofit private hospitals and in meeting the cost of projects for the construction or modernization of public health centers, long-term care facilities, including extended care facilities, diagnostic or treatment centers, rehabilitation facilities, facilities for the mentally retarded, and community mental health centers in the District of Columbia. Sums so appropriated shall remain available until expended.

LOANS FOR THE CONSTRUCTION OR MODERNIZATION OF HOSPITALS AND OTHER HEALTH FACILITIES

SEC. 3. (a) The Secretary may make loans to assist in meeting the cost of projects for the construction or modernization of any hospital or other facility referred to in section 2 of this Act. The Secretary may make a loan under this section only if he determines that the applicant for the loan is unable to obtain the amount of such loan for the project from other public or private sources at reasonable rates of interest. The amount of any loan made under this section may not exceed 50 per centum of the cost of the project for which the loan is sought.

(b) Any such loan may be made only on the basis of an application submitted to the Secretary in such form and containing such information and assurances as he may prescribe.

(c) Each such loan shall bear interest at the rate of 2½ per centum per annum on the unpaid balance thereof and shall be repaid over a period determined by the Secretary to be appropriate, but not exceeding 50 years.

(d) There is authorized to be appropriated $40,575,000 to carry out the provisions of this section.

APPROVAL OF APPLICATIONS

SEC. 4. (a) An application for a grant or loan with respect to any project may be approved by the Secretary under this Act only if an application for a grant with respect to such project has been filed under a Medical Facilities Act (which for purposes of this Act means title VI of the Public Health Service Act or, where appropriate, title II or part C of title I of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963) and—

(1) has been approved under a Medical Facilities Act and the application filed under this Act is for additional funds in connection therewith, or

(2) has been denied under a Medical Facilities Act because insufficient funds are available from the allotments of the District of Columbia under the applicable Medical Facilities Act to permit approval of the application.

In determining whether to approved an application for a grant under a Medical Facilities Act for any project in the District of Columbia, the availability of additional funds for such project under this Act shall be taken into consideration. Approval of such application may be made contingent upon the approval of an application or applications with respect to such project under this Act and upon such additional funds being made so available.

(b) The Secretary shall establish criteria for determining the order in which to approve, under this Act, applications for grants and loans with respect to projects. Such criteria with respect to construction projects for the same type of facility (or for modernization projects) shall be the criteria developed by the State Agency of the District of Columbia pursuant to the State plan approved under the applicable Medical Facilities Act.

(c) In the case of any project with respect to which an application for a grant or loan is filed under this Act and with respect to which an application for a grant has been denied under a Medical Facilities Act, such application under this Act may be approved only if there is compliance with the same terms and conditions (including determination, in accordance with the applicable State plan, that the project is needed) as are applicable to applications for grants under the Medical Facilities Act, other than the availability of sufficient funds in the appropriate allotment of the District of Columbia.

(d) An application for a grant or loan under this Act with respect to any project may not be approved unless an opportunity to review the application has been afforded to a body, found by the Secretary to be a responsible metropolitan areawide planning body, and any recommendations of such body that were timely made have been considered by the appropriate State agency of the District of Columbia and have been submitted to the Secretary in connection with the application.

PAYMENTS

SEC. 5. (a) Payments under this Act with respect to any project shall be made in the manner provided under the applicable Medical Facilities Act for payment of the Federal share of the cost of projects for which applications are approved under such Act; except that payments under this Act shall also be subject to such reasonable conditions as the Secretary deems appropriate to safeguard the Federal interest.

(b) The total of the payments of grants made under this Act with respect to any project, together with any payments made with respect thereto under a Medical Facilities Act, may not exceed—

(1) in the case of a construction project for a long-term care facility, including extended care facilities, a diagnostic or treatment center, or a rehabilitation facility, 66⅔ per centum of the cost of such project; and

(2) in the case of any other project (including a modernization project), 50 per centum of the cost of such project.

RECOVERY OF PAYMENTS

SEC. 6. (a) Payments of grants under this Act shall be subject to recovery or recapture under the same conditions and to the same extent as is provided under the applicable Medical Facilities Act with respect to payments made thereunder.

(b) If, at any time before a loan made under this Act has been repaid in full, an event occurs for which (if a grant had been made under a Medical Facilities Act) recovery by the United States would be authorized, the unpaid balance of the loan shall become immediately due and payable by the applicant, and any transferee of the facility for which such loan was made shall be liable to the United States for such repayment.

MEANING OF TERMS

SEC. 6. The terms used in this Act shall have the same meaning as when used in the applicable Medical Facilities Act.

And amend the title so as to read: "An act to authorize project grants and loans for construction and modernization of hospitals and other medical facilities in the District of Columbia."

Mr. MORSE. Mr. President, the bill S. 1228, as passed by the House, authorizes supplementary Federal assistance for the District of Columbia government for modernization of public or nonprofit private hospitals, and for the construction of such health centers, long-term and extended care facilities, diagnostic or treatment centers, rehabilitation facilities, community mental health centers, and facilities for the mentally retarded.

The bill provides Federal project grants in addition to those now available under various programs provided by the Medical Facilities Acts.

Also, the bill authorizes Federal loans, not to exceed 50 percent of the cost of any project for which a grant is made under the bill, to those recipients of such grants who do not have the matching funds required under the act and are unable to obtain such funds for this purpose from other public or private sources at reasonable rates of interest.

Briefly, this legislation establishes the administrative and programing machinery for this intended or supplemental aid for projects required to be approvable under construction aid programs—the Hill-Burton program.

The bill, as it passed the Senate, authorized a grant authority of $36,227,000. Evidence supporting a program increase necessary to fit the intent and basic purpose of this legislation required an adjustment of $3,825,000 in the grant portion, made by the House of Representatives. This increase allows the Georgetown University Hospital Medical Center to provide an integrated diagnostic and treatment, mental retardation, and outpatient facility program as an essential part of the areawide community service.

While certain program adjustments were in the planning stages at the time the Senate considered the bill, they were not included in the bill because of the interim status of Georgetown University, private consultants report. As the result of the report, a substantially increased program in mental retardation and outpatient facilities was accepted by Georgetown University as its part of the Washington community health responsibility. The Georgetown University program was approved by the Washington Health Facilities Planning Council. I am informed that this has substantially increased the cost of the overall hospital construction program.

In the case of the District of Columbia, private local resources are unable to provide these necessary matching requirements for two principal reasons, namely, a lack of area industry and the transient nature of the population of the Washington area.

For this reason, most of the matching funds would necessarily have to be borrowed by the participating institution in the District, in order that this badly needed backlog program of construction may be started within a reasonable time.

The current prevailing high rates of

interest make it impractical for hospitals to borrow money on the private market, for to do so would necessitate increasing per diem hospital patient charges to even more unreasonably high levels.

Therefore, it is my judgment that the only practical solution to this problem of matching fund requirements is the authorization of long-term, low-interest-rate Federal borrowing, as a method comparable to that offorded by other States, counties, and cities by their programs of grants, bonds, and loans, and comparable also to other Federal programs in the fields of education and college housing.

I am informed that a precedent for the 2½ percent, 50-year loan subsidy program for hospitals in the District of Columbia presently exists.

I am also advised that the Public Health Service Act provides for loans to certain hospitals nationally at 2½ percent over a period of 50 years.

The rural electrification program, I am informed, has the present interest rate of 2 percent.

The Foreign Aid Assistance Act—Public Law 89–171—provides for an interest rate of 2½ percent and was amended by Public Law 90–137 to reduce the rate to 2 percent over a period of years.

The committee is advised that the college housing program—Public Law 81–475, as amended—provides for a rate of 3 percent and that the Higher Education Facilities Act—Public Law 88–204—provides for loans at 3 percent.

The above specific existing laws demonstrate that Congress has recognized the necessity of low-interest rates where special needs have been demonstrated. In my judgment, such a special need has been demonstrated in the District of Columbia.

I strongly believe that S. 1228 as passed by the House will serve the public interest and that the House amendment should be adopted by the Senate.

Mr. President, on page 12 of the House committee report we have the essence of the House amendment that is acceptable to the Senate.

The language reads:

> The amendment to S. 1228 adopted by your Committee involves two substantive changes in the bill as it was approved by the Senate on December 15, 1967.
>
> The first of these changes is an increase in the total authorization of grants under the bill from $36,227,000 to $40,052,000. The reason for this increase is that since the Senate approved the bill, the Georgetown University Medical Center has started the construction of diagnostic and treatment facilities as a planned part of their hospital bed renovation program, Also, they have started construction of associated clinical instruction space for the professors and medical and dental students.
>
> The cost of these facilities at Georgetown Medical Center, undertaken as part of its planned efforts to help provide adequate health services to the District of Columbia and the entire metropolitan area, is $12,461,000. Of this amount, Georgetown University is in critical need of $3,825,000 which your Committee feels should be provided in the grant portion of this bill.
>
> The other change is the addition of the loan authority, which your Committee regards as essential to the successful implementation of the legislation.

Mr. President, the amendment of the House is acceptable. I have cleared it with both sides. I move that the Senate concur in the House amendment.

The motion was agreed to.

FOREIGN AID

Mr. MORSE. Mr. President, the Committee on Foreign Relations has not yet reported the foreign aid bill. It will probably do so tomorrow. We hope so. However, I want to say to the majority leader that it will come to the floor of the Senate as a highly controversial bill. It may be the most highly controversial aid bill to date.

The votes in the committee on issue after issue have been exceedingly close. Sometimes it was a vote of 9 to 8, and sometimes it was a vote of 9 to 7. There is a great division of opinion in respect to the bill.

As the majority leader knows, the House bill substantially reduced the amount asked for by the administration. In round numbers, it was about $1 billion. In the opinion of the senior Senator from Oregon, the reduction was not nearly enough. Some of the votes in the committee have sustained portions of the House bill by votes of 9 to 8 or 9 to 7.

When the measure gets to the floor of the Senate, many amendments will be offered to reduce the bill further. There will be great controversy as far as the senior Senator from Oregon is concerned. And I speak for those who have been voting with me in seeking to cut further the military assistance program. Let us not forget that the military assistance program is not the defense budget program. It is over and above what is already being provided under the defense program. Moreover, military assistance to South Vietnam and others engaged in that war is not in this bill. It is in the regular Defense Department program.

But what concerns me is the time schedule for considering this bill. I believe now is the time to make clear, so the leadership will at least know what the parliamentary problem is, that in my judgment any attempt to get this bill through the Senate prior to a substantial number of Republican Senators leaving for the Republican convention on August 4 or 5, would simply be wishful thinking.

At the same time, I do not want to be misunderstood as to my opposition to the bill as it will be reported by the Committee on Foreign Relations tomorrow. I believe it is a fair prophecy that it will be reported tomorrow. I strongly endorse parts of this bill. I should like to see us hammer out on the anvil of conscionable compromise, on the floor of the Senate, a bill which we can approve. It will take time. I am not going to get myself in the parliamentary box in which we will not have adequate time for the minority to seek to turn itself into the majority. To do that will take debate and discussion, and a great deal of it; because, as I said in the Committee on Foreign Relations this morning, I do not believe we can possibly justify, in view of American public opinion, the emphasis on military assistance that characterizes this bill.

Mr. President, the people of this country know what their domestic and fiscal problems are, and I am satisfied that there are millions and millions of Americans who will not look with approval upon a bill that seeks to give huge military assistance, for example, to Greece, Turkey, and South Korea; to continue to give great assistance to Taiwan, which is in one of the strongest fiscal positions of any country in the world; to give military assistance to Africa, when we have these serious problems that confront us at home.

There are honest and sincere men, just as dedicated to principle as I am, who hold opposite points of view in regard to this question. What the senior Senator from Oregon is trying to do this afternoon, in making this record for the consideration of the leadership of the Senate, is to try to forewarn that any attempt to get this bill through the Senate, with the short period of consideration that would be involved, in a unanimous-consent agreement to limit time, would, in my judgment, not be in the interest of the people of this country. I believe we must have adequate time to debate this bill.

Therefore, I respectfully urge—I do not ask for any statement or ruling from the majority leader at this time—that the leadership of the Senate discuss this matter in the respective policy committees of the two parties; but that it be understood that, as of here and now, I serve notice that I shall object to any unanimous-consent agreement that seeks to limit the time for debate on the foreign aid bill. I believe that what we should do is come back after the conventions in September and debate the foreign aid bill for whatever period of time an adequate consideration of it will require.

Furthermore, Mr. President, I believe the people of this country are entitled to have the two parties at the conventions make a statement as to where they stand on foreign aid. I do not believe that the two parties should be put in the position in which Congress passes on foreign aid prior to the conventions. Both parties should be put on the spot at those conventions with respect to foreign aid for this year, for this particular bill. That is another reason why I believe it is in keeping with our democratic processes to postpone consideration of the foreign aid bill until after the conventions.

Mr. President, I was very much in favor—and still am, if it could be done—of obtaining a sine die adjournment of Congress before the conventions. But if we are not going to do so, then the foreign aid bill should be a major matter of discussion before Congress after the conventions.

My leadership knows I always try to cooperate by giving advance notice of my parliamentary intentions, so it is only fair that I notify my leadership this afternoon that I will not even be susceptible to persuasion in regard to a time limitation on foreign aid prior to the conventions.

INVESTMENT COMPANY AMENDMENTS ACT OF 1968

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate pro-

ceed to the consideration of Calendar No. 1331, S. 3724.

I do this so that the bill will become the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 3724) 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.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

UNION POLITICAL GIFTS

Mr. WILLIAMS of Delaware. Mr. President, in the Wall Street Journal of July 19, 1968, appeared an article entitled "Union's Political Gifts Follow Administration Aid to Fugitive Official."

This article calls attention to the fact that the Seafarers Union contributed $100,000 to the Democratic campaign fund after receiving a favorable decision from the State Department.

Section 610 of the Corrupt Practices Act specifically prohibits unions from making contributions, and accordingly I am today calling this allegation to the attention of the Attorney General and asking what steps the Department of Justice is taking to enforce this law.

At this point I ask unanimous consent to have printed in the RECORD, first, an article published in the Wall Street Journal of July 19, entitled "Union's Political Gifts Follow Administration Aid to Fugitive Official—Seafarers Give Democrats $100,000 After Rusk Vetoes Canadian Extradition Bid"; second, a copy of section 610 of the Corrupt Practices Act, which specifically prohibits unions from making political contributions; and, third, a copy of my letter to the Attorney General asking what steps are being taken to enforce the law.

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

[From the Wall Street Journal, July 19, 1968]

A FRIEND IN COURT?—UNION'S POLITICAL GIFTS FOLLOW ADMINISTRATION AID TO FUGITIVE OFFICIAL—SEAFARERS GIVE DEMOCRATS $100,000 AFTER RUSK VETOES CANADIAN EXTRADITION BID—SECRETARY DENIES PRESSURE

(By Jerry Landauer)

WASHINGTON.—On a busy Friday afternoon some months ago, seven lawyers gathered in Secretary of State Dean Rusk's inner office over glasses of sherry to discuss a complicated extradition case that could seriously embarrass Hubert Humphrey in his race for the White House.

The lawyers argued discreetly about a Canadian government request that the U.S. surrender Harold C. Banks, former boss of the Canadian district of the Seafarers International Union. He had jumped bail in Canada and fled south across the border to avoid serving a five-year jail term on a conviction for hiring goons to beat up a rival labor leader.

At the informal hearing in the Secretary of State's office, Canada's lawyers sought Banks' return. But Secretary Rusk, rejecting the conclusions of his legal adviser and overruling a U.S. Commissioner, declined to issue an extradition warrant. To surrender Banks, then in Federal custody, would have violated "my own sense of old-fashioned justice," Mr. Rusk says. Instead, the Secretary let Banks go free. He also rejected a Canadian appeal for international arbitration of the dispute.

Then a noteworthy thing happened. Within days after the Rusk decision, but unknown to the Secretary, checks totaling $100,000 started flowing into Democratic Party campaign coffers from Seafarers Union headquarters in Brooklyn. The Seafarers' gift is the single biggest union contribution known to have been made in this Presidential election year. It came in two equal packets of 10 checks each—and each of the 20 checks was for exactly $5,000. Half the money was earmarked for Vice President Humphrey's campaign; the rest went to groups that had been working for President Johnson's reelection.

POLITICALLY MINDED UNION

Conceivably, this sequence of events represents sheerest coincidence. At any rate, Secretary Rusk emphasizes that no political pressure was applied from any source to influence his decision.

It's conceivable, too, that the union's campaign donations represent nothing more than a gesture of gratitude by Seafarers President Paul Hall, on whose yacht Banks found temporary refuge after he became a fugitive from Canada. ("He is a field general in tough waterfront wars," Mr. Hall has said of Banks.)

Or, as one insider speculates, Mr. Hall may have been misled by Democratic fund raisers into believing that political pull set Banks free. The Seafarers president has always assumed that pouring money into political campaigns achieves results; though numbering just 80,000 members, the union hopes to spend $1 million for politics this year, most of it labeled as voluntary donations by seamen since use of union dues to help candidates for Federal office is illegal.

The Seafarers decline to make any comment on their political contributions that followed Banks' release or to give any reasons for them; the union refuses even to tell when it sent the ten $5,000 checks to Humphrey campaign committees.

Mr. Hall knew, at any rate, that Secretary of Labor Willard Wirtz had put in a good word for Banks in a memorandum to Cabinet colleague Rusk. Mr. Wirtz had been urged to intervene by AFL–CIO officials and, according to one participant's recollection, by an attorney for Banks; his well-connected lawyers included Myer Feldman, a former special counsel to Presidents Kennedy and Johnson, and Abram Chayes, former State Department legal adviser. But the timing of the Seafarers donations and the manner in which they were made tend to raise the question of whether there was a prearrangement with Democratic fund raisers.

CHRONOLOGY OF EVENTS

For one thing, Mr. Hall waited to unzip his union's bulging purse (June 1 balance for political activity: $460,671) until the Banks case had been decided to his satisfaction. He contributed nothing to Lyndon Johnson when the President was under fire during the New Hampshire Democratic primary, and he held back even after Robert Kennedy, an arch-foe of Mr. Hall, jumped into the Presidential fray in mid-March.

The chronology of subsequent events seems to underline the question about a prearrangement. On March 13, Secretary Rusk informed the Canadian Embassy that he wouldn't issue the surrender warrant. The next day Ottawa said it would ask for reconsideration—and international arbitration. On March 25, Mr. Rusk rejected the appeal, saying it wouldn't be wise to permit arbitration. Then on Sunday, March 31, President Johnson surprised the nation by announcing his intention not to run for reelection.

Yet on or about Wednesday, April 3, the Seafarers Political Activity Donation Committee wrote 10 consecutively numbered checks for $5,000 each—nearly all to Democratic committees that had been working for LBJ's reelection. One possible explanation: Somebody had struck a bargain with Seafarers President Hall while the Banks case was pending—a bargain he executed to the letter even though the candidate he intended to support had retired from the race.

In any case, Mr. Hall needed advance advice from Democratic fund raisers about how to write the checks. Federal law sets an annual $5,000 limit on contributions to committees supporting candidates for Federal office. To avoid that legal limit—and often to avoid identifying contributors—financiers of both parties make arrangements to divide big gifts among numerous dummy committees set up in distant places.

Accordingly, these first 10 checks went to the President's Club, the Democratic National Committee, the President's Club of New York Democratic Citizens of New York, Citizens for Johnson-Humphrey of Rhode Island, the President's Club of Illinois, Citizens for Johnson-Humphrey of Illinois, the President's Club of Texas, Citizens for Johnson-Humphrey of Texas and the Democratic City Club of Texas in Austin.

It is pertinent to note that neither Rhode Island nor Illinois nor Texas requires political committees operating within those states to disclose receipts and expenses. And because they are deemed to operate solely in those states, the recipient committees needn't report under Federal law. Moreover, the two New York committees needn't file reports in Albany until early 1969. Hence, just $10,000 of the first $50,000 contributed by the Seafarers appears on any Democratic committees report; $40,000 can be spent or sent to Washington without any public accounting.

But $25,000 of the $40,000 can be traced, and the route it took strengthens the impression that Seafarer Hall had agreed to open his union's purse at about the time Banks was freed. On April 11, the Democratic City Club of Texas, the President's Club of Texas and the Citizens for Johnson-Humphrey of Texas each transferred $5,000 to the Washington offices of Citizens for Johnson-Humphrey, a now defunct committee. Five thousand dollars more arrived in Washington April 18 from the President's Club of Illinois, and on April 23 $5,000 came in from Citizens for Johnson-Humphrey of Rhode Island. Most of the $25,000 was used to pay off expenses that had been incurred on the President's behalf in late March during the Wisconsin primary campaign; Wisconsin Democrats voted on April 2, just two days after LBJ's retirement announcement.

Some time later on, the Seafarers delivered the second packet of ten $5,000 checks to committees supporting Vice President Humphrey's Presidential aspirations. Of the ten recipient committees only two—United Democrats for Humphrey and Citizens for Humphrey—are actually functioning. And because the Federal disclosure law doesn't cover primary elections, neither committee is required to file an accounting of receipts and expenditures.

The eight other Humphrey committees to which the union donations went exist mostly on paper; none has obtained or applied for telephone service. Their titles are: Humphrey for President Committee, D.C. Volunteers for Humphrey, Election Committee for Humphrey, National Humphrey for President Committee, National Committee for Humphrey, Humphrey Campaign Committee, Friends of Humphrey Committee and Unite With Humphrey Committee.

The co-chairman of Citizens for Humphrey is David Ginsburg, law partner of Mr. Feldman, who along with Mr. Chayes, repre-

sented fugitive Banks in the informal hearing in Secretary Rusk's office. Mr. Feldman says he knows nothing about Seafarer political contributions. The United Democrats, for their part, decline to disclose when the union gifts were received; "We're just not going to go into individual contributions," a spokesman says.

Labor Secretary Wirtz, a Humphrey supporter and friend, also says he was unaware of any big Seafarer contributions following Banks' release from Federal custody. "It worries me greatly, and I intend to find out about it," Mr. Wirtz says, expressing concern that the size and timing of the donations could hurt Mr. Humphrey. Mr. Wirtz adds that he wrote the memo on Banks' behalf primarily to acquaint Secretary Rusk with the history of maritime violence involving the Canadian union of which Banks was president.

For his part, Secretary Rusk doesn't recall that any official in the Johnson-Humphrey Administration except Mr. Wirtz wrote or spoke to him about Banks (in addition to the memo, Mr. Rusk vaguely recalls a brief conversation about the case with Mr. Wirtz during or after a Cabinet meeting). "No one tried to use inducement or threat with me regarding this case," the Secretary adds, vowing to throw out any visitors who might try.

"No one at the Democratic National Committee ever communicated with me on this matter. No one at the White House ever attempted to influence my decision. Nor did any Senator or Congressman. This matter rested solely with the Secretary of State."

In deciding whether to extradite Banks, Secretary Rusk had to interpret the Webster-Ashburton Treaty. It was signed in 1842 by the U.S. and by the British government on behalf of Britain and its colonies, which then included Canada. As the State Department explains it, Canada's request presented a "unique problem" for non-lawyer Rusk. In 1964, Banks was convicted in Canada for conspiring to commit assault. The court determined that he paid $1,000 to "Big John" Kasper, former bodyguard to ex-Teamsters boss Dave Beck. Kasper assertedly was hired to thrash a certain Capt. Henry Walsh of the Canadian Merchant Service Guild, a rival union. Whoever administered the beating did it thoroughly, inflicting a double rupture and a fractured skull.

A GOVERNMENT UNDER PRESSURE

Banks failed to appear on the day set for his appeal to the court of appeals in Quebec. Instead, he forfeited a $25,000 cash bond and fled to the U.S., presumably knowing that assault is not among the extraditable crimes listed in the Webster-Ashburton Treaty. Almost immediately Canada's Conservative Party assailed the Liberals for letting Banks slip away. Among other epithets, the Conservatives called Banks the "pampered pet of Liberalism." Hence, the Liberal government was under pressure to prove that it hadn't pampered fugitive Banks.

Finally, in August 1967, Ottawa asked Washington to surrender Banks on a charge of perjury, an extraditable crime under the treaty. Canada alleged that the fugitive had lied four years earlier to a royal commissioner in denying knowledge of the beating inflicted on Capt. Walsh. The commissioner had been assigned to investigate union strife and disruptions of shipping along the Great Lakes; his report concluded, among other things, that labor leader Banks is a man whose "violence is compulsive."

After being scooped up by Federal authorities in Brooklyn, Banks was taken before U.S. Commissioner Salvatore T. Abruzzo. There the fugitive's lawyers protested that the new perjury charge was part of a political campaign by the Canadian government to "get Banks." Commissioner Abruzzo dismissed this contention and also rejected Banks' plea that he had been deprived of rights against self-incrimination. At that point, Banks switched lawyers, engaging Mr. Chayes, Secretary Rusk's former legal adviser, who then brought in former White House aide Feldman.

The fugitive's new lawyers could have continued the fight against extradition in U.S. district court and on up to the Supreme Court. Instead, as is permitted under extradition procedure, they chose a direct appeal to Secretary Rusk.

In the 75-minute session over sherry in the Secretary's office, Messrs. Feldman and Chayes argued that extradiction processes shouldn't permit the Canadian government to accomplish indirectly what it couldn't achieve directly—that is, to retrieve Banks for skipping bail on the nonextraditable assault charge.

A "POLITICAL ELEMENT"

"To say this is not to impugn the motives of the Canadian government or to charge it with any improper action," according to Mr. Chayes' 43-page brief. "Everyone knows that there is a large political element in the law enforcement process, especially when it involves a well-known public figure like Mr. Banks."

This argument didn't impress the Canadian government's U.S. counsel, New York attorney Richard H. Kuh, nor did it sway Mr. Rusk's current legal adviser, Leonard C. Meeker. But "because the charge of perjury arose directly out of a denial of guilt of a nonextraditable offense," according to the State Department, "the Secretary concluded that it would not be compatible with the overall design and purpose of the extradition treaty, which is limited and not universal in its coverage of offenses, to agree to extradition on the unique facts of this case."

Mr. Rusk, saying "one could put a strong argument either way," frames the issue involving Banks more simply: "He denied having committed a nonextraditable offense. I thought he should have a chance to deny it and not be extradited for his denial. . . . A man has the right to protest his own innocence. . . . Whatever he may be, I had the case of a human being in front of me."

Though Mr. Rusk limited his decision to the particular facts of the case, he may have established a diplomatic precedent of sorts. The State Department says it can't find another instance where extradition was denied on the ground that the fugitive's alleged offense arose from another crime that wasn't subject to extradition. The department further says it can't find another case involving Canada where a lower magistrate's ruling was overturned on appeal to the Secretary of State.

Mr. Rusk's aides explain that he delves deeper into extradition matters than most predecessors. "You'd be surprised how deeply involved he gets," one official says. "Probably it's because these cases involve individuals, not broad concepts like disarmament."

But the Canadians are still simmering, arguing that American courts often permit convictions for perjury when the crime from which the perjury flowed isn't within reach of the law.

FEDERAL CORRUPT PRACTICES ACT, 1925, AS AMENDED

SEC. 610. It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to make a contribution or expenditure either directly or indirectly in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section. Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than $5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, and any person who accepts or receives any contribution, in violation of this section, shall be fined not more than $1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than $10,000 or imprisoned not more than two years, or both. For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

U.S. SENATE,
Washington, D.C., July 23, 1968.

Hon. RAMSEY CLARK,
Attorney General of the United States, Washington, D.C.

MY DEAR MR. ATTORNEY GENERAL: Enclosed is a copy of an article which appeared in The Wall Street Journal of July 19, 1968, entitled "Union's Political Gifts Follow Administration Aid to Fugitive Official." This article calls attention to a $100,000 gift to a political campaign fund.

In view of the fact that Section 610 of the Corrupt Practices Act specifically prohibits unions from making political contributions please advise what steps are being taken to enforce the law.

Yours sincerely,

JOHN J. WILLIAMS.

POPULAR ELECTION OF GOVERNOR OF GUAM

Mr. BURDICK. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 449.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 449) to provide for the popular election of the Governor of Guam and for other purposes which was, strike out all after the enacting clause, and insert:

That section 6 of the Organic Act of Guam (64 Stat. 384, 386; 48 U.S.C. 1422), is amended to read as follows:

"SEC. 6. The executive power of Guam shall be vested in an executive officer whose official title shall be the 'Governor of Guam'. The Governor of Guam, together with the Lieutenant Governor, shall be elected by a majority of the votes cast by the people who are qualified to vote for the members of the Legislature of Guam. The Governor and Lieutenant Governor shall be chosen jointly, by the casting by each voter of a single vote applicable to both offices. If no candidates receive a majority of the votes cast in any election, on the fourteenth day thereafter a runoff election shall be held between the candidates for Governor and Lieutenant Governor receiving the highest and second highest number of votes cast. The first election for Governor and Lieutenant Governor shall be held on November 3, 1970. Thereafter, beginning with the year 1974, the Governor and Lieutenant Governor shall be elected

every four years at the general election. The Governor and Lieutenant Governor shall hold office for a term of four years and until their successors are elected and qualified.

"No person who has been elected Governor for two full successive terms shall again be eligible to hold that office until one full term has intervened.

"The term of the elected Governor and Lieutenant Governor shall commence on the first Monday of January following the date of election.

"No person shall be eligible for election to the office of Governor or Lieutenant Governor unless he is an eligible voter and has been for five consecutive years immediately preceding the election a citizen of the United States and a bona fide resident of Guam and will be, at the time of taking office, at least thirty years of age. The Governor shall maintain his official residence in Guam during his incumbency.

"The Governor shall have general supervision and control of all the departments, bureaus, agencies, and other instrumentalities of the executive branch of the government of Guam. He may grant pardons and reprieves and remit fines and forfeitures for offenses against local laws. He may veto any legislation as provided in this Act. He shall appoint, and may remove, all officers and employees of the executive branch of the government of Guam, except as otherwise provided in this or any other Act of Congress, or under the laws of Guam, and shall commission all officers that he may be authorized to appoint. He shall be responsible for the faithful execution of the laws of Guam and the laws of the United States applicable in Guam. Whenever it becomes necessary, in case of disaster, invasion, insurrection, or rebellion, or imminent danger thereof, or to prevent or suppress lawless violence, he may summon the posse comitatus or call out the militia or request assistance of the senior military or naval commander of the Armed Forces of the United States in Guam, which may be given at the discretion of such commander if not disruptive of, or inconsistent with, his Federal responsibilities. He may, in case of rebellion or invasion, or imminent danger thereof, when the public safety requires it, proclaim the island, insofar as it is under the jurisdiction of the government of Guam, to be under martial law. The members of the legislature shall meet forthwith on their own initiative and may, by a two-thirds vote, revoke such proclamation.

"The Governor shall make to the Secretary of the Interior an annual report of the transactions of the government of Guam for transmission to the Congress and such other reports at such other times as may be required by the Congress or under applicable Federal law. He shall have the power to issue executive orders and regulations not in conflict with any applicable law. He may recommend bills to the legislature and give expression to his views on any matter before that body.

"There is hereby established the office of Lieutenant Governor of Guam. The Lieutenant Governor shall have such executive powers and perform such duties as may be assigned to him by the Governor or prescribed by this Act or under the laws of Guam."

SEC. 2. Section 7 of the Organic Act of Guam (64 Stat. 384, 387; 48 U.S.C. 1422a), is deleted and replaced by the following new provision, also designated section 7:

"SEC. 7. Any Governor of Guam may be removed from office by a referendum election in which at least two-thirds of the number of persons voting for Governor in the last preceding general election at which a Governor was elected, vote in favor of recall and in which those so voting constitute a majority of all those participating in the referendum election. The referendum election shall be initiated by the legislature of Guam following (a) a two-thirds vote of the members of the legislature in favor of a referendum, or (b) a petition for such a referendum to the legislature by registered voters equal the number to at least 50 per centum of the whole number of votes cast for Governor at the last general election at which a Governor was elected preceding the filing of the petition."

SEC. 3. Section 8 of the Organic Act of Guam (64 Stat. 384, 387; 48 U.S.C. 1422b), as amended, is amended to read as follows:

"SEC. 8. (a) In case of the temporary disability or temporary absence of the Governor, the Lieutenant Governor shall have the powers of the Governor.

"(b) In case of a permanent vacancy in the office of Governor, arising by reason of the death, resignation, removal by recall, or permanent disability of the Governor, or the death, resignation, or permanent disability of a Governor-elect, or for any other reason, the Lieutenant Governor or Lieutenant Governor-elect shall become the Governor, to hold office for the unexpired term and until he or his successor shall have been duly elected and qualified at the next regular election for Governor.

"(c) In case of the temporary disability or temporary absence of the Lieutenant Governor, or during any period when the Lieutenant Governor is acting as Governor, the speaker of the Guam Legislature shall act as Lieutenant Governor.

"(d) In case of a permanent vacancy in the office of Lieutenant Governor, arising by reason of the death, resignation, or permanent disability of the Lieutenant Governor, or because the Lieutenant Governor or Lieutenant Governor-elect has succeeded to the office of Governor, the Governor shall appoint a new Lieutenant Governor, with the advice and consent of the legislature, to hold office for the unexpired term and until he or his successor shall have been duly elected and qualified at the next regular election for Lieutenant Governor.

"(e) In case of the temporary disability or temporary absence of both the Governor and the Lieutenant Governor, the powers of the Governor shall be exercised, as Acting Governor, by such person as the laws of Guam may prescribe. In case of a permanent vacancy in the offices of both the Governor and Lieutenant Governor, the office of Governor shall be filled for the unexpired term in the manner prescribed by the laws of Guam.

"(f) No additional compensation shall be paid to any person acting as Governor or Lieutenant Governor who does not also assume the office of Governor or Lieutenant Governor under the provisions of this Act."

SEC. 4. (a) Effective on the date of enactment of this Act, the second and third sentences of subsection (a) of section 9 of the Organic Act of Guam (64 Stat. 384, 387; 48 U.S.C. 1422c(a)) are deleted.

(b) The first sentence of subsection (b) of section 9 of the Organic Act of Guam (64 Stat. 384, 387; 48 U.S.C. 1422c(b)) is deleted.

(c) A new sentence is added at the end of section 9(a) of the Organic Act of Guam reading as follows: "Members of boards of election and members of school boards, which entities of government have been duly organized and established by the government of Guam, shall be popularly elected.".

SEC. 5. Effective on the date of enactment of this Act, the Organic Act of Guam is amended by adding immediately after the end of section 9 (64 Stat. 384, 387; 48 U.S.C. 1422c) the following new section 9–A:

"SEC. 9–A. (a) The Secretary of the Interior shall appoint in the Department of the Interior a government comptroller for Guam who shall be under the general supervision of the Secretary of the Interior and shall not be a part of any executive department in the government of Guam, and whose salary and expenses of office shall be paid by the United States from funds otherwise to be covered into the treasury of Guam pursuant to section 30 of this Act. Sixty days prior to the effective date of transfer or removal of the government comptroller, the Secretary shall communicate to the President of the Senate and the Speaker of the House of Representatives his intention to so transfer or remove the government comptroller and his reasons therefor.

"(b) The government comptroller shall audit all accounts and review and recommend adjudication of claims pertaining to the revenue and receipts of the government of Guam and of funds derived from bond issues; and he shall audit, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the government of Guam including those pertaining to trust funds held by the government of Guam.

"(c) It shall be the duty of the government comptroller to bring to the attention of the Secretary of the Interior and the Governor of Guam all failures to collect amounts due the government, and expenditures of funds or uses of property which are irregular or not pursuant to law. The audit activities of the government comptroller shall be directed so as to (1) improve the efficiency and economy of programs of the government of Guam, and (2) discharge the responsibility incumbent upon the Congress to insure that the substantial Federal revenues which are covered into the treasury of the government of Guam are properly accounted for and audited.

"(d) The decisions of the government comptroller shall be final except that appeal therefrom may, with the concurrence of the Governor, be taken by the party aggrieved or the head of the department concerned, within one year from the date of the decision, to the Secretary of the Interior, which appeal shall be in writing and shall specifically set forth the particular action of the government comptroller to which exception is taken, with the reasons and the authorities relied upon for reversing such decision.

"(e) If the Governor does not concur in the taking of an appeal to the Secretary, the party aggrieved may seek relief by suit in the District Court of Guam if the claim is otherwise within its jurisdiction. No later than thirty days following the date of the decision of the Secretary of the Interior, the party aggrieved or the Governor, on behalf of the head of the department concerned, may seek relief by suit in the District Court of Guam, if the claim is otherwise within its jurisdiction.

"(f) The government comptroller is authorized to communicate directly with any person or with any department officer or person having official relation with his office. He may summon witnesses and administer oaths.

"(g) As soon after the close of each fiscal year as the accounts of said fiscal year may be examined and adjusted, the government comptroller shall submit to the Governor of Guam and the Secretary of the Interior an annual report of the fiscal condition of the government, showing the receipts and disbursements of the various departments and agencies of the government. The Secretary of the Interior shall submit such report along with his comments and recommendations to the President of the Senate and the Speaker of the House of Representatives.

"(h) The government comptroller shall make such other reports as may be required by the Governor of Guam, the Comptroller General of the United States, or the Secretary of the Interior.

"(i) The office and activities of the government comptroller of Guam shall be subject to review by the Comptroller General of the United States, and reports thereon shall be made by him to the Governor, the Secretary of the Interior, the President of the Senate and the Speaker of the House of Representatives.

"(j) All departments, agencies, and establishments shall furnish to the government

comptroller such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the government comptroller, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department, agency, or establishment."

SEC. 6. (a) Effective on the date of the enactment of this Act, section 18 of the Organic Act of Guam (64 Stat. 384, 388; 48 U.S.C. 1423h) is amended to read as follows:

"SEC. 18. Regular sessions of the legislature shall be held annually, commencing on the second Monday in January (unless the legislature shall by law fix a different date), and shall continue for such term as the legislature may provide. The Governor may call special sessions of the legislature at any time when, in his opinion, the public interest may require it. No legislation shall be considered at any special session other than that specified in the call therefor or in any special message by the Governor to the legislature while in such session. All sessions of the legislature shall be open to the public."

(b) Effective on the date of enactment of this Act, section 12 of the Organic Act of Guam (64 Stat. 384, 388; 48 U.S.C. 1423b) is amended by adding after the last sentence thereof the following: "The quorum of the legislature shall consist of eleven of its members. No bill shall become a law unless it shall have been passed at a meeting, at which a quorum was present, by the affirmative vote of a majority of the members present and voting, which vote shall be by yeas and nays.".

SEC. 7. Effective on the date of enactment of this Act, section 25(b) of the Organic Act of Guam (48 U.S.C. 1421c(b)) is repealed.

SEC. 8. (a) Section 19 of the Organic Act of Guam (64 Stat. 384, 389; 48 U.S.C. 1423i) is amended by deleting its fourth, fifth, sixth, seventh, eighth, and ninth sentences and by substituting therefor the following: "When a bill is returned by the Governor to the legislature with his objections, the legislature shall enter his objections at large on its journal and, upon motion of a member of the legislature, proceed to reconsider the bill. If, after such reconsideration, two-thirds of all the members of the legislature pass the bill, it shall be a law."

(b) Effective on the date of enactment of this Act, section 19 of the Organic Act of Guam (48 U.S.C. 1423i) is further amended by deleting the last sentence thereof.

SEC. 9. (a) Effective on the date of enactment of this Act, subsection (c) of section 26 of the Organic Act of Guam (64 Stat. 384, 391; 48 U.S.C. 1421d(c)) is repealed.

(b) Effective January 4, 1971, the remainder of section 26 of the Organic Act of Guam (64 Stat. 384, 391; 48 U.S.C. 1421d), as amended, is amended to read as follows:

"SEC. 26. The salaries and travel allowances of the Governor, Lieutenant Governor, the heads of the executive departments, other officers and employees of the government of Guam, and the members of the legislature, shall be paid by the government of Guam at rates prescribed by the laws of Guam."

SEC. 10. Effective on the date of enactment of this Act, section 5 of the Organic Act of Guam (64 Stat. 384, 385; 48 U.S.C. 1421b), is amended by adding at the end thereof the following new subsection (u):

"(u) To the extent not inconsistent with the status of Guam as an unincorporated territory of the United States, the provisions of the Constitution of the United States of America and all its amendments shall have the same force and effect within Guam as in the United States."

SEC. 11. Effective on the date of enactment of this Act, chapter 15 of the General Military Law (70A Stat. 15, 16; 10 U.S.C. 331–334) is amended by adding at the end thereof the following new section 335:

"SEC. 335. For purposes of this chapter, 'State' includes the unincorporated territory of Guam."

SEC. 12. (a) Section 3 of the Organic Act of Guam (64 Stat. 384; 48 U.S.C. 1421a), as amended, is further amended by deleting all after the words "Federal Government" and inserting in lieu thereof the words "in all matters not the program responsibility of another Federal department or agency, shall be under the general administrative supervision of the Secretary of the Interior."

(b) Section 28(c) of the Organic Act of Guam (64 Stat. 384, 392; 48 U.S.C. 1421f(c)), as amended, is amended by deleting the words "head of the department or agency designated by the President under section 3 of this Act," by deleting from the proviso the words "head of such department or agency," and by substituting in each such instance the words "Secretary of the Interior".

SEC. 13. Those provisions necessary to authorize the holding of an election for Governor and Lieutenant Governor on November 3, 1970, shall be effective on January 1, 1970. All other provisions of this Act, unless otherwise expressly provided herein, shall be effective January 4, 1971.

SEC. 14. This Act may be cited as the "Guam Elective Governor Act."

Mr. BURDICK. Mr. President, I move that the Senate concur in the amendment of the House with an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 7 of the amended bill, beginning at line 4, delete subsection (c) of section 4.

On page 13, Section 10, beginning at line 7, delete the text of the new subsection (u) and in lieu thereof substitute the following:

"(u) The following provisions of and amendments to the Constitution of the United States are hereby extended to Guam to the extent that they have not been previously extended to that Territory and shall have the same force and effect there as in the United States or in any State of the United States: Article I, section 9, clauses 2 and 3; Article IV, section 1 and section 2, clause 1; the First to Ninth Amendments inclusive; the Thirteenth Amendment; the second sentence of section 1 of the Fourteenth Amendment; and the Fifteenth and Nineteenth Amendments.

"All laws enacted by Congress with respect to Guam and all laws enacted by the Territorial legislature of Guam which are inconsistent with the provisions of this subsection are repealed to the extent of such inconsistency."

Mr. BURDICK. Mr. President, the proposed amendment to replace the provision adopted in the House extending provisions of the Constitution of the United States to Guam specifies that certain provisions of the Constitution are extended to the extent they have not been previously extended to the territory, and they shall have the same force and effect there as in the United States or in any State of the United States.

Specifically, article I, section 9, clauses 2 and 3, provides that a writ of habeas corpus shall not be suspended unless in the case of rebellion or invasion public safety may require it, and that no bill of attainder or ex post facto law shall be passed.

Also, article IV, section 1 and section 2, clause 1, would apply. The first section states that full faith and credit shall be given in each State to the public acts record and judicial proceedings of every other State. The second section provides that citizens of each State shall be entitled to all privileges and immunities of citizens in the several States.

The first through the ninth amendments to the Constitution, inclusive, relating to the freedom of religion, press, speech, right to bear arms, shall also apply in Guam.

The 13th amendment, relating to slavery and involuntary servitude, and the second sentence of section 1 of the 14th amendment, which is the privileges, immunities, and due process provision, are also extended to Guam. In addition, both the 15th and 19th amendments relating to the rights of citizens to vote and equal suffrage are applicable.

The amendment makes clear that all laws enacted by Congress with respect to Guam and all laws enacted by the territorial legislature of Guam which are inconsistent with the provisions of the amendment are repealed to the extent of such inconsistency.

It is believed that by enumerating and specifying which portions of the Constitution shall be effective in the territory we are avoiding problems. In recent correspondence with the Department of Justice concerning the language of the House, the Deputy Attorney General stated that the effects of the House language was doubtful, and that there was uncertainty as to what extent the language would actually benefit the inhabitants of the territory, and that on the other hand it could cause substantial harm.

I ask unanimous consent that the letter to the chairman of the Subcommittee on Territories, dated July 16, 1968, from the Deputy Attorney General be printed in the RECORD at this point.

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

OFFICE OF THE DEPUTY
ATTORNEY GENERAL,
Washington, D.C., July 16, 1968.

HON. QUENTIN N. BURDICK,
Chairman, Subcommittee on Territories, of Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR: The Attorney General has asked me to reply to your letter of June 21, 1968, requesting his views on the possible effects of the House amendments to section 9 of S. 449, 90th Cong., 1st Sess., and section 11 of S. 450, 90th Cong., 1st Sess. These bills provide for the popular elections of the Governors of Guam and the Virgin Islands, respectively. For the sake of simplicity our comments are limited generally to section 9 of S. 449, the Guam bill. However, they would apply equally to section 11 of S. 450. That section is identical to section 9 of S. 449, except for its reference to the Virgin Islands.

As passed by the Senate, section 9 provided:

"SEC. 9. Effective on the date of enactment of this Act, section 5 of the Organic Act of Guam (64 Stat. 384, 385; 48 U.S.C. 1421b), is amended by adding at the end thereof the following new subsection (u):

"'(u) The provisions of clause 1 of section 2 of article IV and section 1 of amendment XIV of the Constitution of the United States shall have the same force and effect within the unincorporated territory of Guam

as in the United States or in any State of the United States.'"

Section 9 is derived in part from section 7 of the Act of August 5, 1947, 61 Stat. 772, providing for the popular election of the Governor of Puerto Rico, 48 U.S.C. 737. According to the Senate report on that legislation, the purpose of section 7 was to "make Puerto Rico subject to paragraph 1 of section 2 of article 4 of the Federal Constitution, commonly known as the comity clause. The purpose of this addition is to assure that citizens of the United States not residing in Puerto Rico will have the same treatment in Puerto Rico as local residents. This right is guaranteed by the Constitution to citizens of the various States but has been held not to apply to Puerto Rico. Legislation in Puerto Rico has discriminated against nonresident American citizens." S. Rept. 422, 80th Cong., 1st Sess., pp. 3–4.

Section 9 was to have the additional purpose of extending to Guam the due process and equal protection clauses of the Fourteenth Amendment. S. Rept. 216, 90th Cong., 1st Sess., p. 7. In this connection it may be pointed out that the Virgin Islands already enjoy the benefits of due process and equal protection clauses analogous to those contained in the Fourteenth Amendment. See the Bill of Rights contained in section 3 of the Revised Organic Act of the Virgin Islands of July 22, 1954, 68 Stat. 498, 48 U.S.C. 1561. Hence, the reference to the Fourteenth Amendment in section 11 of S. 450 would appear to have been unnecessary.

The House of Representatives renumbered section 9 as section 10, and amended it to read:

"(u) To the extent not inconsistent with the status of Guam as an unincorporated territory of the United States, the provisions of the Constitution of the United States of America and all its amendments shall have the same force and effect within Guam as in the United States."

The committee report explains that amendment as follows:

"Section 10 provides that the Constitution of the United States and all its amendments shall have the same force and effect in Guam as in the United States to the extent that this is not inconsistent with the status of Guam as an unincorporated territory of the United States. (A memorandum from the Legislative Reference Service, Library of Congress, on the effect of making the Constitution applicable to an offshore territory upon its unincorporated status is reproduced in an appendix to this report.)." H. Rept. 1521, 90th Cong., 2d Sess., p. 9.

A memorandum attached to a letter from Assistant Secretary of the Interior Anderson to Chairman Aspinall of the House Committee on Interior and Insular Affairs, dated April 30, 1968 (H. Rept. 1521, p. 18), indicates that the amendment was prompted by the concern sometimes voiced that the people of Guam were second-class citizens of the United States.

Analysis of the full potential import of the House amendments in question involves difficult questions, resolution of which appears uncertain. This is due in part to the circumstance that the status of unincorporated territories has never been fully judicially defined. (See in this respect the memorandum of the Legislative Reference Service of the Library of Congress, H. Rept. 1521, pp. 34–36.) The most that could be said with any degree of certainty is that an unincorporated territory has not received a promise that it will ultimately be admitted as a State, and that it need not be included in the customs and tax area of the United States. *Downes* v. *Bidwell*, 182 U.S. 244.

Since the House of Representatives did not declare the purpose of its amendment it is difficult to anticipate how the latter will be interpreted. At its narrowest, the general effect of the House amendment may well fail to confer any benefit upon the inhabitants of Guam. Many, if not most, of the provisions of the Constitution relate to the States and inhabitants of States. Hence, it could be said that the extension to Guam of any Constitutional provision relating to States would be inconsistent with the status of Guam as an unincorporated territory, since Guam is not a State. Therefore the language of the amendment would render such provisions inapplicable to Guam.

If broadly interpreted, the amendment could be read as rendering applicable to Guam all those provisions of the Constitution which can be extended to a territory by simple legislation, short of admitting it as a State. Patently, it would be difficult to define precisely what portions of the Constitution would come within the ambit of such a broad legislative purpose.

One specific possible effect should also be noted. *Downes* v. *Bidwell, supra,* stands for the proposition that unincorporated territories *need* not be included in the customs territory of the United States since such territories are not part of the United States within the meaning of Article I, section 8, clause 1 of the Constitution ("all duties, imposts and excises shall be uniform throughout the United States"). However, such inclusion in the mainland customs system is not prohibited by that decision and would not be inconsistent with the status or concept of an unincorporated territory. Hence, the House amendments could possibly have the effect of rendering the uniform imposts requirement applicable to Guam and the Virgin Islands. We do not know whether such an interpretation would have a serious impact on Guam. It would appear, however, that extension of the customs laws to the Virgin Islands could have serious effects on its economy.

In sum, the effects of the House amendments are doubtful. It is not certain whether and to what extent the amendments will actually benefit the inhabitants of Guam and the Virgin Islands. On the other hand, they may cause them substantial harm. We therefore are inclined to recommend that the Senate language of section 9[10] of S. 449 and of section 11 of S. 450 be restored. This would preclude discrimination against nonresident citizens of the United States, and would avoid the problems referred to above.

Sincerely,

WARREN CHRISTOPHER,
Deputy Attorney General.

Mr. BURDICK. The substitute language now before the Senate has been drafted by and is approved by the Department of Justice, and I understand also has the endorsement of the Department of the Interior.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Dakota.

The motion was agreed to.

POPULAR ELECTION OF GOVERNOR OF THE VIRGIN ISLANDS

Mr. BURDICK. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 450.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 450) to provide for the popular election of the Governor of the Virgin Islands, and for other purposes which was, strike out all after the enacting clause, and insert:

That, effective on the date of enactment of this Act, section 7(a) of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 500; 48 U.S.C. 1573(a)), as amended, is amended to read as follows:

"(a) Regular sessions of the legislature shall be held annually, commencing on the second Monday in January (unless the legislature shall by law fix a different date), and shall continue for such term as the legislature may provide. The Governor may call special sessions of the legislature at any time when in his opinion the public interest may require it. No legislation shall be considered at any special session other than that specified in the call therefor or in any special message by the Governor to the legislature while in such session. All sessions of the legislature shall be open to the public."

SEC. 2. Effective on the date of enactment of this Act, section 9, subsection (a) of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 501; 48 U.S.C. 1575(a)) is amended by deleting the first sentence and by substituting therefor the following: "The quorum of the legislature shall consist of eight of its members."

SEC. 3. Section 9, subsection (d), of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 502; 48 U.S.C. 1575(d)) is amended by deleting its fifth, sixth, seventh, eighth, ninth, and tenth sentences and by substituting therefor the following: "When a bill is returned by the Governor to the legislature with his objections, the legislature shall enter his objections at large on its journal and, upon motion of a member of the legislature, proceed to reconsider the bill. If, after such reconsideration, two-thirds of all the members of the legislature pass the bill, it shall be a law."

SEC. 4. Section 11 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 503; 48 U.S.C. 1591) is amended to read as follows:

"SEC. 11. The executive power of the Virgin Islands shall be vested in an executive officer whose official title shall be the 'Governor of the Virgin Islands'. The Governor of the Virgin Islands, together with the Lieutenant Governor, shall be elected by a majority of the votes cast by the people who are qualified to vote for the members of the legislature of the Virgin Islands. The Governor and Lieutenant Governor shall be chosen jointly, by the casting by each voter of a single vote applicable to both officers. If no candidates receive a majority of the votes cast in any election, on the fourteenth day thereafter a runoff election shall be held between the candidates for Governor and Lieutenant Governor receiving the highest and second highest number of votes cast. The first election for Governor and Lieutenant Governor shall be held on November 3, 1970. Thereafter, beginning with the year 1974, the Governor and Lieutenant Governor shall be elected every four years at the general election. The Governor and Lieutenant Governor shall hold office for a term of four years and until their successors are elected and qualified. No person who has been elected Governor for two full successive terms shall be again eligible to hold that office until one full term has intervened. The term of the elected Governor and Lieutenant Governor shall commence on the first Monday of January following the date of election.

"No person shall be eligible for election to the office of Governor or Lieutenant Governor unless he is an eligible voter and has been for five consecutive years immediately preceding the election a citizen of the United States and a bona fide resident of the Virgin Islands and will be, at the time of taking office, at least thirty years of age. The Governor shall maintain his official residence in the Government House on Saint Thomas during his incumbency, which house, together with land appurtenant thereto, is hereby transferred to the government of the Virgin Islands. While in Saint Croix the Governor may reside in Government House on Saint Croix free of rent.

"The Governor shall have general supervision and control of all the departments, bureaus, agencies, and other instrumentalities

of the executive branch of the government of the Virgin Islands. He may grant pardons and reprieves and remit fines and forfeitures for offenses against local laws. He may veto any legislation as provided in this Act. He shall appoint, and may remove, all officers and employees of the executive branch of the government of the Virgin Islands, except as otherwise provided in this or any other Act of Congress, or under the laws of the Virgin Islands, and shall commission all officers that he may be authorized to appoint. He shall be responsible for the faithful execution of the laws of the Virgin Islands and the laws of the United States applicable in the Virgin Islands. Whenever it becomes necessary, in case of disaster, invasion, insurrection, or rebellion or imminent danger thereof, or to prevent or suppress lawless violence, he may summon the posse comitatus or call out the militia or request assistance of the senior military or naval commander of the Armed Forces of the United States in the Virgin Islands or Puerto Rico, which may be given at the discretion of such commander if not disruptive of, or inconsistent with, his Federal responsibilities. He may, in case of rebellion or invasion or imminent danger thereof, when the public safety requires it, proclaim the islands, insofar as they are under the jurisdiction of the government of the Virgin Islands, to be under martial law. The members of the legislature shall meet forthwith on their own initiative and may, by a two-thirds vote, revoke such proclamation.

"The Governor shall make to the Secretary of the Interior under section 30 of this Act an annual report of the transactions of the government of the Virgin Islands for transmission to the Congress and such other reports at such other times as may be required by the Congress or under applicable Federal law. He shall have the power to issue executive orders and regulations not in conflict with any applicable law. He may recommend bills to the legislature and give expression to his views on any matter before that body.

"There is hereby established the office of Lieutenant Governor of the Virgin Islands. The Lieutenant Governor shall have such executive powers and perform such duties as may be assigned to him by the Governor or prescribed by this Act or under the laws of the Virgin Islands."

SEC. 5. Section 12 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 503; 48 U.S.C. 1593) is deleted and replaced by the following new provision, also designated section 12:

"SEC. 12. Any Governor of the Virgin Islands may be removed from office by a referendum election in which at least two-thirds of the number of persons voting for Governor in the last preceding general election at which a Governor was elected vote in favor of recall and in which those so voting constitute a majority of all those participating in the referendum election. The referendum election shall be initiated by the legislature of the Virgin Islands following (a) a two-thirds vote of the members of the legislature in favor of a referendum, or (b) a petition for such a referendum to the legislature by registered voters equal in number to at least 50 per centum of the whole number of votes cast for Governor at the last general election at which a Governor was elected preceding the filing of the petition."

SEC. 6. Effective on the date of enactment of this Act section 13 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 503; 48 U.S.C. 1594) is hereby repealed.

SEC. 7. (a) Section 14 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 504; 48 U.S.C. 1595), is amended to read as follows:

"SEC. 14. (a) In case of the temporary disability or temporary absence of the Governor, the Lieutenant Governor shall have the powers of the Governor.

"(b) In case of a permanent vacancy in the office of Governor, arising by reason of the death, resignation, removal by recall or permanent disability of the Governor, or the death, resignation, or permanent disability of a Governor-elect, or for any other reason, the Lieutenant Governor or Lieutenant Governor-elect shall become the Governor, to hold office for the unexpired term and until he or his successor shall have been duly elected and qualified at the next regular election for Governor.

"(c) In case of the temporary disability or temporary absence of the Lieutenant Governor, or during any period when the Lieutenant Governor is acting as Governor, the president of the legislature shall act as Lieutenant Governor.

"(d) In case of a permanent vacancy in the office of Lieutenant Governor, arising by reason of the death, resignation, or permanent disability of the Lieutenant Governor, or because the Lieutenant Governor or Lieutenant Governor-elect has succeeded to the office of Governor, the Governor shall appoint a new Lieutenant Governor, with the advice and consent of the legislature, to hold office for the unexpired term and until he or his successor shall have been duly elected and qualified at the next regular election for Lieutenant Governor.

"(e) In case of the temporary disability or temporary absence of both the Governor and the Lieutenant Governor, the powers of the Governor shall be exercised, as Acting Governor, by such person as the laws of the Virgin Islands may prescribe. In case of a permanent vacancy in the offices of both the Governor and Lieutenant Governor, the office of Governor shall be filled for the unexpired term in the manner prescribed by the laws of the Virgin Islands.

"(f) No additional compensation shall be paid to any person acting as Governor or Lieutenant Governor who does not also assume the office of Governor or Lieutenant Governor under the provisions of this Act."

(b) Section 15 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 504; 48 U.S.C. 1596), is repealed.

SEC. 8. (a) Subsection (a) of section 16 of the Revised Organic Act of the Virgin Islands, as amended (68 Stat. 497, 504; 48 U.S.C. 1597(a)), is further amended by deleting therefrom the last sentence and inserting in lieu thereof the following sentence: "Members of school boards, which entities of government have been duly organized and established by the government of the Virgin Islands shall be popularly elected."

(b) Subsection (c) of section 6 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 499; 48 U.S.C. 1572(c)), is amended by changing the period to a colon and inserting the following: *"Provided, however,* That members of boards of elections, which entities of government have been duly organized and established by the government of the Virgin Islands, shall be popularly elected."

SEC. 9. Effective on the date of the enactment of this Act, section 17 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 504; 48 U.S.C. 1599) is amended to read as follows:

"SEC. 17. (a) The Secretary of the Interior shall appoint in the Department of the Interior a government comptroller for the Virgin Islands who shall be under the general supervision of the Secretary of the Interior and shall not be a part of any executive department in the government of the Virgin Islands, and whose salary and expenses of office shall be paid by the United States from funds derived by transfer from the internal revenue collections appropriated for the Virgin Islands. Sixty days prior to the effective date of transfer or removal of the government comptroller, the Secretary shall communicate to the President of the Senate and the Speaker of the House of Representatives his intention to so transfer or remove the government comptroller and his reasons therefor.

"(b) The government comptroller shall audit all accounts and review and recommend adjudication of claims pertaining to the revenue and receipts of the government of the Virgin Islands and of funds derived from bond issues, and he shall audit, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the government of the Virgin Islands, including those pertaining to trust funds held by the government of the Virgin Islands.

"(c) It shall be the duty of the government comptroller to bring to the attention of the Secretary of the Interior and the Governor of the Virgin Islands all failures to collect amounts due the government, and expenditures of funds or uses of property which are irregular or not pursuant to law. The audit activities of the government comptroller shall be directed so as to (1) improve the efficiency and economy of programs of the government of the Virgin Islands, and (2) discharge the responsibility incumbent upon the Congress to insure that the substantial Federal revenues which are covered into the treasury of the government of the Virgin Islands are properly accounted for and audited.

"(d) It shall be the duty of the government comptroller to certify to the Secretary of the Interior the net amount of government revenues which form the basis for Federal grants for the civil government of the Virgin Islands.

"(e) The decisions of the government comptroller shall be final except that appeal therefrom may, with the concurrence of the Governor, be taken by the party aggrieved or the head of the department concerned, within one year from the date of the decision, to the Secretary of the Interior, which appeal shall be in writing and shall specifically set forth the particular action of the government comptroller to which exception is taken, with the reasons and the authorities relied upon for reversing such decision.

"(f) If the Governor does not concur in the taking of an appeal to the Secretary, the party aggrieved may seek relief by suit in the District Court of the Virgin Islands if the claim is otherwise within its jurisdiction. No later than thirty days following the date of the decision of the Secretary of the Interior, the party aggrieved or the Governor, on behalf of the head of the department concerned, may seek relief by suit in the District Court of the Virgin Islands if the claim is otherwise within its jurisdiction.

"(g) The government comptroller is authorized to communicate directly with any person or with any department officer or person having official relation with his office. He may summon witnesses and administer oaths.

"(h) As soon after the close of each fiscal year as the accounts of said fiscal year may be examined and adjusted, the government comptroller shall submit to the Governor of the Virgin Islands and the Secretary of the Interior an annual report of the fiscal condition of the government, showing the receipts and disbursements of the various departments and agencies of the government. The Secretary of the Interior shall submit such report along with his comments and recommendations to the President of the Senate and the Speaker of the House of Representatives.

"(i) The government comptroller shall make such other reports as may be required by the Governor of the Virgin Islands, the Comptroller General of the United States, or the Secretary of the Interior.

"(j) The office and activities of the government comptroller of the Virgin Islands shall be subject to review by the Comptroller General of the United States, and reports

thereon shall be made by him to the Governor, the Secretary of the Interior, President of the Senate, and the Speaker of the House of Representatives.

"(k) All departments, agencies, and establishments shall furnish to the government comptroller such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the government comptroller, or any of his assistants or employees, when duly authorized by him, shall, for all the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department, agency, or establishment."

SEC. 10. Section 20 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 505; 48 U.S.C. 1592, 1598, 1641), as amended, is amended to read as follows:

"SEC. 20. The salaries and travel allowances of the Governor, Lieutenant Governor, the heads of the executive departments, other officers and employees of the government of the Virgin Islands, and the members of the legislature shall be paid by the government of the Virgin Islands at rates prescribed by the laws of the Virgin Islands."

SEC. 11. Effective on the date of enactment of this Act, section 3 of the Revised Organic Act of the Virgin Islands (68 Stat. 497; 48 U.S.C. 1561) is amended by adding at the end thereof the following new paragraph:

"To the extent not inconsistent with the status of the Virgin Islands as an unincorporated territory of the United States, the provisions of the Constitution of the United States of America and all its amendments shall have the same force and effect within the Virgin Islands as in the United States."

SEC. 12. Effective on the date of enactment of this Act, chapter 15 of the General Military Law (70A Stat. 15, 16; 10 U.S.C. 331–334) is amended by adding at the end thereof the following new section 336:

"SEC. 336. For the purposes of this chapter, 'State' includes the unincorporated territory of the Virgin Islands."

SEC. 13. Section 2 of the Revised Organic Act of the Virgin Islands (68 Stat. 497; 48 U.S.C. 1541) is amended by adding at the end thereof the following new subsection (c):

"(c) The relations between such government and the Federal Government in all matters not the program responsibility of another Federal department or agency shall be under the general administrative supervision of the Secretary of the Interior."

SEC. 14. Effective on the date of enactment of this Act, section 19 of the Revised Organic Act of the Virgin Islands (68 Stat. 505; 48 U.S.C. 1632) is hereby repealed.

SEC. 15. Effective on the date of enactment of this Act, section 8(b)(i) of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 500; 48 U.S.C. 1574(b)), as amended, is further amended by (a) deleting the third and fourth sentences thereof, and (b) by deleting the eighth and ninth sentences thereof and substituting in lieu thereof the following sentence: "The bonds so issued shall bear interest at a rate not to exceed that specified by the legislature, payable semiannually.".

SEC. 16. Those provisions of this Act necessary to authorize the holding of an election for Governor and Lieutenant Governor on November 3, 1970, shall be effective on January 1, 1970. All other provisions of this Act, unless otherwise expressly provided herein, shall be effective January 4, 1971.

SEC. 17. This Act may be cited as the "Virgin Islands Elective Governor Act".

Mr. BURDICK. Mr. President, I move that the Senate concur in the amendment of the House with an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 13, section 11, of the amended bill, beginning on line 18, delete the following:

"To the extent not inconsistent with the status of the Virgin Islands as an unincorporated territory of the United States, the provisions of the Constitution of the United States of America and all its amendments shall have the same force and effect within the Virgin Islands as in the United States."

And in lieu thereof substitute the following:

"The following provisions of and Amendments to the Constitution of the United States are hereby extended to the Virgin Islands to the extent that they have not been previously extended to that Territory and shall have the same force and effect there as in the United States or in any State of the United States: Article I, section 9, clauses 2 and 3; Article IV, section 1 and section 2, clause 1; the First to Ninth Amendments inclusive; the Thirteenth Amendment; the second sentence of section 1 of the Fourteenth Amendment; and the Fifteenth and Nineteenth Amendments: *Provided, however,* That all offenses shall continue to be prosecuted in the District Court by information as heretofore, except such as may be required by local law to be prosecuted by indictment by grand jury.

"All laws enacted by Congress with respect to the Virgin Islands and all laws enacted by the Territorial legislature of the Virgin Islands which are inconsistent with the provisions of this subsection are repealed to the extent of such inconsistency."

Mr. BURDICK. Mr. President, the proposed amendment to replace the provision adopted in the House extending provisions of the Constitution of the United States to the Virgin Islands specifies that certain provisions of the Constitution are extended to the extent they have not been previously extended to the territory, and they shall have the same force and effect there as in the United States or in any State of the United States.

Specifically, article 1, section 9, clauses 2 and 3, provides that a writ of habeas corpus shall not be suspended unless in the case of rebellion or invasion of public safety may require it, and that no bill of attainder or ex post facto law shall be passed.

Also, article 4, section 1 and section 2, clause 1, would apply. The first section states that full faith and credit shall be given in each State to the public acts, record, and judicial proceedings of every other State. The second section provides that citizens of each State shall be entitled to all privileges and immunities of citizens in the several States.

The first through the ninth amendments to the Constitution, inclusive, relating to the freedom of religion, press, speech, and right to bear arms, shall also apply in the Virgin Islands.

The 13th amendment, relating to slavery and involuntary servitude, and the second sentence of section 1 of the 14th amendment, which is the privileges, immunities, and due process provision, are also extended to the Virgin Islands. In addition, both the 15th and 19th amendments relating to the rights of citizens to vote and equal suffrage are applicable.

The amendment makes clear that all laws enacted by Congress with respect to the Virgin Islands and all laws enacted by the territorial legislature of the Virgin Islands which are inconsistent with the provisions of the amendment are repealed to the extent of such inconsistency.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Dakota.

Mr. ALLOTT. Mr. President, before this matter is agreed to I wish to make a brief statement.

I have not seen the amendment. I wish to ask the Senator how this measure now differs from the version in the Senate bill.

Mr. BURDICK. I might say, first of all, that this amendment was cleared with the Senator from Oregon [Mr. HATFIELD], the ranking minority member of our subcommittee.

In this bill and the bill just previously acted upon, the House added a provision which apparently was intended to apply the entire Constitution of the United States to the Virgin Islands and to Guam. The Attorney General of the United States through his Deputy gave an opinion indicating certain mischief arise and possibly result in a lack of protection to the islands. The Department of Justice felt it would not be advisable to adopt this provision, added by the House. Therefore, the Attorney General has provided language in the amendment so that it would do no mischief or harm in the Virgin Islands, and the same thing applies to Guam. We are advised that this language is acceptable to the chairman of the House committee and to the other Members of the House who have been involved in this legislation.

The Senate has gone on record in support of both of these bills by passing them last year by an overwhelming margin. I think that at a time when our democratic institutions are being sternly tested at home and around the world, these bills will do much to affirm our belief in the principle of self-government. I urge the Senate to approve this amendment.

Mr. ALLOTT. Mr. President, I wish to make a brief statement on this matter before the vote is had.

I must confess that I did not attend all of the hearings on this matter this year for the reason that I am not a member of the subcommittee here involved. However, I have long had a very deep interest in the various bills concerning government both for the territory of Guam and for the Virgin Islands. I have had occasion within the last year to go into considerable detail with respect to the situation in Guam. I am perfectly satisfied with the situation in Guam and with the bill in that respect.

I am not satisfied, however, with the situation in the Virgin Islands. The political situation in the Virgin Islands since the appointment of the present Governor, Governor Paiewonski, has been one in which the Governor not only is almost the sole political power on the island but also is in control of a great portion of the island's economies. It is not a healthy situation.

Last year I called to the attention of the Civil Service Commission various allegations involving Federal employees who had participated actively in the 1966 elections in the Virgin Islands. I think a good portion of that material has already been placed in the RECORD under a series of remarks made by me last year when S. 450 was debated here on the floor of the Senate.

The net result of it was a complete whitewash by the Commission. Even though some violations of the Hatch Act were admitted, the Commission held that the violations were not serious enough to merit the employees being punished or removed from the Federal payroll. I am sure the influence of the present Governor and his machine had considerable to do with that decision.

So we stand in a position where we have as severe an autocracy in the Virgin Islands as there is anywhere outside of Cuba. I, for one, think the Senate is making a very grave error in respect to the governorship and in the election of a Governor in the Virgin Islands.

Mr. President, these remarks are not made for the first time here today. My position and views have been known to the committee for a period of several years. They were known at the time that Governor Paiewonski's original confirmation came up before the Senate. Unfortunately, through an accidental death in my family at that particular time I could not appear on the floor of the Senate and actively fight that nomination. However, I would have done so if it had been at all possible to do so, and I would have fought it with all the resources of my command because I think the situation in the Virgin Islands is morally wrong, economically wrong, and politically wrong.

For this reason I shall vote against the acceptance of the amendment, even though my personal feelings are that those portions with respect to Guam should be passed. I realize that I could not hope to change the sentiment of the Senate at this time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Dakota.

The motion was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I would like to query the distinguished majority leader about the program for the balance of the day and tomorrow.

Mr. MANSFIELD. Mr. President, the pending business is S. 3724, a bill 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. It is my understanding there will be a good deal of discussion on this measure.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 o'clock noon tomorrow.

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

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees except the Committee on Labor and Public Welfare be permitted to meet during the session of the Senate tomorrow.

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

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, following the disposition of S. 3724, the pending business, it is anticipated that the Senate will then turn to the legislation reported by the Committee on Post Office and Civil Service yesterday having to do with the exemption of Post Office employees from the Federal employment limitation proposal passed by the Congress.

Then, it is hoped, with a little luck, it might be possible to bring up the bill sponsored by the distinguished Senator from Mississippi [Mr. STENNIS] Calendar No. 1426 S. 3865, to clarify the status of National Guard technicians and for other purposes, but that has not as yet been cleared.

Then, there are other matters that will be brought up from time to time.

I had thought that the appropriation bill for State, Justice, Commerce, and Judiciary would be marked up by the full committee today. I understand that will not happen until tomorrow. That means, under the 3-day rule the joint leadership intends to enforce, the bill will go over until next week for consideration unless clearance is given by those having a vital interest in the measure.

That is the outlook as of now.

Mr. DIRKSEN. In view of the action taken by the Committee on the Judiciary this morning, and in view of my conversations with the distinguished majority leader, he may like to say something about the consideration of the gun control bill which was voted upon by the Committee on the Judiciary this morning.

Mr. MANSFIELD. Mr. President, the gun bill will be referred to the Committee on Commerce, upon its being reported by the Committee on the Judiciary, under a longstanding agreement. As of this moment, I believe it will be reported by the Committee on Commerce before the end of this month. However, it all depends upon when the Judiciary Committee reports the bill so that the referral to the Committee on Commerce and action by that committee can take place. In any event, I am confident that the bill will be on the calendar and ready for consideration soon enough for the leadership to schedule the matter as expeditiously as possible upon the Senate's return after Labor Day.

It is also hoped at that time that it will be possible to take up the Fortas nomination if it has been reported favorably by the committee.

It is also anticipated that the Department of Defense appropriations bill will not be taken up until after the Senate returns after Labor Day, because it is my understanding the House will not be prepared to take it up until such time as will give the Senate time enough to consider it.

On the basis of what the distinguished Senator from Oregon [Mr. MORSE] has said, it looks like it will be around that time, too, that the foreign-aid authorization bill will be taken up.

Thus, it appears to me, let me say to my distinguished colleague the minority leader, that, as of now, we have more work facing us in the post-convention period than we have had up to this date.

I would suggest to my colleagues that they get a good rest next month, if possible, and not be fooled by a 2-week or a 2-month return but to come back refreshed and prepared to stay the rest of the year. At the rate we are going, we will be lucky to finish in that length of time.

Mr. BYRD of West Virginia. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. BYRD of West Virginia. Would the majority leader not agree that the Senate will likely consider at least three appropriations bills next week; namely, HEW; State, Justice, and Commerce; and District of Columbia?

Mr. MANSFIELD. The Senator is correct. I did not get too much into next week's schedule, but I anticipate that the first one will be State, Justice, and Commerce; then HEW; and the third, which will be under the chairmanship of the distinguished Senator from West Virginia, who has just spoken, the District of Columbia appropriation bill.

Mr. DIRKSEN. I thank the distinguished Senator from Montana.

Mr. STENNIS. Mr. President, I want to thank the distinguished majority leader for his efforts in getting set on S. 3865, a bill of great interest throughout the country, which pertains to National Guard technicians. The bill has been carefully worked on over the year and was reported by the Armed Services Committee with a unanimous vote except for one member.

It must go to the House of Representatives but promises have been made to get the legislation moving. That was a year ago. We have got the bill in acceptable form now. I appreciate the efforts of the majority leader in getting the bill up.

INVESTMENT COMPANY AMENDMENTS ACT OF 1968

The Senate resumed the consideration of the bill (S. 3724) 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.

Mr. SPARKMAN. Mr. President, S. 3724, the proposed Investment Company Amendments Act of 1968 contains comprehensive amendments to the Invest-

ment Company Act of 1940, the Investment Advisers Act, the Securities Exchange Act, and the Securities Act of 1933. This proposed legislation also contains many provisions intended to update and modernize our Nation's securities laws so that they will be better suited for an ever-expanding investment company industry. It is a result of over 14 months of extensive hearings and review by the full Banking and Currency Committee and 10 years of research and study by the Wharton School of the University of Pennsylvania and the Securities and Exchange Commission.

The only purpose of this legislation is to assure the 4 million Americans who have entrusted their savings to mutual funds and the many millions more who will do so in the future, adequate consumer protection. This is not a technical financial measure. It is, as Miss Betty Furness, the President's Special Assistant for Consumer Affairs, has said, a bill to protect consumers. These consumers who comprise many of our small investors are the backbone of a healthy national economy.

S. 3724 has three primary objectives: First, it amends the sections of the Investment Company Act pertaining to investment company management fees, mutual fund sales commissions, and periodic payment plan sales commissions. Second, it amends various provisions of the securities laws to permit banks to operate commingled, managed agency accounts in competition with mutual funds. In this area, the bill would also clarify the status of bank collective funds and separate accounts established by insurance companies. Third, the bill contains a large number of amendments to the Federal securities laws, which would facilitate, update, and improve the administration and enforcement of these acts. These amendments have widespread support throughout the securities industry.

The function of a mutual fund is to pool the money for many different people into a single investment in securities, usually common stock. They are, however, unique in their corporate organization. First, most mutual funds are always ready to buy back their shares from investors. Therefore, they must continually promote the sale of new shares so that capital will be available. The second and most unique characteristic of a mutual fund, is its corporate organization which is far different from that of a typical industrial company, bank or insurance company. Mutual funds do practically none of their own work. Instead of hiring staffs of their own, they rely entirely on other people's employees.

MANAGEMENT FEES

A typical mutual fund is formed, controlled, and managed by a separate company called an investment adviser. The adviser's services are paid for by a fee which is calculated on a percentage of the fund's total assets. In the past the traditional fee has been one-half of 1 percent. Most fees still cluster around this figure although in recent years some have been reduced.

In 1940, at the time of the original Investment Company Act, most funds were relatively small in size and advisory fees did not present special problems. However, over the last 10 years, mutual fund ownership has gained increased public acceptance. Advisers now manage funds whose assets amount to billions of dollars. The traditional fee of one-half of 1 percent charged on $3 million in 1940 was $15,000 and amounted to $150,000 on a fund with $30 million in assets. Such charges were relatively modest and did not attract critical attention. Presently, however, the fee of one-half of 1 percent on $3 billion in assets amounts to an annual charge of $15 million for each and every year. Obviously, elementary safeguards are necessary so that these fees may be objectively reviewed.

This need is even more pressing due to the fact that management fees are not fixed by price competition or by arms-length bargaining. The men who control the investment adviser also normally control the fund. Therefore, the relationships between mutual funds and their advisers are not the same as those that usually exist between buyers and sellers or in conventional corporations.

In 1940 it was impossible for the Congress to foresee the explosive growth in mutual funds or the increased compensation that their investment advisers would receive. The requirements written into the original act that advisory contracts be approved by shareholder vote, by unaffiliated directors, or both—intended to provide adequate shareholder protection—has had the opposite effect. Courts have held that because of these statutory requirements allegedly excessive management fees are subject to judicial review only under the test of "corporate waste" or when they shock the conscience of the court. This standard has been characterized by an eminent jurist as meaning that fees are subject to attack only when they are "excessively excessive."

This proposed legislation would cure that deficiency. I am sure all agree that the Congress can not determine whether any particular management fee is reasonable or unreasonable. Such a determination can only be made on the concrete facts of a particular case. It is, however, essential to establish a clear standard so that the determination can objectively be made. This bill would put into the act an express requirement that management fees be reasonable which would be enforceable in the courts. If the Securities and Exchange Commission wished to challenge a particular fee as unreasonable, it would, like any other plaintiff in a law suit, be required to prove its case by a fair preponderance of evidence.

This legislation is not intended to replace the judgment of corporate directors with that of the courts. Under this section a court would be required to give substantial weight to the judgment of the fund's directors, as it now must in all suits attacking corporate fees or salaries. These directors are in most instances conscientious and able in performing their functions.

SALES COMMISSIONS

In addition to management fees, the sales commissions paid by investors purchasing mutual fund shares are of great concern. The man who invests $10,000 in a mutual fund usually pays a sales commission of 9.3 percent of the total amount invested, or $850. This amount is far greater than the sales charges prevailing in other areas of the securities business. For example, the normal stock exchange commission is approximately 1 percent. Over-the-counter securities transactions executed on an agency basis are the same as stock exchange commissions. When the dealer acts as principal, the commission is usually between 2 percent and 3 percent, and is limited to not more than 5 percent by the self-regulatory rules of the National Association of Securities Dealers.

Nowhere else in the securities business are sales charges as high as for mutual funds. There are, however, many industries in which a 9-percent sales charge would be considered modest. Indeed, there are many in which such a charge would be unfair, not to the buyer but to the seller. The securities business does not fall into such a category, and it is to the securities business that we must look for comparisons.

Mutual fund shares, like other securities, are not similar to automobiles that one buys to drive, clothing which one buys to wear, or a house which is bought to live in. Mutual fund shares are merely pieces of paper that involve risks and which are bought solely for an investment return. To that extent, fund sales charges should be somewhat similar to those of other securities.

Mutual fund sales charges are, however, protected by section 22(d) of the Investment Company Act. This section provides for a unique scheme of retail price maintenance whereby all dealers are prohibited by law from cutting the sales charge fixed by the mutual fund underwriter. Price cutting of mutual fund shares is a Federal crime.

Partially because of this section, and because of the way in which mutual fund shares are sold, competition has tended to operate in reverse—raising prices rather than lowering them. This has occurred because mutual fund shares are not sold on a competitive basis as are ordinary securities. In contrast, each fund competes for the favor of dealers and salesmen by offering higher sales compensation.

Your committee, rather than adopting a maximum 5 percent sales charge on mutual fund shares as recommended by the SEC, has decided to take a more conservative and more traditional approach. In the securities industry the protection of investors against excessive sales charges has always been left to industry self-regulation, subject to appropriate Government oversight. For example, brokerage commissions on the stock exchanges and in the over-the-counter market are governed by commission rate schedules which are set by the industry. A similar approach is recommended for mutual fund sales commissions by permitting the National Association of Securities Dealers to adopt rules prohibiting excessive sales charges.

The NASD has expressed the willingness to accept this function and to sub-

ject itself to the same type of SEC review as is provided in section 15A(k)(2) of the Securities Exchange Act. I am confident that the NASD and the SEC will work together to arrive at a result which is fair and reasonable both to the sellers of mutual fund shares and to the investing public. This type of approach is fully consistent with the concept of cooperative regulation which has heretofore worked successfully throughout the securities industry.

FRONT-END LOAD

Many investors of relatively modest means purchase mutual funds shares by investing small amounts of money at monthly intervals. These investors pay the same sales commission as purchasers of ordinary mutual funds except for one significant factor—the "front-end load" method of collecting the sales charge.

The essential characteristic of the front-end load is that half of the investor's first year's payments are deducted for sales commissions. Obviously, this type of arrangement is detrimental to the investor, particularly if he discontinues his payments at an early date. Unless the stock market rises rapidly, he is certain to lose money. A study made by the NASD shows that, on the average front-end load, payments must be made for at least 5 years before an investor is able to profit.

To make matters worse, contractual plans are sold mostly to lower- and middle income people, who have the most to lose if they discontinue their payments. They are usually sold on a door-to-door basis, with potential purchasers being solicited in their homes and offices. While the front-end load is fully disclosed in the prospectus, studies have shown that most investors are still unaware of this feature.

Mr. President, I would like to also say that, in my opinion, very few low- and middle-income investors ever take the trouble to wade through a lengthy prospectus to see just what the provisions are, particularly those that are in fine print.

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

Mr. SPARKMAN. I yield.

Mr. BENNETT. Is it not the SEC itself that requires that detail in the prospectus?

Mr. SPARKMAN. That is correct. I am just mentioning that it is there. May I say that I have read many prospectuses but I have never had the patience to finish reading one of them.

Mr. BENNETT. Maybe we need to pass a law requiring the SEC to condense its requirements.

Mr. SPARKMAN. I wish that not only the SEC, but all Government agencies and departments, could learn to shorten—probably to lessen would be the better word—their requirements. I agree with the Senator on that.

In fact, Mr. President, I might inject, as a side thought, that I agree with the Senator from Utah on many things, in fact on most things. Moreover, I believe that as to most of the provisions in this bill the committee as a whole is in agreement. There is one section on which I know there is controversy, but I believe that on most of the rest of the bill there is substantial agreement.

Mr. BENNETT. Yes. I was tempted, when the Senator opened up this question of too much prolixity in prospectuses, to say that perhaps there ought to be some limit imposed on those of us who use the floor of the Senate to express ourselves, but I think that would kick back on me as well, so I had better be quiet.

Mr. SPARKMAN. Mr. President, I will do my best not to be——

Mr. BENNETT. I was not referring to the Senator from Alabama.

Mr. SPARKMAN. No, I realize that. I will do my best, however, I will say to the Senator, neither to prolix nor to proliferate.

Mr. BENNETT. Good.

Mr. SPARKMAN. In addition, if an investor is to make money, he must be able to forecast his ability to continue making payments over a period of several years. It has been shown that few small investors have been able to achieve this result. Over half of all contractual plan purchasers have failed to complete their payments on schedule.

In this area and as with ordinary mutual fund sales charges, a comparison to sales commissions in other fields such as life insurance, which is bought for protection against untimely death, would be totally inapplicable. In buying a security the investor looks toward long term capital gains. Over the years, our tax laws have recognized this objective by affording special treatment for profits made on the sale of securities. Therefore we cannot look to the sales charges on entirely different items in order to rationalize the exorbitant front-end load.

The original legislation considered by this committee would have abolished front-end load sales charges. This bill does not follow that recommendation. The abolition of the front-end load would make it uneconomical for salesmen to induce small investors to the concept of systematic investment in equity securities. Therefore, this legislation merely proposes to spread out the front-end load over 4 years with no more than 20 percent of any 1 year's payments being deductible for sales charges. The total commissions paid to the salesman over the life of the plan would not be reduced by this proposal. I would also like to note that our counrty's largest distributor of mutual fund shares has voluntarily chosen to operate on this basis and has done so successfully.

This bill will in addition, provide a monetary incentive for salesmen to encourage increased investor persistence in completing their plans. The present system under which the salesman receives most of his commission during the first year of the plan has unfortunately failed to provide such results. The spread load by reducing the initial commission will also allow purchasers to have more money actually invested in underlying securities and thus minimize the possibility of serious financial loss if payments are discontinued during the early years of the plan.

This section is of the utmost necessity if we are to provide adequate consumer protection. The front-end load is found only in installment plans sold to people who have little accumulated capital reserves. These are the people whom this bill is intended to protect. Present law which permits the deduction of half of the investor's money for sales charges, unfortunately does not afford such protection.

BANKS AND INSURANCE COMPANIES

This bill deals with another major concern of the Congress—the need to clarify the status of bank administered collective investment funds under the Federal securities laws and the various banking statutes. These proposals are intended to clarify the numerous statutes governing this area and will also assure equal treatment for similar collective investments offered by insurance companies.

In recent years, banks and insurance companies have entered the mutual fund field by pooling the individually limited resources of large numbers of investors into collective investment funds and separate accounts. Recent developments have, however, raised difficult questions under existing Federal securities laws. One Federal district court has held that banks are precluded from operating managed agency accounts. The uncertainty caused by this decision, which is currently being appealed, has unduly impeded banks from competing with mutual funds on an equal footing. This bill would remove that unwarranted comparative disparity.

The bill also exempts bank collective trust funds and insurance company separate accounts for corporate pension plans from all but the fraud provisions of the Federal Securities Acts—an approach which the SEC has in the past taken through administrative action. Provisions are also contained which exempt bank collective funds and insurance company separate accounts—Smathers-Keogh, H.R. 10 Plans—from the Investment Company Act, but not from the disclosure provisions of the securities laws.

The entry of banks into the mutual fund field and the increased activity of insurance companies will provide the American investing public with a wide choice among different equity investments. This increased competition for investor favor is an important step toward insuring healthy and viable securities markets. In this connection it is extremely significant that the bill prohibits banks from charging any commissions on the sale of their mutual funds. In addition, both banks and insurance companies will be covered by all of the provisions contained in this legislation including the section which provides for reasonable management fees. The American Bankers Association has indicated that this standard is a familiar one under which banks have always been able to operate without undue burdens and has wholeheartedly endorsed each and every provision of S. 3724.

In conclusion, this proposed legislation is a moderate measure intended to deal with the serious problems which have arisen in the investment company industry over the last 28 years. It is built on the traditional practices of existing se-

curities laws. It does not include radical measures such as the compulsory internalization of the mutual fund industry or the repeal of section 22(d) which would open mutual fund sales commissions to the normal competitive operations of the marketplace. It embodies a program of governmental regulation which is the bare minimum needed to provide adequate consumer protection and to update the Investment Company Act to the needs of today's economy.

Mr. President, I wish to add just a thought or two to my prepared remarks.

One is that, as I said in the beginning, this legislation was proposed to us by the Securities and Exchange Commission as a result of a long, drawn-out study, and a voluminous report which was made nearly 2 years ago. The committee has spent considerable time on this legislation, and the bill that we are presenting to the Senate is not the same bill as the SEC proposed. It is a bill that has been worked out in committee, and, which has also been worked out to a large degree with the securities industry. In this connection, I wish to express my appreciation to the Senator from Utah [Mr. BENNETT], the ranking minority member of the committee. He worked hard on this proposal. He and I together—and we were sustained by other members of the committee—insisted from time to time, and postponed consideration of the bill from time to time, in an effort to push together the industry and the Securities and Exchange Commission.

A large part of this pending bill was agreed to between the industry and the Securities and Exchange Commission. Neither side liked some of the features in the bill. However, the bill does represent a compromise and I think it is the best and most equitable compromise we could work out concerning this complex and complicated problem.

I certainly hope the Senate will pass the bill as it was reported from the Committee on Banking and Currency.

Mr. MOSS. Mr. President, I take this occasion to commend the SEC for its consumer-protection efforts which have restored and maintained confidence in this Nation's securities markets. Now, more than ever before, this Congress has recognized the needs of consumers in our complex, industrial society. Few of us may realize, however, that since Congress created the SEC in 1934, that agency has been a pioneer in developing protections for investors who are the consumers of the securities markets. The SEC has contributed much to build investor confidence and maintain that confidence in the Nation's securities markets which is the keystone of our private enterprise.

Under the SEC's administration of the Federal securities laws, public participation in securities markets has seen unparalleled growth and the securities industry has enjoyed unparalleled prosperity. When the Commission was created in 1934 public confidence in the securities markets was at rock bottom. Since that time the Nation's securities markets have grown at a rate even faster than our economy. More and more Americans are realizing that securities investments merit their confidence, and they have responded by investing their savings in corporate securities.

No part of the securities industry has grown faster and realized the benefits of Commission regulation more than the mutual fund industry. In 1940 when the Investment Company Act was passed by this Congress and the Commission assumed regulatory jurisdiction over the mutual fund industry, the industry was plagued with pervasive abuses and a serious loss of public confidence. Since that time these abuses have been eliminated and public confidence in mutual funds is at an all-time high. The industry has grown over 100 times since 1940 and its growth continues at an accelerating pace. Over 4 million Americans own mutual fund shares and the numbers are increasing daily.

In view of this record of public confidence and industry prosperity under the SEC's regulation, I am disappointed to learn how many people have forgotten the lessons of history—that public confidence is essential to the continued health of the securities markets and the industry and that public confidence can only be maintained by an adequate system of Government regulation.

The SEC's administration of the Federal securities laws has been notable not merely because it has administered those laws with a vigorous concern for the interests of investors and consumers. It also is notable because this agency has established a tradition of continuing reexamination of its regulations and the legislative basis for these regulations. When the SEC has found that its regulation has not kept pace with the dynamic growth and change it has not hesitated to ask Congress for appropriate legislation.

The bill before you today arises from this tradition. It has been the result of many years of intensive study of the mutual fund industry and the adequacy of present protections for mutual fund investors. The bill recognizes that the solutions for the infant investment company of 1940 are no longer adequate for the $45 billion industry of today.

In my opinion passage of this bill is essential if the confidence of over 4 million mutual fund investors is to be maintained. The opposition to the bill today recalls the opposition to the original securities law in the 1930's. The opponents then said if these laws are passed, "grass will grow on Wall Street." History has proven how wrong they were then, and the lessons of history teach us how wrong they are now.

I find particularly disappointing the opposition to the provisions of the bill dealing with the front-end load on so-called contractual plans. These plans offer small investors the opportunity to buy mutual fund shares on an installment basis over a period of 10 to 15 years. The industry recognizes that they are essentially long-term investment plans and not for those who cannot or are unwilling to invest their savings periodically for many years.

I fully recognize that the contractual plan is a useful means for attracting the savings of small investors into the Nation's equity security markets. But under the present law, up to 50 percent of each of the first 12 payments can be deducted for sales loads. The salesmen thus obtain most of their commissions from the first 12 payments and very little commissions from the remaining payments. The result is that the salesmen have great incentives to urge investors to make the first 12 payments under their plans. But they have little incentive to encourage investors to develop a habit of investing periodically in mutual fund shares on a long-term investment program.

This bill does not outlaw contractual plans or the front-end load. Nor does it reduce the total amount of the commissions that can be deducted over the first 4 years of the plan. It only requires that the front-end load deductions be spread more evenly over the first 4 years of scheduled payments. During these 4 years the sales deductions from any single payment can be as high as 20 percent and can average as much as 16 percent. Instead of providing the salesman with virtually all his compensation from the first 12 payments, it will provide him with a high level of sales compensation for the first 4 years of payments. It will give him a greater incentive to encourage investors to continue their payments under their plans. I might mention that one of the largest distributors of mutual fund shares in the country has for several years been successfully selling contractual plans which meet the tests laid down in this provision of the bill.

In my opinion this provision is a minimum measure to maintain the confidence of millions of mutual fund shareholders who are attempting to provide for their retirement and their children's education by investing small amounts each month in contractual plans. Many of these investors are persons of very modest means who never before have invested in securities or in mutual fund shares. The industry's own statistics show that under the present front-end load system a majority of these investors never complete their plans as scheduled and a high proportion of them fail to make payments on their plan beyond the first 12 payments. Even in these days of rising securities markets, many of these investors suffer a loss on their contractual plan investment, and many of them are sadly disillusioned by their first experience with investing in securities and mutual funds.

I strongly urge you to support this bill's provisions relating to the front-end load. The amendment offered by the opposition is little more than a charity plan which would permit investors to obtain a refund of their front-end load if they are hospitalized or draw unemployment compensation during the first year of their plan. This proposal would not reach the great numbers of people who are unable or unwilling to continue investing in a plan for many other reasons. Furthermore, the millions of thrifty Americans who invest in contractual plans do not want or need charity; they need adequate protection from the distortion of economic incentives inherent in the existing front-end load system.

Mr. McINTYRE. Mr. President, I thank the distinguished Senator from Utah. I believe at one time he was an attorney

with the Securities and Exchange Commission.

Mr. MOSS. The Senator is correct. I worked for approximately a year with the SEC, soon after I was admitted to the bar. I worked in the legal section.

Mr. McINTYRE. Mr. President, I find myself in agreement with the Senator from Utah's analysis of this bill, as the remarks I am about to deliver will indicate.

The Senator from Utah is undoubtedly aware that in 1940, when the Investment Company Act was passed together with the Investment Advisors Act, the specific provisions in the law at that time pointed out that the SEC should, in the following years—because the industry was a mere infant at the time—keep a sharp eye on it. It was as a result of this that the SEC in 1958, I believe, commissioned the Wharton School of Finance and Commerce at the University of Pennsylvania to make a thorough analysis of what was developing in an industry that had grown from something like $400 million in 1940 to an industry today that has $45 billion worth of assets.

Mr. MOSS. Mr. President, I am happy that the Senator has recalled that.

One of the great phenomenons in our time is the development of the mutual fund. As the Senator has pointed out, it has grown to almost unbelievable size in economic value. In view of the changing times, in view of the growth of this fund, and in view of the fact that we started off sort of feeling our way, in the first place, it certainly is time that Congress took another look and tried to refine and perfect the law. As I indicated in my remarks, I believe this bill will do that admirably, and it will be a great step forward to maintain the confidence in the mutual funds and in the securities market in general.

Mr. McINTYRE. I thank the Senator from Utah for his remarks. I assure him that the Committee on Banking and Currency, both the majority and minority members, have wrestled with this problem for a long time. It has been a very difficult bill, with a great deal of pressure for inaction.

As I shall indicate later, I am not completely happy with the bill, but I believe it represents a viable compromise. It will result, as the Senator has indicated, in keeping a watchful eye on the very important and very successful mutual fund industry.

Mr. MOSS. I thank the Senator. I compliment him and the members of the committee for working out this very difficult problem.

Mr. McINTYRE. Mr. President, I should like to begin by congratulating the distinguished chairman of the Banking and Currency Committee, and indeed, the committee itself, for reporting the bill which is now before the Senate. My colleagues should know that the proposed legislation has been opposed by a vigorous, well-financed lobbying effort. But the committee, under the courageous leadership of the Senator from Alabama, has not permitted itself to be intimidated and has pressed forward to bring this bill to the Senate.

I wish I could find it possible in my opening remarks to say the same words of tribute about the Securities and Exchange Commission. While it is true that the Commission, under the brilliant leadership of its Chairman, deserves much credit for originating the bill we consider today, it is equally true that this measure reflects a considerable surrender of the Commission's original position. It is regrettable that the bill which finally received SEC approval, while a definite improvement in the protections offered investors, is in many respects a bare and watered-down version of an ideal regulatory instrument for mutual funds.

I must confess that I am rather surprised not merely by the degree of opposition which still exists to this bill, but by the fact that there is any opposition at all.

Based on the evidence introduced at the hearings conducted by our committee, I would have thought that the only complaint which Senators could raise would be that the bill is inadequate to deal fully with the extremely serious defects in the structure of the mutual fund industry which were disclosed to us.

MANAGEMENT FEES AS PRODUCTS OF CONFLICTS OF INTEREST

I invite the Senate's attention to the subject of management fees.

The committee decided that present laws do not provide investors adequate protection from excessive management fees. It is my belief that what we have recommended, while it will prove to be effective in controlling the faults found to exist, does not go far enough in controlling the cause of excessive fees—the built-in conflicts of interest which give rise to the excessiveness.

Let me explain to the Senate what is involved here.

Mutual funds are financed by shareholders who entrust their money to individuals who serve as officers of their funds with the expectation that the funds will be invested with better results than could be attained if the fund's shareholders did it themselves. The shareholders pay an annual fee—deducted from that equity in the fund—called a management fee, as compensation for the investment advice, research, and other services rendered.

One might expect that the officers of the fund would take the management fee and provide advice in return. Nothing could be further from the truth, for the majority of American mutual funds.

What generally happens is that the officers of the fund, as such, have absolutely nothing at all to do with making the investment decisions for their fund. The normal practice is for the officers to find a professional organization, known as an investment adviser, which enters into a contract with the fund to provide investment advice. The management fee is negotiated between officers of the fund and officers of the investment adviser, and then paid to the adviser as compensation for its advice.

The investment adviser, in turn, typically supplements its own research capabilities by drawing on the research departments of securities brokers who receive commission income from executing sales of securities on behalf of the fund.

The extent of the investment service received from the broker is also a matter of negotiation between the brokerage firm and the investment adviser.

The expense of the commissions, of course, is borne by the fund shareholders.

This all may seem straightforward enough. It may be a bit surprising that the officers of a mutual fund do not really provide any management of their fund, but turn it over to an outside firm. This is, I believe, unique in American industry.

Still, the pattern of negotiation, with the fund officers bargaining in good faith on behalf of their shareholders, would seem to provide adequate protection for the shareholder's interests. That is, it would seem to provide such protection if we did not look carefully at the identities of the men doing the bargaining.

Take, for example, one of the largest mutual funds in the world, the Dreyfus Fund, with assets of some 2 billions of dollars.

Each 2 years, the president of the Dreyfus Fund, a Mr. Howard Stein, sits down at a table to negotiate the amount of the management fee which his shareholders will pay to the fund's investment adviser, the Dreyfus Corp. Beside Mr. Stein will probably be seated Mr. Robert Price, the vice president of the fund. There to give advice will probably be other fund officers, such as the fund's controller, Mr. Julian Smerling, and the secretary of the fund, Mr. Lewis Kaplan.

These gentlemen were the principal officers of the fund at the time of the most recent proxy statement, issued in connection with the annual meeting held last April 9.

On the other side of the table, bargaining for all they are worth, will be the officers of the Dreyfus Corp.—the president, executive vice president, controller, and secretary.

Let us see who these gentlemen are.

The president of the Dreyfus Corp. is a Mr. Howard Stein. The executive vice president is Mr. Robert Price. The controller is Mr. Julian Smerling. The secretary is Mr. Lewis Kaplan.

In short, these gentlemen are in the happy position of negotiating with themselves for their own compensation, to be paid, of course, by the shareholders of the fund.

I might point out that the salaries received by these gentlemen for their services to the fund are paid to them by the corporation. Yet they are expected to give their primary attention to protecting the interests of the fund.

This is the situation which gives rise to what the committee refers to in its report as "conflicts of interest." This is also the situation which has resulted in shareholders of the Dreyfus Fund paying perhaps the most unreasonable management fees in the entire industry.

What makes a management fee unreasonable, Mr. President?

Surely it cannot be size alone. The five managers of one fund, the Massachusetts Investors Trust, each take home approximately a half a million dollars every year. And yet, the committee has been informed that, as far as large funds go, the management fee rates paid by shareholders of the Massachusetts Investors Trust are by far the very lowest rates which exist in the industry.

If the MIT rates are low, how do the managers of other mutual funds fare?

The committee was informed that, in 1965, the funds managed by Investors Diversified Services paid advisory fees of more than $19.1 million, United Funds more than $7.3 million, Insurance Securities Trust Fund more than $6 million, and so on.

In all, there were 34 funds which paid fees of more than $1 million that year. And fees have increased since that time as the funds have grown in size.

In the case of the funds just mentioned, unlike Massachusetts Investors Trust, the committee was unable to determine what individuals received as compensation, because the managers had formed themselves into separate corporations to provide their serivces to the fund. In many cases, the managers then capitalized their future advisory fees by selling shares in the management firm to the public. In the case of Dreyfus Fund for example, the managers received more than $41 million—all taxable as a capital gain—and they continue to receive their fees or salaries as officers of the management company.

Ambrose Bierce once defined a corporation as an instrument for obtaining individual profit without individual responsibility. I feel that this description is far too harsh to apply to corporations indiscriminately, but it certainly fills the bill when applied to mutual funds. Through the device of the separately incorporated management company, fund managers truly obtain lucrative individual incomes while totally avoiding any individual responsibility.

But, Mr. President, as I said before, the fact that the fund managers are getting very rich at the expense of their shareholders does not mean by itself that their fees are unreasonable. The fact that the fees are determined by negotiations fraught with built-in conflicts of interest does not mean per se that the fees are unreasonable.

The committee did have before it an exceptionally persuasive document which dealt with the extent of the unreasonableness of many present management fees. I refer to the report of the SEC on the "Public Policy Implications of Investment Company Growth," printed as House Report 2337 of the 89th Congress.

One of the most revealing items in the SEC report was the comparison of the typical industry charge of one-half of 1 percent with the fees charged by what I can best describe as "sophisticated mutual funds."

At the time the report was prepared, there were five mutual funds which had been formed to provide centrally managed investments for financial institutions. That is, the only shareholders of the funds concerned were themselves financial institutions, principally savings banks. These five funds, with assets ranging from $128.8 million to $21 million, were charged management fees ranging from a high of 0.18 percent of net assets to a low of 0.04 percent. This compares, of course, with the 0.50 percent typically charged ordinary mutual funds of comparable size.

Even more revealing, and particularly indicative of the conflict of interest problem, is the report's treatment of the fees charged clients other than mutual funds by advisory organizations which also had mutual fund clients.

I would like to quote from the report:

> One investment advisor whose operations were examined by the staff charged fees to a mutual fund under its management that were more than double the fees that would be charged under its advisory fee schedule for "full normal services" to nonfund clients.

I would point out that, typically, the services involved appear to be more complex and demanding for nonfund clients than for funds. Nevertheless, the funds pay more. I would suggest that this result is inevitable when good faith bargaining does not exist, as it cannot exist when the fund and the adviser are represented by the same people.

Thus, looking at the fees charged by advisers for similar services to other clients, it would appear to me that many fund management fees are indeed unreasonable.

There is yet another way of looking at the reasonableness of management fees. The test is whether the management made an effort to pass along to its shareholders the benefits realized from economies of size. A number of studies, particularly the study of mutual funds conducted by the Wharton School of Finance and Commerce in 1962, have adequately demonstrated that substantial economies of size exist in the mutual fund business. This simply means that expenses do not increase as quickly as assets managed, and this conclusion is generally agreed to by the industry.

Nevertheless, the industry has generally been unwilling to share these economies with its own shareholders. The Dreyfus Fund, which in some ways mirrors the basic faults of the entire industry, is a good case in point. From the year 1961 through the first 9 months of 1965, the net assets of the Dreyfus Fund increased from $171 million to $1.1 billion. Advisory fees increased from $1.2 million to $3.4 million, an increase of approximately $2.2 million. Operating expenses, however, increased from $469,000 to $846,000, an increase of $377,000. Dreyfus Corp., however, refused to pass on the increased efficiencies to its shareholders, and has persisted in holding on to these excess profits to the present time.

Another test of reasonableness might well be the value of the services performed. During the hearings, I conducted an experiment with a dart board and a list of stocks. I discovered that by selecting a portfolio of stocks with a dart I was able to outperform, on paper, most of the mutual funds whose managers appeared before us. And the total cost of my "management service" amortized over a 10-year period amounted to only 29½ cents per year.

Does this mean that the real value of most mutual fund management firms is less than 29 cents per year? I would not want to say so, but the acid test of a free market would seem to bear this hypothesis out.

There are a number of closed-end mutual funds in existence, which are not supported by substantial sales efforts. By and large, these mutual funds, which are traded daily in the securities markets, sell at substantial discounts from their net asset value. This, I believe, strongly indicates that sophisticated investors tend to place a negative value on management service.

I would not want to carry this line of thought too far. Still, on the assumption that professional management does have some value, that value should be related to the expenses incurred, to charges for similar services to other investors who in fact do negotiate their fees, and to similar reasonable standards.

In view of this background, I would have assumed that the SEC would recommend a basic restructuring of the industry to eliminate the built-in conflicts of interest. Instead they came in with a mild proposal for court review of the reasonableness of fees, which our committee has surrounded with numerous safeguards and limitations.

DISTINCTION BETWEEN SALES LOAD AND SALES COMMISSION

Mr. President, I have noticed some confusion among my colleagues regarding the proper usage of the words "sales load" and "sales commission." The confusion is understandable, and it results from another of the unique aspects of the mutual fund business.

Throughout the rest of the securities business, a sales commission is an amount computed by finding a percentage of the amount to be spent on the underlying security. Thus, if a customer purchases $1,000 worth of securities in which a 1-percent commission is to be imposed, he will pay an additional $10 in commission and his total cost will be the amount of the commission added to the amount of the value of the securities; that is, $1,010.

In the mutual fund business, which uses a sales load, the percentage of the load is applied to the entire cost to be charged, not just to the value of the securities purchased. Thus, if $1,000 worth of fund shares are to be purchased, and a 1-percent load is to be charged, the customer will pay out a total of $1,011.11. The 1-percent load results in a higher cost to the consumer than a 1-percent commission.

Of course, these figures are unusual in one sense. It is true that a 1-percent commission is not at all unusual in the remainder of the securities business, for small purchases. In the mutual fund business, the typical load on a purchase of $1,000 is generally 8.5 percent. Senators will note that an 8.5-percent load is approximately equal to a 9.3-percent commission.

FEDERAL LAW WILL CONTINUE TO PROHIBIT FREE COMPETITION IN SALES LOADS

Section 22(d) of the Investment Company Act of 1940 makes it a Federal crime for a salesman of mutual funds to offer a lower price to his customers than that offered by competing salesmen selling the same fund. The testimony before our committee clearly demonstrated that, because of these anticompetitive restrictions, sales loads have been maintained at levels completely out of line in any other part of the securities business.

The SEC had recommended to us that we adopt a flat 5-percent maximum ceiling. In fact, we initially voted to elimi-

nate the anticompetitive provisions of the present law, but were beseiged by industry representatives who told us that the mutual fund business could not hope to survive in a competitive framework. Since they had initially been granted this protection from the antitrust laws in 1949, they told us, their entire industry was no longer capable of adapting to a free market in commissions.

I personally did not find these arguments very persuasive.

However, the committee then voted, over my objection, to reinstate the anticompetition law, and to refer the entire question of sales loads to the National Association of Securities Dealers. I have some doubts about the wisdom of this course, but the reluctance of the SEC to press vigorously for free competition in this area has made it necessary for us to go along. I hope that the SEC will show considerably more enthusiasm in asserting its responsibilities of oversight over the NASD with respect to sales loads.

In this connection, I might mention that one of the provisions of this bill which the mutual fund industry most vigorously opposes is the provision making it clear that banks are entitled to offer their customers interests in commingled managing agency accounts, which are investment vehicles comparable to mutual funds.

While some of the industry arguments were based upon a misreading of the Glass-Steagall Act, the real reason for the opposition is that banks, which will be required to make these investment opportunities available without any sales commission at all, are the most serious threat to the continuation of the rigid, high price structure of the mutual fund industry.

These provisions were supported by all of the witnesses charged with representing the public interest, the SEC itself, the Federal Reserve, and the Treasury Department. Their enactment, supported overwhelmingly by your Committee on Banking and Currency will, for the first time, provide effective competition directed toward pushing down the heavy costs borne by mutual fund shareholders for purchasing their shares.

Parenthetically, I would like to observe yet another benefit to the public following the adoption of the banking amendments. In all probability, many of the banks offering these services are those with offices abroad. It is not inconceivable that the sale of participations in managing agency accounts overseas could eventually result in a flow of funds which would favorably affect the U.S. balance of payments by as much as a billion dollars each year. This, of course, is considerably more than many of the other balance-of-payments measures which have been proposed could reasonably bring, such as the harassment of American tourists through new taxes on travel.

FRONT-END LOADS WILL CONTINUE TO BE TOLERATED IN FEDERAL LAW

The third major item in the bill reported out of the committee deals with the so-called front-end load on periodic payment plans. The SEC found this particular operation so outrageous that they recommended its abolition.

The words "front-end load" were used to describe a system of extraction under which customers—typically with low incomes and little understanding of securities—are induced to pay as much as $52 in commission, fees, and charges for the privilege of purchasing $48 worth of mutual fund shares.

The viciousness of this particular practice stems from the fact that, in almost each and every case, the same $100 outlay could be used to purchase a minimum of $91.50 worth of shares, but the hapless customer is practically never told of this possibility.

The word "contractual," which is sometimes added to descriptions of front-end load plans, implies that the customer is under some sort of obligation to continue purchasing fund shares. This implication is completely false, for the only contractual obligations incurred under a "contractual plan" are incurred by the seller. His obligation generally consists of a promise to continue to accept the customer's money in the future according to the schedule set out in the prospectus. I have actually heard an industry spokesman refer to this contractual liability as a generous offering to the customer.

The committee report deals adequately with the problems posed by the front-end load, so I feel no obligation to discuss it at length. There are, however, two points which I feel must be emphasized.

The first is that this area of legislation is one in which the States have taken a considerably more advanced and enlightened position than the Federal Government. Four States—California, Illinois, Ohio, and Wisconsin—have effectively outlawed the typical front-end load plan. I believe that the Congress should follow the lead of these States and act to protect the other investors of America from what is so clearly an inferior investment that it has been banned as contrary to the public interest by some States.

The second is that the basic argument advanced by the front-end load industry for permitting its continuance is based upon a phony premise. I would point out in passing that no one has ever seriously defended the front-end load plan as a good investment. The only serious argument advanced from the investors' point of view is that the penalties provided in the plan will impose a sort of discipline for making periodic payments.

In fact, the only discipline which I can see resulting from the front-end load stems from the incentive offered salesmen to get people signed up and to make as large a downpayment as possible. Salesmen have no substantial incentive in getting investors to continue their plans beyond the first year or two.

The figures in the SEC report showed that, for Hamilton Management Corp., one of the large sellers of front-end load plans, only 22 percent of the people who had opened plans in the year 1951 had completed them by October 31, 1963. More than 20 percent of them had paid less than 3 years' installments. In none of the situations studied by the SEC had as many as half of the investors completed payments on their plans over their stated life.

Let me repeat that statement, Mr. President.

In none, absolutely none, of the situations studied by the SEC had even one-half of the investors concerned completed their plans within the stated life of the plans. And yet this industry claims as its main justification that it uniquely provides a discipline to investors to complete their plans. It is no wonder that the committee was not convinced.

The industry, however, seems to have recognized the weakness of its own position. Its principal lobbyist, when informed of the committee's action in reducing the front-end load, promised the Wall Street Journal that the industry "would do whatever is necessary" to force Congress to ignore the recommendations of the Banking and Currency Committee. I am not aware of what is "necessary" to convince the Congress to overlook reason and logic, but I sincerely hope it has not, and cannot, be done.

The committee has already gone out of its way to strike a compromise on this issue. Although no clear or convincing reasons were given us for permitting this industry to continue to absorb the savings of millions of Americans, we have permitted the front-end load to continue. Furthermore, we have permitted it to continue at a level more than adequate to finance sales forces. Still, it will provide a measure of added protection to investors.

Mr. President, it is getting rather late in the session, and so I have decided to go along with the provisions regarding contractual plans recommended by the committee. If it should happen that this legislation is not enacted into law during the present year, and that it comes before us next year, I would like to go on record as stating that I intend to do everything possible to convince the Congress of the desirability of completely eliminating contractual plans with front-end loads from the American financial scene.

If the bill before us should be enacted into law this year, I will probably have to resign myself to waiting for another 28 years before the Congress again considers mutual fund legislation.

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

Mr. McINTYRE. I am happy to yield to the chairman of the committee.

Mr. SPARKMAN. I was interested in hearing that last statement by the distinguished Senator from New Hampshire, who was of great assistance in committee in preparing this legislation for the Senate floor. I believe so strongly in this legislation that, if it does not become law this year, it will be my intention, upon the reconvening of the Congress in January, to introduce a bill that will be exactly the same as this bill.

Mr. McINTYRE. This may very well give me the opportunity—unless the House shows some alacrity—to try to amend the bill at that time to eliminate what I consider to be a type of inferior investment that four States have already restricted. As we recall the testimony in California, the front-end loads were eliminated by law. Yet no State exceeded California in the sale of mutual fund shares in this country. So the mere fact

that front-end loads were eliminated by the California law did not hurt or injure the rest of the mutual fund industry.

Mr. SPARKMAN. I believe the facts and figures before us showed that some of the most successful mutual funds are those which charge no loads at all. I believe some have no sales forces and are sold out of banks. We are specifically providing that the banks shall not charge any sales fees.

Mr. McINTYRE. I was happy to note in the opening statement of the Senator from Alabama on this bill that he referred to the banks and the fact that they will be prohibited from charging any sale commission or load charges. As I have said in my statement here, the important thing is that the banks coming into the picture will lend a happy competitive factor, which, in my opinion, and that of the committee, in the long run will insure that the fellow we are primarily interested in, who is the shareholder, will be getting a better break. The committee report indicates it was the general feeling that there was no finding by us that all fees were excessive; only that there was a desire to set a gage as to whether the fees charged are reasonable.

With that, Mr. President, I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 899

Mr. BENNETT. Mr. President, I send to the desk an amendment and ask that it be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MAGNUSON. Mr. President, mutual fund reform is an important item in the President's program for protection of investors. In his consumer protection message of February 16, 1967, the President referred to the SEC's report on the "Public Policy Implications of Investment Company Growth," which he described as "a thoughtful and exhaustive analysis." He noted that the Commission's studies had raised serious questions as to whether mutual fund investors were receiving their fair share of the great economies of size resulting from the growth of the funds and as to whether the sales charges that these investors pay are "unnecessarily high."

The President concluded:

> The Commission's study concludes that mutual fund shareholders need additional safeguards . . . and that protections under present law should be extended.
>
> I urge the Congress to give careful consideration to the Report and recommendations of the Securities and Exchange Commission. In my judgment, they provide a sound basis for measures which will be beneficial to the investing public and promote the health and stability of the industry itself.

The bill before us today is not as strong as the SEC's original proposals, which the President commended. Nevertheless, this is a most significant measure.

There may once have been a time when legislation about securities, investments, investment companies, and kindred matters could be viewed as being of direct concern only to an affluent minority of Americans. Today, when 24 million Americans have invested in corporate stocks, questions relating to the securities markets and to the protection of investors are of broad public concern. In contemporary America, investors are an important and growing class of consumers.

S. 3724 deals with investment companies. And the investment company, especially the type of investment company called a mutual fund, has become a significant means for pooling the savings of large numbers of people—most of them of modest means—for the purpose of security investment.

More than 4 million Americans have now committed their savings to these institutions. We in the Congress have a responsibility to see to it that these investors are dealt with fairly. Indeed, our predecessors of a generation ago recognized that responsibility and sought to discharge it by the Investment Company Act of 1940.

The draftsmen of that statute tried to protect investors in a variety of ways. Among the most important of those ways was their decision to require that investment company boards include a specified percentage of directors "unaffiliated" with the management group. The idea of "unaffiliated" directors to represent the shareholders in their dealings with the fund managers and promoters was a bold new concept in consumer protection.

A generation of experience under the act has shown that the promise of this reform has not been borne out in practice.

In practice, the unaffiliated directors are almost always chosen by the managers with whom they are supposed to bargain. This bargaining position is further weakened by the peculiar external management structure of the funds where the actual management of the typical fund is contracted out to a separate investment advisory company which is almost always controlled by the very same people who founded and who continue to dominate the board of directors of the fund.

The 1940 act did not lay down an explicit standard for gaging the propriety of the manager's compensation. It would have been simple enough to say that such compensation must be reasonable. But this was not done. And the data assembled in the Commission's report on "Public Policy Implications of Investment Company Growth" and in the Wharton School's "Study of Mutual Funds" show that mutual fund investors have paid, and are paying, a heavy price for this omission. This bill tries to correct that omission in a very modest way. It simply states that the adviser's fees must be reasonable and that those fees are subject to impartial judicial review. The industry argues, however, that this small step is too much, and that we should continue to rely on the unaffiliated directors to control management fees. But these gentlemen have indicated their inadequacy for the task, both by their performance—or lack of it—over the years, and by their own testimony in the hearings on the bill. I do not believe we can permit this unsatisfactory situation to continue.

Turning to sales charges, we find that under existing law, mutual fund sales charges are totally insulated from price competition. In fact, under the Investment Company Act it is a Federal crime for a dealer to cut the sales load on a mutual fund share. The result has been that mutual fund sales charges have soared to levels completely out of line with those that prevail elsewhere in the securities business.

This bill will do a little—in my judgment, much too little—to see to it that the Government's extensive interference with the normal forces of competition on behalf of the seller is balanced by at least some concern for the welfare of the buyers. This bill will apply to mutual fund sales loads, the concept of self-regulation that governs other parts of the securities business. The industry itself will make rules to protect its customers against unreasonable sales charges. But the SEC will have a watchdog function, and I trust that it will be vigilant in exercising that function.

One significant and extremely acute aspect of the sales-load problem calls for a remedy more fundamental than mere self-regulation.

This is the front-end load, the almost unbelievably heavy sales charge paid by many of the smallest and least sophisticated investors. These people are persuaded to sign up for plans under which they will invest $10 or $25 or $50 a month in fund shares for a period of 10 to 15 years. The sales load on the entire plan is limited by law to 9 percent, but the law permits the deduction of up to one-half of each of the first 12 monthly payments for sales load.

It is true that the buyer who makes all his payments on schedule winds up paying an aggregate sales charge not much higher than that paid by other mutual fund investors.

But few front-end load buyers make all of their payments on schedule. Lots of them never get beyond the first 12 payments. They find themselves in a position where they cannot possibly come out even, let alone realize any return on their investment, unless the stock market doubles.

I agree with the SEC that the law should not continue to sanction sales charges of this magnitude. I also agree with the Commission that the thing to do about the front-end load is to abolish it.

But this bill does not do that. It merely spreads the burden of this type of sales charge over a longer period. Under present law the selling organization can take a half of the investor's early payments. Under the bill, it will be unable to take more than 20 percent of any one payment, or an average of 16 percent of the first 48 monthly payments. This is ample—in my view, more than ample—

incentive for selling effort. The present system subsidizes and fosters indiscriminate, high-pressure selling that disregards the long-range interests of the investor or his ability to complete a plan.

In summary, while this bill falls short of providing what I would consider a fully adequate level of protection for mutual fund investors, it would be a considerable improvement over the present situation.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President.

S. 1941. An act to prevent, abate, and control air pollution in the District of Columbia, and for other purposes;

S. 2908. An act to authorize the Secretary of the Army to quitclaim certain real property in Muscogee County, Ga.; and

S. 3495. An act to authorize the Secretary of the Army to modify certain use restrictions on a tract of land in the State of Iowa in order that such land may be used as a site for the construction of buildings or other improvements for the Iowa Law Enforcement Academy.

OPERATION OF HEW GUIDELINES IN COLUMBIA, S.C.

Mr. THURMOND. Mr. President, I wish to call to the attention of the Senate the incredible havoc which the policies of the Department of Health, Education, and Welfare have created. In order to illustrate the high-handed and dictatorial methods pursued by HEW and to illustrate the tragic results of these policies, I should like to relate to the Senate the facts concerning the very serious problems in Columbia, S.C.

Over a year ago, representatives of Health, Education, and Welfare traveled to Columbia to survey the school system in that city. The schools in Columbia had been operating under freedom-of-choice plans in which parents of schoolchildren could decide which school they wished their children to attend, regardless of race. The representatives of Health, Education, and Welfare decided that the pace of integration was not rapid enough under this plan and this summer met with the Columbia School Board No. 1 for the purpose of setting down guidelines to be followed by the local school boards. The members of the board were able to get a few concessions from HEW, primarily, postponement of school district rezoning for junior high and high schools until 1969. However, HEW insisted that the freedom-of-choice plan be completely eliminated for elementary schools.

This involved the "pairing" of four elementary schools by combining the first through third grades in two of the schools and the fourth through the sixth grades in the other two.

Last night, the Columbia School Board No. 1 held a hearing at which parents affected were allowed to present their views. About 500 parents attended the hearing, which was described by the news media as stormy. The parents were indignant and were shocked to discover that they were unable to decide which school their young children should attend. They were told, in effect, that the decisions as to where their child should go to school were being made by the officials of Health, Education, and Welfare in Washington.

As a result of these guidelines, parents who have purchased homes in order to be near an elementary school, perhaps even next door to a school, have discovered that their children will be forced, in many instances, to walk long distances to other schools. First-graders will be walking 1½ miles; if the distance is longer than 1½ miles, they will be bused. In some instances, they will be bused as much as 8 miles in order to achieve the "racial balance" required by Health, Education, and Welfare.

Parents who were pleased that their young children could attend an elementary school in their neighborhood are discovering they will not only have to walk long distances, but in many cases cross main highways and railroad tracks to reach other schools in strange neighborhoods. Parents have discovered that young brothers and sisters who were able to attend the same school near their home will now be separated with the first- through third-graders attending one school and the fourth through sixth grades attending another.

Mr. President, it is incredible that we have reached a situation where local school boards cannot even determine that young children may attend a school near their home. It is further disturbing because Congress has made clear its intent that Federal funds not be used for busing to achieve racial balance. Yet, through arrogant assumption of power the bureaucrats of Health, Education, and Welfare have ignored the wishes of Congress and proceeded to require all manner of rezoning and busing by local authorities. I believe the Senate should be aware of the activities of this agency in order that something be done to prevent the complete takeover of local schools by the Federal bureaucracy. It has become increasingly clear that HEW is not inclined to be sympathetic to the problems of local officials in these matters. I have often suggested to citizens in my State that consideration be given to taking these matters into the courts. While there may be little hope of success in the courts, there is certainly no hope of relief from HEW.

Mr. President, I hope that when the appropriations bill for HEW comes before the Senate, that this body will exercise its wisdom by including the provision prohibiting use of Federal funds to force busing to achieve racial balance. This provision was passed by the House and was reported out of the Appropriations Subcommittee this week. In this way we can serve notice on HEW that Congress will not tolerate such high-handed interference in local school matters.

I also call to the attention of my colleagues two bills which I introduced earlier which deal with the authority of HEW in its role of enforcing the Federal laws on desegregation. S. 3569 and S. 3570 would amend the Civil Rights Act of 1964 and the Elementary and Secondary Education Act of 1965 in a way to make it absolutely clear to everyone that Congress is not only opposed to discrimination, but is also opposed to forced integration. These two measures have been appropriately referred to Senate committees, and I am hopeful that hearings can be held and these bills will be reported for consideration by the full Senate.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

(At this point, Mr. BYRD of West Virginia took the chair as Presiding Officer.)

WHAT HAPPENED TO THE GREEK ARMY

Mr. CLARK. Mr. President, I have just received a copy of an interesting article published in the Hellenic Review for June 1968. This review is published by Eloni Vlachon in London. She is a well-known journalist, and a conservative journalist at that, who left Athens some time ago because her right of freedom of the press had been impinged and, in fact, destroyed by the current Greek junta.

The article is entitled "What Happened to the Greek Army." It shows the name, date of birth, the branch of service, and the date of compulsory retirement of a large number of officers in the Greek Army, running from the rank of lieutenant general down to the rank of first lieutenant.

It shows very clearly the purge that has taken place to entirely revise the officer corps in the Greek Army in order to eliminate officers who had some interest in Greek democracy and to replace them with stooges of the junta who are determined on maintaining the Fascist control of that country which the former colonels exercise.

Mr. President, I ask unanimous consent that a copy of the article to which I have referred be printed at this point in the RECORD.

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

WHAT HAPPENED TO THE GREEK ARMY?

We publish here a full list of the Greek Army officers who have been placed on enforced retirement—effectively dismissed—since the April 1967 coup. The list, published for the first time, is impressive for sheer numbers, and also for the threat which is

plainly implied for the organisation and efficiency of the Greek Army in the concentrated purge of so many experienced and talented Army leaders.

The damage thus inflicted on the quality of the Greek Army as a whole can be understood if, from the blank mass of names and ranks, we single out just a few of the officers whose outstanding qualities of skill and leadership will not easily be replaced: Lieutenant-General D. Arbouzis. Trained in Greece and in the Military Academy of the U.S.A. Fought in the Albanian campaign, at Rimini, and in the civil war against the communists in 1947. As First Commandant of the Greek Battalion in Korea, he was cited by the Americans as an officer with exemplary powers of leadership. Major-General A. Zalachoris. Trained in Greece and at the NATO Academy. Fought in the Albanian campaign, the Middle East, and the civil war. Deputy Commandant of the Greek Battalion in Korea. Brigadier E. Zacharakis. Trained in military academies of Greece, America and Germany. Served in the Albanian campaign, the Middle East (in the Sacred Regiment) and the civil war, when he received promotion for valour. Brigadier D. Zafiropoulos. Fought in the Albanian campaign and the Middle East (in the Sacred Regiment). One of the founders during the civil war of the Mountain Corps, in which he was wounded several times and of which he was Commander when arrested on 21 April 1967. Colonel P. Papathanassiou. Trained in academies of Greece and the U.S. Fought in the Albanian campaign and the Middle East (Sacred Regiment). Promoted for valour in the civil war Mountain Corps, of which he was a founder-member. Lieutenant-Colonel A. Drossovannis. Trained in Greece and America. Fought in the Middle East, the civil, war, the Sacred Regiment and the Mountain Corps. Major-General A. Demoulitsas. An officer of outstanding ability and record in every sphere. Generally believed before the coup to be a future Chief of General Staff.

The following list gives (a) Name, (b) Date of Birth, (c) Branch of Service, and (d) Date of compulsory retirement.

LIEUTENANT GENERAL

1. Marandos, B., 1910, Artil., 23.4.67.
2. Katsadimas, J., 1910, Armour, 23.4.67.
3. Papadatos, Ch., 1910, Inf., 23.4.67.
4. Andriotis, D., 1910, Artil., 23.4.67.
5. Arbouzis, D., 1912, Inf., 23.4.67.
6. Kolonias, K., 1904, Inf., 9.11.67.
7. Redzepis, P., 1910, Inf., 9.11.67.
8. Christopoulos, P., 1908, Inf., 9.11.67.
9. Karavelas, D., 1911, Inf., 9.11.67.
10. Vallis, G., 1912, Eng., 9.11.67.
11. Malikourtis, J., 1912, Inf., 9.11.67.
12. Xenos, M., 1909, Artil., 9.11.67.
13. Nicolaou, L., 1912, Artil., 9.11.67.
14. Moronis, G., 1911, Inf., 9.11.67.
15. Giannopoulos, B., 1911, Inf., 9.11.67.

MAJOR GENERAL

16. Polyzopoulos, A., 1912, Signal, 11.5.67.
17. Fassois, Chr., 1915, Artil., 11.5.67.
18. Kritselis, D., 1914, Artil., 11.5.67.
19. Psarakos, P., 1913, Inf., 11.5.67.
20. Bechrakis, D., 1915, Inf., 11.5.67.
21. Loumakis, K., 1915, Inf., 11.5.67.
22. Fardoulakis, A., 1914, Artil., 11.5.67.
23. Manolarakis, P., 1915, Artil., 11.5.67.
24. Papaloucas, L., 1948, O.B., 11.5.67.
25. Pagouropoulos, A., 1912, T.B., 11.5.67.
26. Skylakakis, N., 1914, T.B., 11.5.67.
27. Gorgoyannis, S., 1909, M.C., 11.5.67.
28. Petritis, K., 1912, T.B., 11.5.67.
29. Konstantopoulos, 1914, Inf., 12.5.67
30. Katsoulis, E., 1907, Inf., 12.5.67.
31. Zeikos, A., 1910, T.B., 12.5.67.
32. Paion, E., 1910, M.J., 12.5.67.
33. Kostelletos, D., 1915, Artil., 1.7.67.
34. Chalkiadakis, Em., 1915, Artil., 1.7.67.
35. Chaidemenakis, A., 1915, Artil., 1.7.67.
36. Papadopoulos, D., 1914, Artil., 1.7.67.
37. Karyofilis, E., 1915, Artil., 1.7.67.
38. Stylianopoulos, A., 1916, Signal, 1.7.67.
39. Bistas, K., 1914, Inf., 1.7.67.
40. Galiotos, P., 1914, Inf., 1.7.67.
41. Kontoleon, M., 1911, Artil., 18.9.67.
42. Karatassos, E., 1911, Armour, 18.9.67.
43. Mandjikopoulos, K., 1916, Artil., 4.10.67.
44. Boukouris, G., 1915, Artil., 4.10.67.
45. Chalkoutsakis, J., 1915, Artil., 4.10.67.
46. Kirmidjakis, J., 1907, F.C., 4.10.67.
47. Rombotis, K., 1911, Inf., 4.10.67.
48. Papadopoulos, S., 1906, M.C., 4.10.67.
49. Piperis D., 1913, O.B., 28.11.67.
50. Stavroyanopoulo, K., 1912, T.S., 28.11.67.
51. Vourdas, A., 1909, Inf., 15.12.67.
52. Delivorias, P., 1909, Artil., 15.12.67.
53. Makedon, B., 1914, Artil., 15.12.67.
54. Chaidos, B., 1910, O.B., 15.12.67.
55. Kriezis, K., 1910, Armour, 15.12.67.
56. Zalachoris, N., 1914, Artil., 24.1.68.
57. Liarakos, S., 1916, Inf., 24.1.68.
58. Ninas, G., 1916, Artil., 24.1.68.
59. Mantzos, K., 1916, Armour, 24.1.68.
60. Martzoukos, Ch., 1910, Inf., 24.1.68.
61. Mainos, K., 1912, Artil., 24.1.68.
62. Kechayas, E., 1913, Inf., 24.1.68.
63. Zalachoris, A., 1913, Inf., 24.1.68.
64. Dimoulitsas, A., 1916, Artil., 24.1.68.
65. Dessypris, G., 1914, Artil., 24.1.68.
66. Papayannakis, E., 1911, Inf., 24.1.68.
67. Charvalakis, Th., 1910, Armour, 25.1.68.

LIEUTENANT GENERAL

68. Spandidakis, Gr., 1908, Armour, 14.12.67.
69. Manettas, J., 1910, Eng., 24.1.68.
70. Kollias, K., 1909, Inf., 24.1.68.
71. Peridis, G., 1916, Inf., 24.1.68.
72. Voudouroglou, J., 1913, Inf., 24.1.68.

BRIGADIER-GENERAL

73. Papas, E,, 1909, Inf., 6.5.67.
74. Mikroulis, S., 1912, Inf., 6.5.67.
75. Zafiropoulos, P., 1910, Inf., 6.5.67.
76. Bouzianas, B., 1911, Inf., 6.5.67.
77. Tzotzolakis, 1909, Inf., 6.5.67.
78. Fininis, G., 1911, Art., 6.5.67.
79. Xirios, K., 1909, Eng., 6.5.67.
80. Koulouris, T., 1911, Inf., 6.5.67.
81. Kotsopoulos, G., 1911, Artil., 6.5.67.
82. Georgakopoulos, A., 1916, Inf., 12.5.67.
83. Emirtzas, E., 1916, Inf., 12.5.67.
84. Zacharakis, E., 1915, Artil., 12.5.67.
85. Panourgias, P., 1917, Armour, 12.5.67.
86. Miliarakis, A., 1916, Inf., 12.5.67.
87. Yannimaras, B., 1916, Artil., 12.5.67.
88. Koroneos, D., 1915, Signal, 12.5.67.
89. Petropouleas, M., 1911, Signal, 12.5.67.
90. Konstantinou, A., 1912, O.B., 12.5.67.
91. Georgopoulos, K., 1915, T.C., 12.5.67.
92. Karavas, A., 1911, Inf., 19.5.67.
93. Chatzivassiliou, B., 1912, Inf., 19.5.67.
94. Michaelidis, J., 1915, Inf., 19.5.67.
95. Liouxas, J., 1915, Inf., 19.5.67.
96. Karayannis, J., 1912, Artil., 19.5.67.
97. Siassanis, G., 1912, Artil., 19.5.67.
98. Papakonstantinou, K., 1919, Inf., 19.5.67.
99. Delidakis, E., 1914, T.S., 19.5.67.
100. Themelis, A., 1909, M.S., 19.5.67.
101. Papamastorakis, 1910, M.S., 19.5 67.
102. Golfinopoulos, P., 1910, T.S. 19.5.67.
103. Tzannidis, P., 1908, Inf., 19.5.67.
104. Adrimis, S., 1909, Artil., 4.10.67.
105. Voutsadopoulos, N., 1915, Inf., 4.10.67.
106. Kyriakopoulos, K., 1909, Artil., 4.10.67.
107. Karapiperis, D., 1909, Inf., 4.10.67.
108. Kotsaris, CH., 1914, M.J., 4.10.67.
109. Danassis, D., 1914, Inf., 4.10.67.
110. Xirotyris, N., 1909, Inf., 4.10.67.
111. Armatas, S., 1911, M.C., 4.10.67.
112. Damvakakis, E., 1912, —, 4.10.67.
113. Kintzios, K., 1910, Inf., 9.11.67.
114. Fotiou, O., 1913, O.B., 28.11.67.
115. Papadakis, A., 1916, Inf., 28.11.67.
116. Vitsaxakis, K., 1909, M.C., 28.11.67.
117. Detsikas, J., 1912, Inf., 15.12.67.
118. Tsoukias, N., 1911, Inf., 15.12.67.
119. Damianos, J., 1911, Inf., 15.12.67.
120. Papayannopoulos, D., 1913, Artil., 15.12.67.
121. Romanas, A., 1911, Inf., 15.12.67.
122. Kavathas, T., 1911., Inf., 15.12.67.
123. Skoulas, N., 1910, M.C., 15.12.67.
124. Vavaroutsos, E., 1917, Inf., 15.12.67.
125. Komninos, J., 1915, Inf., 24.1.68.
126. Vidalis, O., 1917, Artil., 24.1.68.
127. Papageorgiou, K., 1917, Inf., 24.1.68.
128. Zafiropoulos, D., 1917, Inf., 24.1.68.
129. Demestichas, N., 1916, Inf., 24.1.68.
130. Erselman, A., 1916, Armour, 24.1.68.
131. Tsangos, N., 1917, Inf., 24.1.68.
132. Perivoliotis, G., 1914, Inf., 24.1.68.
133. Tavernarakis, G., 1915, Inf., 1.2.68.
134. Bouras, A., 1915, Inf., 1.2.68.
135. Mandakas, N., 1917, Inf., 1.2.68.
136. Spilios, S., 1915, Inf., 1.2.68.
137. Karadimitropoulos, A., 1915, Inf., 1.2.68.
138. Telis, G., 1912, Artil., 1.2.68.
139. Kitsos, B., 1917, Inf., 1.2.68.
140. Maravelias, G., 1910, O.B., 25.1.68.
141. Chondropoulos, E., 1912, Artil., 12.5.67.

COLONEL

142. Pirpilis, S., 1908, F.B., 12.5.67.
143. Rozakeas, M., 1912, F.B., 12.5.67.
144. Tsamassiotis, S., 1911, Inf., 12.5.67.
145. Bouzalas, B., 1910, Artil., 19.5.67.
146. Assimakopoulos, M., 1918, Inf., 19.5.67.
147. Vafiadakis, J., 1917, Inf., 19.5.67.
148. Papanayotou, N., 1916, Inf., 19.5.67.
149. Mourgelas, G., 1917, Inf., 19.5.67.
150. Vavaroutsos, E., 1917, Inf., 19.5.67.
151. Mavrochis, D., 1915, Inf., 19.5.67.
152. Nikitas, G., 1911, Inf., 19.5.67.
153. Kyriakopoulos, A., 1913, Artil., 19.5.67.
154. Nikiteas, S., 1917, Armour, 19.5.67.
155. Boukouris, G., 1915, Armour, 19.5.67.
156. Karakostas, P., 1910, M.C., 19.5.67.
157. Kotsaridas, S., 1910, M.C., 19.5.67.
158. Nicolopoulos, A., 1910, M.C., 19.5.67.
159. Mantzoros, A., 1918, N.P., 19.5.67.
160. Damvounelis, A., 1917, Armour, 19.5.67.
161. Tsimtsiklis, P., 1912, O.B., 19.5.67.
162. Mylonakos, B., 1912, O.B., 19.5.67.
163. Lobotessis, K., 1910, O.B., 19.5.67.
164. Ermochenis, K., 1910, O.B., 19.5.67.
165. Baladakis, K., 1909, O.B., 19.5.67.
166. Kabilis, J., 1909, M.B., 19.5.67.
167. Iconomakos, A., 1909, O.B., 19.5.67.
168. Theofanidis, N., 1912, O.B., 19.5.67.
169. Karkalis, A., 1916, M.J., 19.5.67.
170. Vratsos, E., 1915, M.J., 19.5.67.
171. Fourtis, G., 1913, T.C., 19.5.67.
172. Panagou, T., 1911, Inf., 18.9.67.
173. Antonopoulos, TH., 1919, Inf., 17.10.67.
174. Metallinos, J., 1913,Armour, 17.10.67.
175. Opropoulos, D., 1918, Inf., 17.10.67.
176. Skaleos, G., 1916, Armour, 17.10.67.
177. Trikatzopoulos, E., 1915, T.C., 17.10.67.
178. Kontaxis, P., 1913, Inf., 17.10.67.
179. Papapanou, S., 1916, Inf., 17.10.67.
180. Liourdis, S., Artil., 4.11.67.
181. Nikitas, Th., 1912, Inf., 28.11.67.
182. Antonatos, S., 1909, M.C., 15.12.67.
183. Bechrakis, K., 1909, M.P.O., 11.1.68.
184. Papathanassiou, P., 1917, Inf., 24.1.68.
185. Bratsos, J., 1918, Inf., 24.1.68.
186. Apostolakis, N., 1915, Signal, 24.1.68.
187. Yacoumis, G., 1918, Armour, 24.1.68.
188. Papatheodorou, E., 1919, Armour, 24.1.68.
189. Tzanetis, K., 1919, Artil., 24.1.68.
190. Karageorgas, A., 1919, Inf., 24.1.68.
191. Zervoyannis, N., 1919, Artil., 24.1.68.
192. Theologitis, K., 1919, Inf., 24.1.68.
193. Yannakopoulos, P., 1918, Inf., 24.1.68.
194. Chouchoulis, P., 1918, Inf., 24.1.68.
195. Varsos, J., 1921, Armour, 24.1.68.
196. Armou, N., 1921, O.B., 24.1.68.
197. Banos, S., 1914, Signal, 24.1.68.
198. Mitsovoleas, N., 1914, Inf., 24.1.68.
199. Kalamakis, P., 1919, Inf., 24.1.68.
200. Tsikouras, A., 1917, Signal, 24.1.68.
201. Biblis, K., 1913, Inf., 24.1.68.
202. Alexandrou, J., 1920, Artil., 24.1.68.
203. Papanikolaou, N., 1920, Inf., 24.1.68.
204. Matzaras, E., 1921, Inf., 24.1.68.
205. Panas, M., 1921, Inf., 24.1.68
206. Mavrokefalos, K., 1912, O.B., 24.1.68.
207. Tsarbopoulos, P., 1921, Armour, 24.1.68.
208. Veneris, K., 1917, Inf., 1.2.68.
209. Matzavakos, A., 1918, Inf., 1.2.68.
210. Leventidis, S., 1917, Inf., 1.2.68.
211. Rouchotas, E., 1917, Eng., 1.2.68.

LIEUTENANT COLONEL

212. Marcou, A., 1912, —, 1.2.68.
213. Moutoussis, N., 1921, Inf., 31.1.68.
214. Pavlantis, A., 1916, Inf., 31.1.68.
215. Polyzogopoulos, B., 1920, Signal, 31.1.68.
216. Tsoutsouras, S., 1915, Inf., 31.1.68.
217. Yannopoulos, A., 1914, Inf., 31.1.68.
218. Kondilis, D., 1920, Signal, 19.5.67.
219. Fakos, A., 1911, Inf., 19.5.67.
220. Assariotakis, G., 1912, Inf. 19.5.67.
221. Serafimidis, D., 1914, O.B., 19.5.67.
222. Plapoutas, K, 1911, O.B., 19.5.67.
223. Chrissafidis, P., 1912, O.B., 19.5.67.
224. Theodorou, S., 1913, T.B., 19.5.67.
225. Vlachopoulos, S., 1912, T.B., 19.5.67.
226. Ioannou, P., 1914, T.B., 19.5.67.
227. Genias, G., 1915, T.B., 19.5.67.
228. Kapralos, A., 1911, T.B. 19.5.67.
229. Stragalas, D., 1915, Inf., 19.5.67.
230. Kovitis, A., 1917, Inf., 19.5.67.
231. Karouzakis, E., 1913, Inf., 19.5.67.
232. Balafas, K., 1915, Inf., 19.5.67.
233. Amanatidis, G., 1915, Inf., 19.5.67.
234. Thanos, J., 1915, Inf., 19.5.67.
235. Beis, A., 1921, Inf., 1.7.67.
236. Yannopoulos, J., 1915, Inf., 1.7.67.
237. Klaoudatos, G., 1920, Inf., 1.7.67.
238. Alamanos, A., 1914, Inf., 1.7.67.
239. Makryannis, A., 1909, Artil., 18.9.67.
240. Karydis, L., 1909, M.D., 18.9.67.
241. Kontogiorgis, J., Signal, 18.9.67.
242. Lidakis, S., 1918, Artil., 18.9.67.
243. Tsokanas, S., 1919, Artil., 18.9.67.
244. Frangos, J., 1913, Eng., 18.9.67.
245. Trivizas, Th., 1915, Signal, 18.9.67.
246. Bouras, A., 1918, Inf., 18.9.67.
247. Loukas, L., 1918, Signal, 18.9.67.
248. Kypiakopoulos, K., 1921, Artil., 18.9.67.
249. Stellos, N., 1921, Signal, 18.9.67.
250. Giatas, A., 1919, Inf., 18.9.67.
251. Dolgiras, M., 1922, Inf., 18.9.67.
252. Fiotakis, S., 1919, Artil., 18.9.67.
253. Floridis, Ch., 1921, Armour, 4.10.67.
254. Giannakos, Z., 1916, Artil., 4.10.67.
255. Bairaktaris, B., 1919, Inf., 4.10.67.
256. Tsoussis, D., 1920, Inf., 4.10.67.
257. Drossoyannis, A., 1922, Inf., 4.10.67.
258. Topalis, F., 1922, Artil., 4.10.67.
259. Tsandouklas, K., 1919, Signal, 4.10.67.
260. Manoussakis, Ch., 1920, Inf., 4.10.67.
261. Kalatzakis, E., 1918, Inf., 4.10.67.
262. Skordakis, J., 1915, F.B., 4.10.67.
263. Liveris, Ch., 1918, F.B., 4.10.67.
264. Platsakis, S., 1912, F.B., 4.10.67.
265. Platakos, Ch., 1911, T.C., 4.10.67.
266. Antoniadis, M., 1915, Armour, 4.10.67.
267. Tsonas, Th., 1911, Inf., 4.10.67.
268. Goranitis, D., 1910, O.B., 4.10.67.
269. Siskos, A., 1913, T.B., 4.10.67.
270. Stamkos, A., 1914, T.B., 4.10.67.
271. Androulidakis, J., 1913, T.C., 4.10.67.
272. Daskalopoulos, K., 1917, T.C., 4.10.67.
273. Zantidis, K., 1917, Inf., 4.10.67.
274. Kertemelidis, P., 1921, Inf., 4.10.67.
275. Markoyannakis, M., 1917, Inf., 4.10.67.
276. Moros, N., 1920, Inf., 4.10.67.
277. Chrissostalis, S., 1921, Inf., 4.10.67.
278. Grondidis, Ch., 1916, Inf., 4.10.67.
279. Zacharopoulos, P., 1921, Inf., 4.10.67.
280. Yannakakis, A., 1918, Inf., 4.10.67.
281. Lamnatos, Th., 1918, Artil., 4.10.67.
282. Vlachos, G., 1918, Artil., 4.10.67.
283. Vlachakis, B., 1921, Armour, 4.10.67.
284. Kotakis, K., 1915, F.B., 4.10.67.
285. Alexandrakis, K., 1913, Inf., 4.10.67.
286. Grigorakakis, P., 1911, Inf., 11.1.68.
287. Mentzas, N., 1911, Inf., 11.1.68.
288. Zoidis, A., 1911, T.B., 11.1.68.
289. Papapanos, E., 1911, T.B., 11.1.68.
290. Vardakis, E., 1911, O.B., 11.1.68.
291. Sarlis, B., 1911, M.C., 11.1.68.
292. Leontis, J., 1911, M.C., 11.1.68.
293. Mansolas, D., 1911, M.C., 11.1.68.
294. Kakavelas, S., 1924, Armour, 24.1.68.
295. Poulakakis, J., 1922, Inf., 24.1.68.
296. Dimadis, O., 1918, Inf., 24.1.68.
297. Koutsangelou, N., 1927, Inf., 24.1.68.
298. Levakos, N., 1919, Inf., 24.1.68.
299. Bissias, J., 1920, Inf., 24.1.68.
300. Sakellariou, K., 1922, Inf., 24.1.68.
301. Souravlas, J., 1921, Inf., 24.1.68.
302. Chrissikos, K., 1917, Signal, 31.1.68.
303. Yannopoulos, A., 1914, Signal, 31.1.68.
304. Georgopoulos, Th., 1918, Signal, 31.1.68.
305. Rangos, J., 1921, Inf., 31.1.68.
306. Sarantopoulos, B., 1915, Artil., 31.1.68.
307. Yakoumis, D., 1920, Eng., 31.1.68.
308. Dendramis, K., 1910, Inf., 31.1.68.
309. Theodoridis, N., 1916, Inf., 31.1.68.
310. Karakolis, N., 1920, Armour, 31.1.68.
311. Karamazakis, J., 1912, Inf., 31.1.68.
312. Kontoyannis, G., 1919, Inf., 31.1.68.
313. Matzarlis, B.,, 1927, Inf., 31.1.68.
314. Alexandropoulos, G., 1917, Inf., 31.1.68.
315. Somarakakis, S., 1915, Inf., 31.1.68.
316. Matzarlis, Th., ——, Inf., 31.1.68.

MAJOR

317. Sdralis, A., 1917, Signal, 19.5.67.
318. Sitaras, A., 1915, Signal, 19.5.67.
319. Vourvos, A., 1914, Artil., 19.5.67.
320. Leontidis, A., 1914, Inf., 19.5.67.
321. Bombos, G., 1914, Inf., 19.5.67.
322. Constantinou, E., 1914, Artil., 19.5.67.
323. Dangonakis, N., 1914, Artil., 19.5.67.
324. Chrissochoou, A., 1914, Q.B., 19.5.67.
325. Papadopoulos, G., 1913, Artil., 19.5.67.
326. Chadziantoniou, P., 1913, T.B., 19.5.67.
327. Denekos, S., 1915, T.B., 19.5.67.
328. Keratsopoulos, K., 1915, T.B., 19.5.67.
329. Papas, D., 1913, T.B., 19.5.67.
330. Angeloyannis, E., 1914, T.B., 19.5.67.
331. Pavlidis, K., 1915, T.B., 19.5.67.
332. Iliodromitis, D., 1914, T.B., 19.5.67.
333. Mamatas, N., 1913, T.B., 19.5.67.
334. Theologitis, K., 1914, Signal, 19.5.67.
335. Vikilis, M., 1917, Inf., 19.5.67.
336. Stamoulis, S., 1915, Inf., 19.5.67.
337. Margarlitis, J., 1913, T.B., 19.5.67.
338. Kotoulas, N., 1915, T.B., 19.5.67.
339. Marselos, G., 1915, T.B., 1.7.67.
340. Kounelis, K., 1912, Inf., 1.7.67.
341. Mylonas, K., 1912, O.B., 1.7.67.
342. Orfanos, J., 1918, Eng., 4.10.67.
343. Chadziandreou, A., 1920, Inf., 4.10.67.
344. Gialelis, Ch., 1915, Eng., 4.10.67.
345. Lelakis, M., 1916, Inf., 4.10.67.
346. Meletis, J., 1915, Inf., 4.10.67.
347. Lekas, B., 1920, Eng., 4.10.67.
348. Delithanassis, A., 1920, Inf., 4.10.67.
349. Koronelos, J., 1925, Inf., 4.10.67.
350. Kasvikis, N., 1916, Inf., 4.10.67.
351. Papadimitriou, E., 1914, Inf., 4.10.67.
352. Stavropoulos, A., 1917, Inf., 4.10.67.
353. Saloufakos, Th., 1926, Inf., 4.10.67.
354. Tyrakis, E., 1926, Inf., 4.10.67.
355. Vlachos, S., 1920, Inf., 4.10.67.
356. Skouras, G., 1915, Inf., 4.10.67.
357. Fratzeskakis, E., 1915, Inf., 4.10.67.
358. Skouras, D., 1913, Inf., 4.10.67.
359. Roumbeas, K., 1914, Inf., 4.10.67.
360. Rachiotis, G., 1914, Inf., 4.10.67.
361. Constantatos, A., 1915, Inf., 4.10.67.
362. Perakis, G., 1915, Inf., 4.10.67.
363. Lolos, Ch., 1914, Inf., 4.10.67.
364. Daverakis, B., 1917, Inf., 4.10.67.
365. Ploumidis, M., 1914, Inf., 4.10.67.
366. Kladissios, G., 1915, Inf., 4.10.67.
367. Amarantos, Th., 1916, Inf., 4.10.67.
368. Papadakis, G., 1915, Inf., 4.10.67.
369. Kassionis, S., 1917, Inf., 4.10.67.
370. Zervakis, M., 1917, Inf., 4.10.67.
371. Kedrakas, D., 1916, Inf., 4.10.67.
372. Papamikroulis, G., 1915, Inf., 4.10.67.
373. Liapis, D., 1917, Inf., 4.10.67.
374. Kanellos, Th., 1918, Inf., 4.10.67.
375. Galanis, N., 1913, Inf., 4.10.67.
376. Periferakis, G., 1925, Inf., 4.10.67.
377. Koumantakis, E., 1915, Artil., 4.10.67.
378. Vassilakis, M., 1915, Artil., 4.10.67.
379. Schistos, J., 1915, Artil., 4.10.67.
380. Vrachas, D., 1917, Artil., 4.10.67.
381. Ermidis, G., 1915, Armour, 4.10.67.
382. Chadzikranitotis, G., 1915, Armour, 4.10.67.
383. Gialelis, P., 1925, Inf., 4.10.67.
384. Vlachos, S., 1926, Inf., 4.10.67.
385. Anastassiou, N., 1925, Inf., 4.10.67.
386. Pagonis, S., 1927, Inf., 4.10.67.
387. Konsolas, S., 1926, Inf., 4.10.67.
388. Antoniou, Th., 1926, Inf., 4.10.67.
389. Palatzas, A., 1925, Inf., 4.10.67.
390. Politis, G., 1924, Inf., 4.10.67.
391. Senis, J., 1925, Armour, 4.10.67.
392. Athanassopoulos, J., 1926, T.B., 4.10.67.
393. Sifakis, G., 1917, O.B., 4.10.67.
394. Kormbos, P., 1920, O.B., 4.10.67.
395. Voudouris, N., 1914, O.B., 4.10.67.
396. Anagnostidis, K., 1915, Artil., 4.10.67.
397. Tirsilis, D., 1915, T.C., 4.10.67.
398. Triantafillidis, N., 1914, T.C., 4.10.67.
399. Katilianos, N., 1915, T.C., 4.10.67.
400. Chatzaras, G., 1913, Armour, 4.10.67.
401. Plastiras, K., 1915, T.C., 4.10.67.
402. Apostolakos, N., 1914, Inf., 4.10.67.
403. Kavroudakis, J., 1920, Inf., 17.10.67.
404. Antonopoulos, D., 1918, Inf., 17.10.67.
405. Aretakis, E., 1915, Inf., 17.10.67.
406. Drougas, N., 1926, F.B., 17.10.67.
407. Xanthakis, N., 1919, Armour, 17.10.67.
408. Chaloulos, S., 1926, Inf., 17.10.67.
409. Kostopoulos, K., 1921, Inf., 17.10.67.
410. Kelaidakis, E., 1916., Inf., 17.10.67.
411. Stassinopoulos, P., 1920, Inf., 17. 10.67.
412. Chatziyannis, G., 1918, Inf., 17.10.67.
413. Chondrokoukis, P., 1916, Armour, 17.10.67.
414. Nikiforiadis, B., 1924, Inf., 17.10.67.
415. Chethas, L., 1925, F.B., 17.10.67.
416. Bellos, N., 1914, T.B., 9.11.67.
417. Yachnis, M., —, Eng., 28.11.67.
418. Moustaklis, S., —, Inf., 4.11.67.
419. Scouros, K., —, Signal, 29.12.67.
420. Zervakis, G., 1913, Inf., 11.1.68.
421. Chatzistylianos, N., 1913, Inf., 11.1.68.
422. Tzanes, P., 1913, Inf., 11.1.68.
423. Kontopoulos, N., 1913, Inf., 11.1.68.
424. Papaikonomou, J., 1913, Inf., 11.1.68.
425. Pardos, K., 1913, Artil., 11.1.68.
426. Andreadis, A., 1913, Artil., 11.1.68.
428. Vougiouklakis, G., 1913, O.B., 11.1.68.
429. Lemonakis, N., 1913, O.B., 11.1.68.
430. Boukalis, A., 1913, O.B., 11.1.68.
431. Cheizanoglou, E., 1913, Signal, 11.1.68.
432. Delopoulos, E., 1913, Signal, 11.1.68.
433. Irinidis, K., 1913, Signal, 11.1.68.
434. Gravanis, D., 1913, T.B., 11.1.68.
435. Frangiadakis, G., 1913, T.B., 11.1.68.
436. Dolkas, K., 1913, T.B., 11.1.68.
437. Gekas, E., 1913, O.B., 11.1.68.
438. Bolossis, P., 1913, O.B., 11.1.68.
439. Paparas, G., 1913, T.C., 11.1.68.
440. Chaliassos, A., 1913, O.B., 11.1.68.
441. Markoulidis, D., 1913, M.C., 11.1.68.
442. Pispas, P., 1913, M.C., 11.1.68.
443. Mozeras, A., 1913, —, 11.1.68.
444. Papandreou, G., 1925, Inf., 31.1.68.
445. Avrameas, M., 1927, Signal, 31.1.68.
446. Demestichas, D., 1927, Inf., 31.1.68.
447. Fountoulakis, G., 1917, Inf., 31.1.68.
448. Karoussos, G., 1925, Inf., 31.1.68.
449. Pnevmatikos, A., 1928, Inf., 31.1.68.
450. Vamvakas, Ch., 1930, Artil., 31.1.68.
451. Kourkafas, B., 1925, Inf., 31.1.68.
452. Papanikolaou, K., 1926, Inf., 31.1.68.
453. Polichroniou, D., 1922, Signal, 31.1.68.
454. Kapelaris, D., 1926, Inf., 31.1.68.
455. Zissis, D., 1928, Inf., 31.1.68.
456. Lelos, G., 1924, Inf., 31.1.68.
457. Mantakos, P., 1926, Inf., 31.1.68.
458. Bouros, D., 1928, Eng., 31.1.68.
459. Chamartos, J., 1928, Signal, 31.1.68.
460. Kotsakis, N., 1911, Inf., 31.1.68.
461. Kastrinakis, S., 1918, Inf., 1.2.68.

CAPTAIN

462. Triantafillou, P., 1928, Signal, 19.5.67.
463. Katsaris, Th., 1917, Signal, 19.5.67.
464. Theodorou, Ch., 1918, Signal, 19.5.67.
465. Mathioudakis, A., 1935, Inf., 19.5.67.
466. Chatzianastassiou, D., 1917, T.C., 19.-5.67.
467. Spanos, K., 1925, Artil., 4.10.67.
468. Mathioudakis, B., 1927, Artil., 4.10.67.
469. Tsagris, B., 1931, Artil., 4.10.67.
470. Petropoulakis, B., 1930, Artil., 4.10.67.
471. Zarkadas, A., 1931, Artil., 4.10.67.
472. Yannopoulos, J., 1930, Artil., 4.10.67.
473. Chaloftis, J., 1933, Artil., 4.10.67.
474. Chondroyannis, K., 1922, Inf., 4.10.67.

475. Korkalis, S., 1926, Inf., 4.10.67.
476. Kalaitzakis, E., 1928, Inf., 4.10.67.
477. Violakis, E., 1930, Inf., 4.10.67.
478. Korkoliakos, D., 1928, Inf., 4.10.67.
479. Leounakis, J., 1928, Inf., 4.10.67.
480. Matzos, A., 1926, Inf., 4.10.67.
481. Stergiopoulos, E., 1928, Inf., 4.10.67.
482. Xiftilis, E., 1932, Inf., 4.10.67.
483. Karaberis, G., 1931, Inf., 4.10.67.
484. Archakis, A., 1930, Inf., 4.10.67.
485. Papadongonas, D., 1924, Inf., 4.10.67.
486. Kanterakis, S., 1919, Inf., 4.10.67.
487. Kostopoulos, M., 1926, Inf., 4.10.67.
488. Katsiyannis, D., 1931, Inf., 4.10.67.
489. Zervas, Ch., 1933, Inf., 4.10.67.
490. Palatzas, D., 1928, Eng., 4.10.67.
491. Michalakis, G., 1928, Signal, 4.10.67.
492. Angelakis, J., 1925, Signal, 4.10.67.
493. Chatzidakis, E., 1926, Signal, 4.10.67.
494. Spanoudakis, Th., 1929, Armour, 4.10.67.
495. Yannissis, N., 1930, Armour, 4.10.67.
496. Melistas, G., 1932, Armour, 4.10.67.
497. Kyvelos, E., 1931, Armour, 4.10.67.
498. Minakidis, G., 1933, Armour, 4.10.67.
499. Katerinis, A., 1927, T.B., 4.10.67.
500. Androulidakis, B., 1931, T.B., 4.10.67.
501. Armonis, G., 1927, T.B., 4.10.67.
502. Skrivanos, S., 1928, T.C., 4.10.67.
503. Vorvolakos, N., 1931, Armour, 17.10.67.
504. Gerakitis, J., 1931 Inf., 17.10.67.
505. Karoyannis, A., 1934 Armour, 17.10.67.
506. Koroneos, G., 1934, Armour, 17.10.67.
507. Koutsoyannakis, J., 1933, Artil., 17.10.67.
508. Machas, P., 1933, Inf., 17.10.67.
509. Paradissianos, S., 1933, Inf., 17.10.67.
510. Polyzos, N., 1932, Inf., 17.10.67.
511. Sermakezis, S., 1930, Inf., 17.10.67.
512. Terzakis, Ch., 1930, Inf., 17.10.67.
513. Trambakoulos, N., 1931, Inf., 17.10.67.
514. Tsiridis, A., 1930, Inf., 17.10.67.
515. Grivis, K., 1924, Inf., 17.10.67.
516. Koutsodimitropoulos, 1930, Inf., 17.-10.67.
517. Prassas, E., 1931, Inf., 17.10.67.
518. Papassimakopoulos, N., 1930, Signal, 17.10.67.
519. Papaspirou, E., 1932, Signal, 17.10.67.
520. Patsiadis, P., 1926, F.B., 17.10.67.
521. Rangakos, E., 1933, Armour, 17.10.67.
522. Charissis, X., 1932, Armour, 17.10.67.
523. Aletras, G., 1934, Armour, 17.10.67.
524. Bardanis, M., 1936, Armour, 17.10.67.
525. Chronis, J., 1936, M.C., 17.10.67.
526. Ziras, K., —, Inf., 4.11.67.
527. Psaros, S., 1933, Artil., 9.11.67.
528. Papaefthimiou, J., — O.B., 29.12.67.
529. Kallitsounakis, E., 1915, Inf., 11.1.68.
530. Laskos, Ch., 1915, Inf., 11.1.68.
531. Petrakis, A., 1913, Adm., 11.1.68.
532. Romanos, N., 1913, Adm., 11.1.68.
533. Krystalis, N., 1913, Adm., 11.1.68.
534. Boretis, N., 1913, Adm., 11.1.68.
535. Katsiyannis, E., 1913, Adm., 11.1.68.
536. Drakopoulos, N., 1913, Adm., 11.1.68.
537. Antonakos, L., 1913, Adm., 11.1.68.
538. Nissiotis, A., 1915, Artil., 11.1.68.
539. Milionis, Th., 1915, T.C., 11.1.68.
540. Agorastos, A., 1915, M.C., 11.1.68.
541. Ioannou, A., 1915, V.C., 11.1.68.
542. Grinitzakis, J., 1915 V.C., 11.1.68.
543. Partheniou, N., 1915 V.C., 11.1.68.
544. Nikoloudakis, J., 1913, V.C., 11.1.68.
545. Koukouvlos, D., 1928, Inf., 31.1.68.
546. Skourkeas, S., 1932, Inf., 31.1.68.
547. Papageorgopoulos, G., 1933, Inf., 31.-1.68.
548. Koufalitakis, E., 1927, Armour, 1.2.68.
549. Kanellos, A., 1919, T.B., 1.2.68.

FIRST LIEUTENANT

550. Rimikis, N., 1925, Inf., 19.5.67.
551. Kazalakis, G., 1920, Inf., 19.5.67.
552. Loukianos, J., 1925, Inf., 19.5.67.
553. Karlis, G., 1934, Inf., 19.5.67.
554. Tsoumbas, A., 1942, Eng., 9.11.67.
555. Mastoras, Ch., 1917, Mus., 9.11.67.
556. Sideris, A., 1940, Signal, 31.1.68.

COLONEL

557. Neroutsos, A., 1911, Inf., 19.5.67.
558. Vassiliadis, G., 1911, Artil., 19.5.67.

(At this point, Mr. CLARK took the chair as Presiding Officer.)

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

COMMENDATION OF SECRETARY RUSK

Mr. PELL. Mr. President, I rise to congratulate our Secretary of State, and for the way in which our policy has been conducted in connection with the current crisis in Czechoslovakia. I believe that Secretary Rusk is absolutely right in emphasizing to the Soviet Government that any alleged "imperialist" activity in Czechoslovakia has nothing whatsoever to do with the United States and in emphasizing, too, that the United States intends to stay on the sidelines.

We should not provide the Soviets with even the shadow of an excuse for intervening forcefully in Czechoslovakia. They—and they alone—must bear the responsibility for their own actions. Our greatest contribution can be forebearance, although at the same time I think it worth noting that any use of force by the Soviets in Czechoslovakia would have very great repercussions in this country, as I am sure the Soviet Government realizes.

I have recently returned from a week's visit to Czechoslovakia, a country with which I have had strong personal ties all of my adult life. I have traveled there since before the Second World War. My first assignment in the Foreign Service took me 22 years ago to Prague and then to Bratislava where I established the American consulate general and where I served before and after the Communist putsch in 1948. Since then I have returned to Czechoslovakia several times.

My observations as a result of my most recent visit to Czechoslovakia are contained in a report to the Committee on Foreign Relations which was issued this morning. I would like to recapitulate these observations because I believe that they are particularly timely today.

When I arrived in Prague to begin my first assignment as a Foreign Service officer, I did not, of course, know at the time that Czechoslovakia was soon to become a Communist country solidly entrenched within what was then known as the Soviet bloc. Now, more than 20 years later, Czechoslovakia is still a Communist country and still closely allied to the Soviet Union through the Warsaw Pact. But its leaders are attempting to reform Czechoslovakia's Communist society to make it more democratic and more humanistic—more responsive to the will of the Czech and Slovak peoples, more tolerant of dissent, and more progressive socially, economically, and culturally—than it has been at any time during the 20 years of Communist rule.

They have, however, obviously no intention of replacing the present Communist regime with a non-Communist regime of any sort. For there is a central political fact of life governing Czechoslovakia's fate that is as permanent as the baroque architecture of Czechoslovakia's capital city. It is that Czechoslovakia is a small, Central European state and that its fortunes—for better or for worse—must thus lie with the dominant force in Central Europe. From 1938 until 1944 that dominant force was Nazi Germany. Since 1945, that dominant force has been the Soviet Union.

Czechoslovakia's new leaders obviously understand this fact of life. Nevertheless, the country's new liberal and reform-minded leadership, which assumed power in January by obtaining the support of a majority of the Communist Party's central committee, has succeeded in bringing about a greater degree of personal freedom in the country than at any time since 1948. Thus, I found on my recent visit that people would see me who had not been willing to see me for 20 years, that people would say things to me that they have not been willing to say for 20 years and that people now dare to hope for a future for which they have not dared to hope for 20 years.

But the new personal freedom in Czechoslovakia confronts the Government with a problem of potential internal political pressure. The new government must keep the most active and aggressive reformers—notably the students and intellectuals—under control and make sure that they do not exceed the bounds which would threaten internal stability or jeopardize the basis of Czechoslovakia's relations with the Soviet Union.

The new Government must thus face the difficult task of satisfying the desire for political expression while keeping the Communist Party firmly in control. It has often been argued that a nation cannot be partially free—that the desire for freedom is so contagious that once it is allowed to be expressed it cannot be limited or controlled. The people of Czechoslovakia presently seem to be aware of the fact that, for them, history has dictated that whatever freedom they enjoy must be somewhat circumscribed. The greater question is whether the forces of freedom can be kept on the present tight leash or whether they will become unleashed and provoke a Soviet response. Can the genie of freedom be let go?

This, then, is the overriding question for Czechoslovakia today—How far will the Soviets permit the new Government to go in remaking a socialist society? What reforms do the Soviets believe that they can tolerate in a Communist country which would not endanger their security either directly or—and far more importantly—indirectly, through example; an example they do not yet want to see followed in other countries or indeed in their own country? The Kremlin's conservatives are worried by the domino effect following in other Eastern European countries because of the events in Czechoslovakia.

It seems generally recognized in Czechoslovakia that this concern of the Soviet

regime—shared by the Polish, East German, and Bulgarian regimes and, to a somewhat lesser degree, by the Hungarians—means that there are very definite limits to the reform movements which must be observed. These limits are that first, Czechoslovakia cannot withdraw from, or show infidelity, to the Warsaw pact; second, the Communist Party must maintain its "leading role" which means that there can be no real opposition political parties or true multiparty system; and, third, there can be no return to private ownership of the means of production and, thus, to a non-Communist society.

The Czechoslovaks believe that they are free to operate within these three limits. But it seems to me that whether the Soviets are willing to settle even for these conditions remains very much an open question. In this connection, there have been, and continue to be, ominous signs in Czechoslovakia, in the Soviet Union, and in other Warsaw pact countries which have been reported in the American press and thus do not need to be cataloged at this time.

In this morning's press, for example, there are reports of an impending confrontation between the Politburo of the Communist Party of the Soviet Union and the Presidium of the Communist Party of Czechoslovakia and reports of large-scale maneuvers of Soviet troops near the Soviet-Czechoslovak frontier. And meanwhile thousands of Soviet troops remain in Czechoslovakia, even though the Warsaw pact maneuvers for which purpose they originally entered Czechoslovakia ended almost 1 month ago.

In the past few weeks, there has been a suddent improvement in the atmosphere as far as our relations with the Soviet Union are concerned. Instruments of ratification of the Consular Convention have exchanged. The Nonproliferation Treaty has been signed. The Soviets have agreed to begin discussions on offensive and defensive strategic weapons. Air service between Moscow and New York has finally begun. And a new Soviet-American cultural agreement has been concluded.

These developments are most welcome indeed, but they should not distract our attention from the march of events in Czechoslovakia and should in no way allow the Soviets to conclude that, having strengthened their relations with us, they are thus free to intervene in Czechoslovakia with impunity and without serious consequences. It should be obvious to Soviet leaders that an intervention involving naked armed force would be a most damaging blow to their relations with the United States, as well as to East-West détente in Europe. West German refusal to accede to the Nonproliferation Treaty might well be one specific result. Second thoughts in the United States about participating in strategic weapons talks with the Soviet Union might be another.

Certainly I would find it difficult to support efforts to reach agreements with the Soviet Union on matters involving forebearance in the use of force if, at the same time, force was being used in Central Europe. I have no doubt that many of my colleagues would share my feelings.

The Munich agreement of 1938 sold out Czechoslovakia for the illusory price of continued peace with Nazi Germany. There is now the danger of a second Munich in Europe—that is, even a tacit agreement with the Soviet Union which would sell Czechoslovakia down the river for the price, again the illusory price, of continued détente.

And there is another historical parallel to bear in mind. The surrender of Czechoslovakia into Hitler's hands through the Munich agreement was the precursor to the Second World War. Czechoslovakia's conversion to communism in 1948 signaled the real beginning of the cold war. Now 20 years later, any attempt by the Soviet Union to use force to repress the efforts of Czechoslovakia's new leaders to reform the Communist system—to reform it, but not replace it—could revive the cold war and bring on a new ice age in Europe.

MARITIME AUTHORIZATION—CONFERENCE REPORT

Mr. MAGNUSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15189) to authorize appropriations for certain maritime programs of the Department of Commerce. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The assistant legislative clerk read the report.

(For conference report, see House proceedings of July 26, 1968, p. 23713, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on tomorrow, following the prayer and the disposition of the Journal, there be a period for the transaction of routine morning business not to exceed 30 minutes; that immediately following the period set aside for the transaction of routine morning business, there be 30 minutes on the pending conference report, with the time to be controlled by the Senator from Washington [Mr. MAGNUSON], and the Senator from Delaware [Mr. WILLIAMS]—15 minutes to a side; and, further, that the vote on the conference report occur not later than 1 p.m. tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. MAGNUSON. Mr. President, reserving the right to object—and I shall not object—I want the RECORD to show that the reason we are doing this is that we need some expeditious action on the conference report because the committee is ready to mark up the appropriation bill for the Departments of State, Justice, and Commerce and, it cannot do so until we act upon the maritime appropriations which are now involved in the Commerce Department.

The committee is ready to do this, but action has been postponed, not once but twice. I therefore appreciate the cooperation of the Senator from Delaware in this matter to get this done early.

The unanimous-consent agreement reduced to writing is as follows:

Ordered, That the Senate proceed to vote on the conference report on H.R. 15189, a bill to authorize appropriations for certain maritime programs of the Department of Commerce, not later than 1 p.m., Thursday, July 25, 1968, and that the 30 minutes following the routine morning business (which period shall not exceed 30 minutes) shall be equally divided and controlled by the Senator from Washington [Mr. MAGNUSON] and the Senator from Delaware [Mr. WILLIAMS].

RECOGNITION OF SENATOR JAVITS TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that during the period for the transaction of routine morning business on tomorrow, the distinguished Senator from New York [Mr. JAVITS] be recognized for not to exceed 15 minutes.

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

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

FORTHCOMING RETIREMENT OF JEROME KEATING, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS

Mr. MONRONEY. Mr. President, when the Postmaster General announced a few days ago proposed curtailments in the postal service, one of the first to speak up was Jerome Keating, president of the National Association of Letter Carriers. He said:

> These are people that we are dealing with. You can't stop the postal service because it means people.

That remark typifies the attitude which Jerome Keating has had during his long and distinguished service as a letter carrier in the postal service and as an officer and president of the National Association of Letter Carriers.

The needs of the people, the good of

the postal service, and the importance of the mail messenger to American life have always been uppermost in his mind. I have never known a representative of any organization who has done a better job in representing his members and of acting with great leadership and true statesmanship than Jerome Keating.

I was amused last year to read in the Postal Record, the official monthly magazine of the National Association of Letter Carriers, an editorial from the March 1907 issue. It said:

President Roosevelt has signed the pay bill into law. This is the first pay raise in 19 years and it increases the top wage of carriers and clerks to $1,200 a year. Substitutes have been raised to 30¢ an hour. The entrance salary remains at $600 and that is not going to attract many able young men into the service.

And a little farther down the page, an excerpt from the Postal Record of March 1917, 10 years later, which said:

The pay raise passed 10 years ago has worn a little thin.

We have come a long, long way from those days. Last year Congress guaranteed pay comparability for postal employees and other Federal employees with their counterparts in private enterprise. Pay raises for postal employees today are enacted annually to keep abreast of modern economic and social needs and realities. In his 25 years in Washington, Jerome Keating has, more than any other Federal employee representative, helped achieve that goal. He has been a good friend, a trusted adviser, and a most effective legislative advocate for the welfare of all Federal employees. For many years he was one-half of the great postal workers team of "Big Bill" Dougherty and Jerry Keating, who made the letter carriers organization the biggest, the best known, and the most effective champion of the ordinary Federal employee.

In 1962 he was elected president of the national association, and has continued more effectively than ever before as a leader for Federal employees. He has helped Congress develop the following big programs that make the Federal Government an attractive employer:

The civil service retirement program enacted in 1956, which was the product of the Senate Committee on Post Office and Civil Service; and we sought his advice and counsel in the consideration of that legislation to offer a fair and attractive retirement plan to Federal employees;

The Federal employees group life insurance program, enacted when the committee enjoyed the leadership of the distinguished senior Senator from Kansas, Senator CARLSON, a program to fill the void existing at that time when postal employees had no insurance protection except what they could buy with inadequate salaries;

The Federal employees group health insurance program, again was the product of the Senate Committee on Post Office and Civil Service, enacted in 1959, which offers the Government-sponsored health plan for all Federal employees. Jerome Keating's advice and counsel in the development of that plan was invaluable because the National Association of Letter Carriers had for many years offered their members health insurance protection where the Federal Government had failed to provide one;

And finally, the principle of salary comparability which was enacted in 1962, and after several difficult years, finally fulfilled last year with the enactment of Public Law 90–206.

Jerome Keating has consistently supported the needs of an improved postal service. When the unpopular necessity arises to increase postage rates he has willingly stepped forward to recognize the necessity for additional funds in order to provide improved service and meet the needs of our 80-billion-piece mail volume. He has testified before the Appropriations Subcommittee on Treasury and Post Office supporting increased appropriations for vital postal services, and he has, whenever possible, supported the policy and programs of the administration and helped line up support for legislation that was in trouble.

In 1965 and 1966 he reluctantly, but loyally, supported the President, and, I might add, the chairman of the Senate Committee on Post Office and Civil Service, in sticking with the economic necessity of the time and accepting a 3.6- and a 3.2-percent pay increase in those years. His prestige, his ability, his intelligence, and his integrity are so well known in the House of Representatives and in the Senate that his advocacy, support, opposition, or silence carry great weight on both sides of the aisle.

Jerome Keating will retire as president of the Letter Carriers this year. I hope that we will be able to benefit from his continued interest in the people of the postal service and the function of the post office in the future as much as we have in the past. I extend to him and to his lovely wife, Marion, my very best wishes for their continued happiness and good health.

CHEROKEE HILLS RESOURCE CONSERVATION AND DEVELOPMENT TRAINING AND RETRAINING PROGRAM

Mr. MONRONEY. Mr. President, nothing succeeds like success. Unfortunately, in many parts of our country, and particularly in the less developed areas, success is hard to come by for a great number of people. Not only is the principal force of our economy bypassing these sections, but so are the means and methods of that forceful economy.

It is, therefore, a great thrill to me to get information concerning successful programs to bring our human resources into line with the economic necessities of preparedness for opportunity. Just such a project is described in the Cherokee Hills resource conservation and development training and retraining program in Oklahoma. The progress being made through that project has been very well written up by Ed Montgomery of the Daily Oklahoman in the "Oklahoma Orbit" on June 9, 1968. I ask unanimous consent that this article be placed in the RECORD as illustrative of progress in the development of our human resources.

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

NEW SKILLS, BETTER JOBS

(By Ed Montgomery)

Thomas Foreman of Jay has gone back to school at the age of 43. He's learning how to run a bulldozer.

People all over the country will be interested in seeing how Thomas Foreman and others like him come out.

They're part of a pilot project designed to train local people to fill new jobs being created in rural America through 41 self-help projects scattered around the country.

The trail-blazing Oklahoma effort, a $1½ million special training program, got started this spring. During the first phase, a $300,000 grant from the U.S. Department of Labor will enable 164 unemployed Oklahomans to learn a variety of specialized jobs.

Thomas Foreman and 14 others are members of the first class to start training under the program. They are undergoing 20 weeks of classes in a school at Bull Hollow, near Jay, Delaware County.

The training site and equipment for the school are furnished by the Cherokee tribe. Most of the trainees are Cherokees.

Eight other courses, now begun or about to start, will train unemployed workers in tractor and implement repair, combination welding, machine tool operation, farm maintenance and small motor repair. Also included are two other classes for bulldozer operators and a stenographer refresher course.

The combination welding and machine tool operating courses will be taught at Northeastern State College, Miami. The rest will be at sites within the Cherokee Hills Resource Conservation and Development Project, which embraces Cherokee, Adair and Delaware counties.

Forty other resource conservation and development projects in other states will adopt their own job-training programs based on the Oklahoma pilot project if results seem to warrant that action.

An application has been submitted for a second Oklahoma RC & D program which would include Pittsburg, Latimer, LeFlore and Haskell counties in southeastern Oklahoma.

The job training and retraining program in the Cherokee Hills area is one important integral part of the over-all project.

The list of project aims includes measures to solve soil and water problems, get more and better recreation areas, attract new industries and find new markets and processors for farm products as well as to provide trained employees for an expanded rural economy.

A number of federal and state agencies are involved in the project.

Orville L. Freeman, U.S. Secretary of agriculture, has given this description of the RC & D projects:

"Each of them is multi-purpose in the broadest sense of the word; each conserves resources in an integrated, well-planned manner; each brings jobs to local communities, conserving the human and economic base of rural America."

The Cherokee Hills demonstration project was chosen partly on the basis of successful bulldozer operator courses conducted at Bull Hollow and Candy Mink Springs. Those courses, like the current ones, were offered under the Manpower Development and Training Act.

They, too, were held on land furnished by the Cherokees and with the use of surplus governmental equipment acquired by the tribe.

Delight (pronounced Daylight) Cochran, a 40-year-old Cherokee from Kansas, Delaware County, graduated from one of the courses in February.

He had held various jobs, including one across the state line at Siloam Springs, Ark., where he remembers he started at 95 cents an hour. His last one before he attended the school paid him $1.25 an hour, not much for a married man with four children.

After graduating from the bulldozer school, he went to work for a construction company at Gentry, Ark. Later he took a job with a contractor who does brush-clearing jobs, so he could easily commute to his work from his home.

He's now making $2.25 an hour.

Deciding to attend that school, he agrees, has made a big difference in his life.

Courses offered in the training program are keyed to surveys of job needs in the area. Ralph W. Agnew of Pryor, area representative of the Oklahoma State Employment Service, has followed up on employment records of the last class of bulldozer operators which graduated in February, a bad time of year for finding jobs in that field.

At last check, six graduates of the 15-man class were working as heavy equipment operators. A welder, two chain-saw operators, a farm tractor operator and a plumber's helper are doing jobs related to their training.

Two other graduates were working as rough carpenters, one as a laborer and another in a job of an undetermined nature at an ordnance plant in Kansas.

Some or all of those will presumably find jobs as heavy equipment operators now that a better season for outside work is here.

The mere fact that all 15 graduates of the class are working is encouraging, because all were unemployed when they enrolled in the class.

Recruiting of trainees is handled by the state employment service. Screening, based on aptitude tests and other factors, is apparently thorough, because the dropout rate has been almost nil.

The State Division of Vocational Education designs the course, hires instructors and furnishes materials. Both the instructors at Bull Hollow—Herschel Benge of Grove and Woodrow Wilson of Jay—have years of experience as heavy equipment operators.

Legal sponsors of the RC & D project are the soil and water conservation districts of the three counties, united to form the Cherokee Hills Council, which is a division of state government. The council elects a 24-man executive committee.

C. M. Lefler, Grove rancher, heads the council. Dan Draper, superintendent of schools at Colcord, is chairman of the executive committee.

Allen Moss, a native of Vici and an employe of the Soil Conservation Service, has been project coordinator for the Cherokee Hills effort with headquarters at Tahlequah since it was first authorized in 1965.

He's enthusiastic about the future of the area and the RC & D project's contribution to it.

The three-county area is handy to the Arkansas Basin project scheduled to be opened to navigation in a few years. It is expected to furnish many of the job-holders for industrial development of the basin.

The training and retraining program is scheduled to equip 750 unemployed men and women to do jobs available in a changing world which has made many jobs obsolete. The $1.5 million program will be spread over three years.

Moss says the program is flexible enough that it can be tailored to specific needs of major employers.

Most of the men attending the job-training courses are victims of the changing times. They were raised in rural areas, and they want to stay in rural areas. But the jobs they could have filled in an earlier time no longer exist.

There will be middle-aged men who have never held regular jobs in their lives.

Agnew, the employment service man, tells of the fairly typical case of a 41-year-old man who had raised his family almost entirely on welfare payments. He attended one of the bulldozer schools and went to work immediately after graduation making $2.50 an hour on a job only 10 minutes from his home.

Trainees must be at least 22 years old and unemployed. A trainee, during training, is entitled to $30 a week plus $5 for each dependent up to six, or a maximum of $60. He also gets five cents a mile for transportation to the school.

Thomas Foreman, the 43-year-old trainee in the Bull Hollow course, hopes to go to work as a heavy equipment worker for some branch of the government when he completes training.

He has spent six years, off and on, driving a truck for the Bureau of Indian Affairs. He also has a total of eight years in the army and navy, so he's hopeful of qualifying for a government pension in 18 or 20 years.

He's not ruling out the possibility of going to work for a construction company, however. Wages of $4 an hour aren't unusual for bulldozer operators on some jobs.

Foreman says he likes the school, likes the instructors and figures he's learning a lot.

He's spent a lot of time working on construction jobs over the years, he explains, but he never had the technical training to qualify for one of the better-paying positions. He figures things are going to be different now.

Local leaders hope things will be different in the future for a lot of people in their area, which has more than 8 percent of its labor force without a job.

Dan Draper, now chairman of the executive committee, has been active in the RC & D project since its earliest planning stages.

He says the training program has moved faster than he hoped for, and he has high hopes for its results.

"Our only salvation," he sums it up, "is to train trainable people to fit into the skills we have."

That, briefly, is what all those governmental agencies are doing for Thomas Foreman and his friends and neighbors in the Cherokee Hills. And what they'll be doing in rural areas all over the country if this first one pans out.

"We still have a long way to go," Secretary Freeman has said, "before rural America is on par with urban America in jobs, housing and income. But we've made a good start.

"We are well on our way to making rural America as attractive economically as it is now in terms of natural beauty, clean environment and unharried living."

CRISIS IN AIR TRANSPORTATION

Mr. MONRONEY. Mr. President, I take this occasion to praise one of the outstanding leaders in American civil aviation, Mr. Tillinghast, president of the vast TWA airline system, which, as Senators know, is one of the leading overseas and domestic airlines of the country.

Recently we have been plagued with unusual and difficult airport delays because of the overcrowding of our airways and congested airport facilities. I have complained long and loud against these delays, which sometimes run as long as 3 hours between important, high-density traffic areas, because of the clogging of the airways, which can permit only so many planes an hour, and because of the clogging of runways, which can accommodate only so many airplanes at any given time.

I have complained because these delays have been occasioned by fictitious scheduling—that is, scheduling 10, 12, or 20 planes to depart from the same airport at the same hour of a high density period. This time comes between 4 and 6 o'clock in the evening, when persons from metropolitan areas are seeking to return to their homes after transacting business in some of our metropolitan areas. Obviously, 15 or 20 airplanes cannot take off simultaneously from the same airport at 5 o'clock.

I have complained about the unrealistic scheduling that results in unusual delays and causes people to sit in planes whose engines are running, waiting on the taxiways for the towers to clear the planes so they may complete their flights. I have emphasized in the past, and say now, that passengers are entitled to leave airports at the scheduled times. This means the time which is listed on the timetables for the takeoff of the planes. Yet, some 15 or 20 are scheduled to take off at that same moment.

This has resulted in the problem that a plane scheduled to take off has to wait for some time for tower clearance, because of incoming planes or because of planes scheduled to take off for another place at the same time.

Mr. Tillinghast has made an interesting proposal to the Civil Aeronautics Board, which I would like to quote. I am reading now from a letter which he submitted to the Civil Aeronautics Board, which reads:

Accordingly Trans World Airlines, Inc. respectfully requests pursuant to the Federal Aviation Act of 1958, and particularly Sections 204(a), 412 and 414 thereof, approval of the CAB to engage in joint discussions with American, Eastern, Pan American and United and other U.S. and foreign scheduled airlines authorized to serve New York City, Chicago, Los Angeles, Washington and other critical air transport centers for the purpose of exploring and, subject to Board approval, agreeing on means by which the carriers can alleviate the critical air traffic congestion problem now adversely affecting flight operations in those areas. The exploration of all possible solutions should be authorized including the possibility of rescheduling or eliminating schedules during congested traffic periods and the use of fare differentials between peak and low volume periods just to name two possibilities.

The letter continues:

We recognize that industry discussions relating to the highly competitive area of scheduling and fare structure and any agreements that might result therefrom may be undertaken only in instances where the Civil Aeronautics Board determines that overriding public interest considerations so require. The public inconvenience and adverse economic consequences now being caused by airways and airport congestion in metropolitan areas are apparent and intolerable. These circumstances require in the public interest that those carriers charged with the statutory duty of providing adequate service take the initiative and determine what they can do individually and in concert to alleviate what has been fairly called a crisis in air transportation.

Mr. President, this is not only a matter of great interest and convenience to members of the traveling public whose planned flight schedules are disrupted, but I say in all sincerity it is in the interest of air safety; and we cannot and must not tolerate the overcrowding of our airways and airport systems to the point beyond which they are unsafe.

The FAA, with its power of air traffic control, necessarily must hold these planes on the ground until clearance of air space and possibly landing space is taken into account.

For that reason, I strongly compliment Mr. Tillinghast for taking the lead in calling his competitors together to see if this matter cannot be solved by joint conference and a reduction in the numbers of planes scheduled to take off from our metropolitan airports at the same hour, whether it be from 8 to 10 o'clock in the morning, from 4 to 6 in the evening, or at any other time when congestion appears to be certain, and thus likely, to necessarily delay or disrupt the flight which a passenger has contemplated making.

ADJOURNMENT

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 44 minutes p.m.) the Senate adjourned until tomorrow, Thursday, July 25, 1968, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate July 24, 1968:

Office of Economic Opportunity

Padraic M. Kennedy, of the District of Coumbia, to be an Assistant Director of the Office of Economic Opportunity, vice William M. Crook.

Department of State

Barbara M. Watson, of New York, to be Administrator, Bureau of Security and Consular Affairs, Department of State.

Diplomatic and Foreign Service

The following-named Foreign Service officers for promotion from class 1 to the class of career minister:

Charles W. Adair, Jr., of Virginia.
John H. Burns, of Oklahoma.
John A. Calhoun, of California.
Ridgway B. Knight, of the District of Columbia.
Miss Carold C. Laise, of the District of Columbia.
Edwin W. Martin, of Maryland.
Robert M. McBride, of the District of Columbia.
Dwight J. Porter, of Nebraska.
Joseph John Sisco, of Maryland.
Walter J. Stoessel, Jr., of California.
William H. Sullivan, of Rhode Island.
Philip H. Trezise, of Michigan.

In the Navy

Having designated Rear Adm. David C. Richardson, U.S. Navy, and Rear Adm. James W. O'Grady, U.S. Navy, for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, I nominate them for appointment to the grade of vice admiral while so serving.

Vice Adm. Frederick L. Ashworth, U.S. Navy, for appointment to the grade of vice admiral on the retired list in accordance with the provisions of title 10, United States Code, section 5233.

In the Coast Guard

The following-named Reserve officer to be permanent commissioned officer of the Coast Guard in the grade of lieutenant commander:

Alan F. Miller.

The following-named Reserve officers to be permanent commissioned officers of the Coast Guard in the grade of lieutenant:

Charles G. Hill, Jr.
James H. Donahue
Richard W. Werner
Roland W. Breault, Jr.
Lawrence A. Minor

The following-named officer to be a member of the permanent commissioned teaching staff of the Coast Guard Academy as an assistant professor in the grade of lieutenant commander:

Thomas D. Combs.

The following-named temporary officers to be permanent commissioned officers of the Coast Guard in the grade of lieutenant (junior grade):

John N. Malsom, Jr.
Francis N. Harrell
Brent Malcolm
Stanley E. Bork
Willis E. Lawrence III
Robert C. White
James V. O'Neill
Robert F. Doughty
Paul G. Smith
Frank M. Chliszczyk, Jr.
Alvin K. Sumner
William N. Rohrer
John M. Lewis
Marvin E. Wilmoth
John F. Overath
Robert H. Stracenter
Charles J. Robinson
George E. Ellis
Daniel R. Irving
Paul J. Swisher
Preston H. McMillan
Herbert L. Johnson
Thomas L. Young
Wallace S. Worthington
William S. Ricks
William S. Vinson
Ronald W. Williams
Donald C. Myers, Jr.
Melvin L. Sellers
William W. Carothers
Douglas R. Herlihy
Richard E. Bruce
Arthur L. Ruedisueli
Laurence J. Murphy
Robert E. Beatty
James F. Vanvranken
Edward Stadnicar
Walter C. Parker
Donald C. Hibbard
Vernon A. White
William T. Foran
Ted G. Walters
Cassius L. Lisk
James O. Alexander
Rohlin D. Anderson
Marcel D. Bujarski
Darwyn D. Buettner
Donald J. Green
Johnnie C. Erikson
John R. Kallenbach
Robert E. Harrington, Jr.
Richard E. Casey
John T. Potts, Jr.
Harry D. Hamilton
Harold L. Brown
Rodger G. Lockhart
Eugene C. Conway
Duane H. Gullixson
Walter N. Smith
Paul D. Litts III
Mortimer D. Hendrickson
Frank R. Brock
Carl T. Johnson
Ralph F. Lutz
Ray C. Hiner
John D. McCormack
Keith L. Indermuehle
James V. Timmerman
George D. Davis
Malcolm R. Smith
James M. Loomis
James E. Kenney
Lee F. Bellar
Richard A. Bundy
Kenneth J. Hamilton
David B. Simpson
Robert L. Neild
Everett A. Howe
Carrol D. Christianson
Harry L. Immer
Larry K. Lewark
Wade A. Johnson
W. S. McClure

The following-named officers of the Coast Guard for promotion to the grade of lieutenant:

John N. Malsom
Francis N. Harrell
Brent Malcolm
Stanley E. Bork
Willis E. Lawrence III
Robert C. White
James V. O'Neill
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