By Mr. MORSE:
H. Con. Res. 699. Concurrent resolution expressing the sense of the Congress with respect to the rotation of members of the Armed Forces of the United States in their assignments to serve in combat zones; to the Committee on Armed Services

By Mr. NATCHER:
H. Con. Res. 700. Concurrent resolution expressing the sense of the Congress that the tax-exempt status of interest on industrial development bonds should not be removed by administrative action; to the Committee on Ways and Means.

By Mr. SPRINGER:
H. Con. Res. 701. Concurrent resolution requiring appropriate committees of the Congress to consider and report whether further congressional action is desirable in respect to U.S. policies in Southeast Asia; to the Committee on Rules.

By Mr. TEAGUE of Texas:
H. Con. Res. 702. Concurrent resolution authorizing certain printing for the Committee on Veterans' Affairs; to the Committee on House Administration.

By Mr. PRICE of Illinois:
H. Res. 1099. Resolution amending House Resolution 418, 90th Congress, to continue the Committee on Standards of Official Conduct as a permanent standing committee of the House of Representatives, and for other purposes; to the Committee on Rules.

By Mr. MADDEN:
H. Res. 1100. Resolution providing for agreeing to the Senate amendment to the bill (H.R. 2516) to prescribe penalties for certain acts of violence or intimidation, and for other purposes; to the Committee on Rules.

By Mr. EDWARDS of Alabama (for himself, Mr. ERLENBORN, and Mr. BROWN of Ohio):
H. Res. 1101. Resolution to disapprove Reorganization Plan No. 1; to the Committee on Government Operations.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ADDABBO:
H.R. 15994. A bill for the relief of Salvatore Carollo; to the Committee on the Judiciary.
H.R. 15995. A bill for the relief of Francesco Como; to the Committee on the Judiciary.

By Mr. BOW:
H.R. 15996. A bill for the relief of Milba and Rodolfo Latorre; to the Committee on the Judiciary.

By Mr. HELSTOSKI:
H.R. 15997. A bill for the relief of Mr. Stephen Blachewicz; to the Committee on the Judiciary.

By Mr. PUCINSKI:
H.R. 15998. A bill for the relief of Mr. Vittorio Marzullo; to the Committee on the Judiciary.

SENATE—*Thursday, March 14, 1968*

The Senate met at 10 o'clock a.m., and was called to order by Hon. EDWARD W. BROOKE, a Senator from the State of Massachusetts.

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

Almighty God, at whose word man goeth forth unto his work and to his labor until evening, we come to these spiritual springs asking that we may be given strength to match the tasks we face.

In the problems which tax all the resources of Thy servants in this historic forum, give them, we beseech Thee, the calm and confidence which illumine faith in the final triumph of every true idea let loose in the world. And in the broad battlefield where truth and falsehood are locked in combat, close our own hearts to all cynicism and hatred; and as we fight the good fight, may our strength be as the strength of 10 because our hearts are pure.

As servants of Thine, and of the Nation, and of the peoples of this shattered earth, save us from false choices and guide our hands and minds to heal and bind and bless.

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

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 14, 1968.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. EDWARD W. BROOKE, a Senator from the State of Massachusetts, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. BROOKE thereupon took the chair as Acting President pro tempore.

ORDER OF BUSINESS

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

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

The bill clerk proceeded to call the roll.

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

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, March 13, 1968, be dispensed with.

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

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the remarks of the distinguished senior Senator from South Dakota [Mr. MUNDT], there be a period for the transaction of routine morning business, and that each Senator's statement therein be limited to 3 minutes.

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

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Roads of the Committee on Public Works and the Subcommittee on Fiscal Affairs of the Committee on the District of Columbia be authorized to meet during the session of the Senate today.

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

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

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

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

Mr. DIRKSEN. Mr. President, I have been asked to object to having that committee meet.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be permitted to meet during the session of the Senate today.

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

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

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

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Committee on Finance be permitted to meet until 2 p.m. today.

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

RESERVE STORAGE FARM COMMODITIES BILL

Mr. MUNDT. Mr. President, in the last week of February 1968, there emanated from the administration two documents dealing with agriculture giving statistics on the well-being of agriculture which are at complete variance with each other. I refer to the agriculture message of the President of the United States to the Congress which implies that the agricultural economy of this Nation is prosperous. This was on February 27. Two days later on February 29. there came to my office, the Department

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

of Agriculture's report "Agricultural Prices," showing that the parity ratio for the farmers of this Nation stood at 74 percent. Mr. President, I ask, How can the farmers of these United States be considered prosperous and show progress when their parity ratio is 74 percent?

In layman's language, that means that as of now, our American farmers are subsidizing the foodbaskets and fabrics of every consumer in the United States and, unhappily, of many other consumers around the world to the extent of 26 percent of the cost of the raw materials involved in their purchases.

I ask the President, who tries to tell us we now have agriculture prosperity, to name a single other industry except gold mining which is today subsidizing its customers to the extent of 26 percent and our country is now painfully aware of the financial problems stemming in part from our shortsighted policy of discouraging new gold production in the United States. "Parity" is simply an economist's name for equality and equity of justice on the farm.

In his message to the Congress, the President stated:

> Still, more is needed to reach the farmer's just goal of parity of income—a fair return for his labor, management and investment.

Mr. President, with that statement, I agree. I agree because I have just said it is manifestly unfair and unjust to continue in this time of war to compel producers of our war materials to pay from their pockets 26 percent of the cost to the customers and consumers.

I also ask, however, Why has not the President done more since the farmer's parity has been at a level of 73 to 75 percent of parity for several years now? Why has the President waited until the end of February in 1968—an election year—to even speak up for the farmers of this country even though they have been in dire economic straits for many, many months.

During that same interval, and probably quite properly so, the same President sent four messages to the Congress urging better protection and more reasonable price levels for the consumer. Only after those four messages suggesting help for the consumers came this one suggesting something be done for the producer.

Mr. President, I can remember back during the years of the Eisenhower administration when President Johnson, Secretary of Agriculture Freeman—then Governor of Minnesota—and many other prominent spokesmen now in key posts in this administration, but then holding other offices, were clamoring for the resignation of then Secretary of Agriculture, Ezra Benson. I, in fact, joined them and was among those contacting the President urging that "Benson be fired." I, as a Republican, was urging a Republican President of my own political party to fire a Secretary of Agriculture. I did it openly by publicity releases, by telegram, and I was the first Republican Senator to do so. I did it at a time when I felt that the farmer was not getting the justice to which he was entitled. Actually, I did it at a time during the entire Republican administration, 1953 to 1960, when the parity ratio averaged 84.5 percent. It is now averaging over 12%, or 10 points worse than that.

In a sense, I suppose I should apologize to Secretary Benson for urging his removal when he was providing farmers a 12 percent better on the average income than they are getting now. But I suggest the same formula be applied to Secretary Freeman, and that he now resign in view of the fact that he has done that much worse a job than former Secretary Benson did when I suggested he be removed from office. Mr. President, today the chorus of requests for resignation of the Secretary of Agriculture still comes from Republicans.

Few, if any, Democrats are willing to speak up to get at the cause of the problem, as we Republicans endeavored to do when confronted with it in the so-called Benson era.

Even with the parity ratio 10 percent lower than during the Eisenhower administration—the last Republican administration—the Democrat spokesmen who demanded the resignation of our Secretary of Agriculture are now strangely silent and present smiling faces to the farmers of this Nation, telling them not to worry because their parity is at 74 percent, but they are very reluctant to talk about parity any more. They try to bewilder, confuse, and mislead the farmer by getting him interested in other concepts, other measurements, and other measuring rods, when they know that parity has been employed as the honest yardstick of farm success in this country for more than two decades. It is the honest and unchanged measuring rod. These Democrat spokesmen who still are too timid or too partisan to call for Freeman's resignation are not convincing many farmers by changing the number of inches in a yardstick and by trying to get away from the word "parity."

No, Mr. President, the farm propagandists of this administration try to confuse the picture by talking about "more gross income" or "more net income" or "more realized income," but anyway we "mill the words" the income still brings the farmer only 74 percent of parity—and that means 74 percent of equal justice—which "even" the President states is not enough but is only mentioned in one little statement in his entire message to Congress.

Mr. President, the pages of history do not substantiate the claim of this administration that farmers are better off today than they were 7 long years ago. Records available from the Department of Agriculture show the index of prices received by farmers has gone up very little whereas the index of prices paid by the farmers has increased by 44 points. The statistics show that since 1960, almost 700,000 family farms have disappeared from the scene.

The statistics show that since 1960 the farm debt has almost doubled from $24.8 billion in 1961 to a preliminary estimate of $48.6 billion for 1968. All of these depressing statistics emanate from the Department of Agriculture. They present the official facts from the undeniable record. It is inconceivable that any administration could depress farmer's parity to 74 percent at a time when this Nation is engaged in a war. It has never happened before in American history. Never, but never, have American farmers in wartime found their prices so depressed as they are today. This could not happen by accident. We should all be concerned in trying to understand the reason and then applying the corrective actions which need to be applied in order to eliminate the reason.

Mr. President, with income of the farmer remaining stable over the years, he is the prime victim of inflation in the country today. Of course, his gross income continues to go up, but not nearly so rapidly or so high as prices he pays, so that the value of his dollar also continues to go down with each passing day because of the inflationary spiral resulting from the fiscal policies of this administration.

Small wonder that the farmer is the principal person operating in today's economy who is in a most vicious price-cost squeeze.

The report from the Department of Agriculture, "Agriculture Prices," shows that the index of prices paid by the farmer was 2 percent higher in February 1968, as compared with February 1967; it shows that motor vehicle prices averaged 6 percent above a year ago—the price the farmer pays because this administration permitted the wage guidelines to be breached by labor leaders without regard to the consequences to the poor farmer who as a group is one of the Nation's biggest consumers.

The index for farmers in February 1968, shows that the prices paid by rural consumers for family living was 3 percent above February 1967; the average prices for household furnishings was 3 percent above February 1967, and compared with February 15, 1967, clothing prices averaged 5 percent higher on February 15, 1968.

Thus, the farmers' costs and the costs of every member of his family and every member of every other family are going up and up and up. Inflation is the cruelest tax of all. It is an invisible thief which takes from families in the darkness of the night the wherewithal to support themselves out of their family budget. This inflationary tax forces prices up and up and up while this administration does nothing to correct this sorry situation.

Is it any wonder, Mr. President, this same report shows that the parity ratio for the farmer still stands at 74 percent?

Mr. President, the records from the Department of Agriculture indicate that the gross income for agriculture in 1967 will be $49.2 billion with production costs estimated at $34.4 billion, which leaves a net return of $14.8 billion. This is a net of less than in 1966 and according to Department of Agriculture reports, there is no apparent hope for any substantial increase in 1968. In fact, the Department of Agriculture statisticians tell us that realized gross farm income in 1968 will be a record high, about $50 billion, but that production expenses are also going to be at a record high and will likely rise so high that the realized net-farm income of 1968 will probably change very

little from the deplorable 1967 level. And it could easily enough prove to be worse.

Thus, with ever-increasing inflation, farmers at the end of 1968 will be worse off than they are today and the administration offers virtually no hope or opportunity for increasing their parity ratio. In fact, the Department of Agriculture statisticians tell us that in 1968 there will be fewer farms and fewer farmers—and, I suspect fewer prosperous small towns and cities in rural areas as a consequence. They also tell us that overhead cost items which a farmer incurs such as real estate and other taxes, interest, and depreciation charges will be up sharply from 1967.

This we know now. The farmer is compelled to pay on his borrowings the highest interest rates he has had to endure in a century of farming in this country. The Johnson administration's reputation as a "high interest rate" Presidency seems likely to be unprecedented and to remain uncorrected.

In view of these statistics, Mr. President, it was discouraging to study the message of the President last week and to note that it holds out nothing in the way of hope that the parity ratio of the farmer will be increased—or even maintain itself at the present level. The only new suggestion the President offered was for the Congress to hold hearings and study bargaining procedures for farmers after which he will make specific recommendations for action. Mr. President, we have had too many studies with no effective results and when Congress makes this study on a possible bargaining act for agriculture, I hope the committee will also make the recommendations for implementing legislation.

We can afford to wait no longer to resuscitate the farming industry which is suffering so seriously in America today. There is no justification for postponing workable suggestions and solutions until a "great" tomorrow when conditions may be worse, or until some period after the election is held next November, when interest by public officials in the plight of the farmer may be even less—if we can lessen that which is now so low as not to be visible to the naked eye.

So, I hope that this year something can be done to start prices upward. South Dakotans and the Nation's farmers do not have the financial capacity to wait until next year, or to borrow operating money at astronomical interest rates on election promises to raise products which they have to sell at 74 percent of an equitable price.

The President, in his message, recommended extension of the food-for-peace program—a program initiated in 1954—under the Eisenhower administration. Passage of Public Law 480 indeed marks one of the real constructive suggestions in which Secretary Benson did participate as Secretary of Agriculture. It was indeed a constructive and valued contribution by the Eisenhower-Nixon administration. In fact, the food-for-peace program, or Public Law 480, as it is better known, came out of the Agriculture Committee, of which I was a member at that time. I can remember working with Senator ANDERSON, of New Mexico—born in South Dakota, incidentally; Senator Francis Case, of South Dakota; Senator Andrew Schoeppel, of Kansas; and others in developing the bill and the bipartisan support for this new idea which has done much to relieve hunger around the world and to assist the farmer in disposing of his products at a better price. I introduced a bill several weeks ago which was the first legislative effort to provide for the extension of this program through 1971.

As a matter of fact, I testified before the Senate Agricultural Committee only yesterday morning in support of my bill to extend the Public Law 480 program for another 3 years.

Mr. President, the recent administration farm message called for a permanentizing of the programs of the Agriculture Act of 1965. While these programs must be extended this year, I do not believe they should be made permanent or even extended in their present status. After all, they are the programs under which we now live and operate. They are the programs which continue to give the farmers of this Nation only 74 percent of parity.

They are not programs good enough to be permanentized until they can be improved and are able to demonstrate a capacity to put farmers' income up to equity, up to parity, where it belongs. I think we must evolve better programs. From programs for wheat and feed grains and corn must be extended. But, they must be first amended and improved. We cannot settle simply for making them permanent and saying, "These programs are good enough and they are the best we can provide." They must be perfected and then tried once again in the laboratory of life, to determine whether or not these are the type of workable programs which will bring to the farmer the full parity of income to which he is entitled. Congress must act in 1968—this year, this session—in my opinion, so that farmers can make their operating plans for 1969 and 1970 without fear of the programs lapsing, and in knowing that at the minimum they will have the benefits of these programs available with such improvement as experience teaches us we can now legislate.

The President's message has a most glaring omission. It did not mention any programs or possible procedures to control imports of competitive farm products. Mr. President, no farm program can be successful without protecting the American markets for our American producers. With continual rising cost of production; with the evil and vicious hidden tax of inflation eating away at his dollar; and with his parity down to 72 to 75 percent, it is essential that there be included in any proposed farm program a provision to control the imports of competitive farm products. I hope that when the Agriculture Committee studies the bargaining proposal that it will include studies of import regulations and their applications.

There is no use in establishing provisions for bargaining of farm prices for imported products in our markets. It will not help our farmers gain full parity of income if bargaining is for the world producers instead of for the downtrodden and economically depressed American farmer in our land.

The President asked the Congress to act on legislation which would create a national food bank—or strategic security reserve of wheat, feed grains, and soybeans. He indicated that in the consideration of legislation to establish such a program that it should create the strategic reserve but that it should be insulated away from the market so as to not at any time act as a depressant on farm prices. We all remember too well what happened to wheat and feed grain prices, and what happened to corn, when, under the present statute the Secretary of Agriculture dumped CCC-owned grains on the market at harvesting and marketing times, thus causing prices to drop and the farmer to show greater losses of income because of resulting depressed prices. While the Secretary of Agriculture and the President have always opposed efforts which my colleagues and I have made in the past to tighten up the restrictions on sale of CCC-owned grains, I hope that in legislation creating this strategic national reserve they will support proposals which would guarantee that no administration, no Secretary of Agriculture, can ever again use the reserve in any way to depress farm prices—or that it will ever again be used to place a lid on farm prices.

This reserve should rather be used to provide a floor for the price of wheat, corn, feed grains, and soybeans so that the farmers can look forward to the opportunity of receiving full parity prices for those products which he raises on his farm. Accordingly, I have had drafted a bill providing for the creation of a strategic reserve and setting very stiff criteria for disposing of these products so as to prevent the possible using of the reserve in competition with farmer-grown products. In my opinion, this reserve must be so insulated from the market so as to insure that the producer has the opportunity to receive the full parity price for his products without any nagging fear of competition from the Government in the marketplace from this reserve.

My bill prohibits the sale of reserve stocks by CCC into commercial markets at less than the parity price level. In other words, the sales of wheat may be made at 100 percent of parity, less the current cost of the wheat marketing certificate; for corn and feed grains, at 100 percent of parity, less the current support payment; for soybeans sales, at 100 percent of parity. This formula would almost certainly insure that the reserve could never at any time be dumped on the market to the detriment of the farmer.

Like other bills which are pending in the committee, my bill would, to the maximum possible extent, maintain reserves under producer control through use of price support operations as well as extended loans. I believe the farmers should be given the right to store the grain on the farm and receive the storage fee if that is possible, and thus increase his opportunities to earn money through his farm program.

Our farmers now have many excellent farm storage facilities, and more could

be built if the suggestion in my bill were implemented into law and farmers could earn the added income which is rightfully theirs through storage on the farm payments to farmers.

I send the bill to the desk, for appropriate reference, and ask that it be printed in full at the conclusion of these remarks.

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

(See exhibit 1.)

Mr. MUNDT. Finally, Mr. President, I hope that the administration will take the needed steps to make needed REA, RTA, and FHA funds available to meet the legitimate needs of all applicants. Just this week in the Appropriation Committee's consideration of a supplemental appropriation bill, I authored a successful amendment appropriating $25 million for the Farmers Home Administration so that agency will have funds to operate. I am happy to say that my amendment was approved. It is in the supplemental appropriations bill and I hope those needed dollars will soon be available for our farmers so they can get operating loans and real estate loans and the needed financial assistance to permit them to plant another crop and, hopefully, the opportunity to expand their operations and increase their income.

I have been disturbed by the reports that FHA has changed its criteria for considering loan applications so that only those applicants who are in the so-called poverty class are eligible for a loan. The substantial farmer, trying to build his assets, but because of the highest interest rates in a hundred years cannot find funds on which to operate, is denied assistance through the FHA. I have constituents in South Dakota who have contacted me that said they cannot find commercial money and if they cannot get their FHA loan application approved, it will be necessary for them to liquidate their holdings and stop farming.

It is just unfortunate that the administration has established such severe criteria for their loan applications that it would force an established farmer to liquidate—to sell his land to another operator to become larger—to, in fact, add to the growing list of those leaving the farm because of changing criteria in these programs that were designed to assist the farmer to farm rather than to liquidate him out of business.

The so-called new poverty oath for our American farmers in need of borrowed funds should be promptly eliminated by the FHA.

Mr. President, farm programs have been keyed too much to parity of prices as the objective when it should have been parity of opportunity for people as well. For more than 30 years our farm programs have been only commodity oriented when they should have also been people oriented. Less than 6 percent of our people now live on farms. The time is here to administer our farm programs designed to assist the farmer so that the people who are engaged in agriculture will reap the full benefits of those programs.

That small remaining percentage of our people living on the farms are now being asked, under the restraints sought to be imposed by the Johnson administration, to give themselves such comfort and surcease from sorrow as they can by being told, "Times will get better after awhile."

Eventually—5, 8, 10, or 12 years from now—the population explosion may indeed become so vast, that the farmer will start getting parity of income, because there very well could be such demand for his foods and his fibers that the law of supply and demand will insure that he receives a fair and honest price.

That he someday will, Mr. President; I believe it. But to condemn the present farm families for another decade—or even another 5 years, or another 8 or 10—which are now remaining on the land to a continued shortchanging of their rightful income to the extent of 26 percent of what they are entitled to receive for the products bought by the rest of their fellow citizens in this country and around the world, is an imposition, is a manifestation of a prospect of continued poverty on the farm, and is something that this administration should face up to now with action, and not with promises about what they hope to do next year, or some other year after the presidential and congressional elections.

Farmers have a right to ask this administration, "What have you done while you have been in office, Mr. Freeman? In those eight long, sorrowful, disappointing disillusioning years what have you produced for the farmers in terms of better parity prices as Secretary of Agriculture? Mr. Johnson, after your words of condemnation of the Eisenhower farm program, after your castigation of Secretary of Agriculture, Ezra Benson, and your call for his resignation, what have you produced for the American farmer since you have been President, in terms of parity, in terms of net farm income, in terms of expanded economic opportunity?"

Those are fair questions which the farmers should be asking now, which this administration should be answering now. They are not questions to be left to the imponderable time beyond an election yet to come.

We should judge our public officials by their record, by their actions, by the results, by the parity formula—not by their capacity to make promises now about performances which they have failed to produce while they have not only been in power for 8 years, but have also had complete control of Congress, of both Houses, by a 2-to-1 majority on the average, and of every committee of both Houses of Congress, including the Agricultural Committees of the Senate and the House of Representatives.

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

Mr. MUNDT. I am happy to yield to the distinguished Senator from Colorado.

Mr. ALLOTT. Mr. President, I am extremely interested in what the Senator is saying; and of course he is entirely correct. I recall that just this last week, the Senator from South Dakota inserted in the urgent supplemental appropriation bill $25 million for the Farmers Home Administration, for the revolving loan fund.

Is the Senator from South Dakota as concerned as I am about the breaking down of the small family-sized farm home and the small family-sized farm in this country?

Mr. MUNDT. Indeed I am. I can understand the Senator's great concern, because in fact equality of opportunity is no longer there, and many in my State, and I assume some in the State of Colorado, are simply closing up their farm operations and moving to the vast cities, in the hope that they can get a job at the minimum wage there, which, if they get it, will give them more net income than they are earning on the farms.

The problem is that frequently they do not get it, and thus they contribute to the vast urban problems, of which we read so much, by moving away from the farm.

Mr. ALLOTT. There is no doubt that this is one of the reasons for it.

I think the Senator's amendment last week struck at an area far more significant than most people realize. I constantly hear on the radio and on television, and read in the papers, about the big boondoggle subsidy farm program. For some reason or other, we still seem to be unable to get across to the public the fact that many of the expenditures charged to the agricultural programs have nothing to do with agriculture, such as the Public Law 480 program and other programs of that type, and have no business being charged to agriculture.

Mr. MUNDT. And the school lunch programs.

Mr. ALLOTT. The school lunch programs and one thing and another. Why what is strictly a Health, Education, and Welfare program, such as the school lunch program, should be charged to the agricultural budget is beyond me, especially when they have recently done so much work "reforming" the Federal budget.

So I particularly appreciate the program that the Senator got through last week, which I was very happy to support.

Mr. MUNDT. May I say that the Senator from Colorado was most helpful in his support of it, and I appreciate that. I want the people of Colorado to know that their Senator worked hard in getting that amendment through.

Mr. ALLOTT. Just last week the senior Senator from Kansas [Mr. CARLSON] told me, in just an ordinary conversation, of land up in central Kansas which, just 3 or 4 years ago, was selling for $50 an acre, and is now selling for $300 an acre.

The money to finance purchases through the FHA comes out of the real estate section, and I am very happy to have had an active part—in fact, the farm credit law is one which, as the Senator knows, I spent 7 years writing, and finally succeeded in getting through Congress in 1961.

Mr. MUNDT. And it has served American agriculture well.

Mr. ALLOTT. That is quite true. But the revolving fund for loans for the FHA was $300 million 8 years ago. It is still $300 million today; and the administration does not even want to finance that.

So is it any wonder, with the escalation in the costs and the price of land, with the refusal of the administration to look at the plight and the problems of our agricultural community, and with no interest or no ability to finance the purchases of land, that people are being shoved off of the land by the big corporate farmers and the people who have money?

Mr. MUNDT. It is no wonder; the Senator is absolutely correct.

I feel, as I am sure the Senator does, that the time has come to speak frankly and bluntly about the rough facts of life confronting the farmers and ranchers of America today.

For some curious reason, far too few of the leaders of our great farm organizations have alerted their own people in their own organizations to the perils of our times; to the fact that we are living in this depressed, subparity condition in a wartime economy for the first time in history; to the fact that their dues paying members are being called upon to substitute, to the extent of 26 percent, every clothing bill, every food bill, and every consumer's basket in this country and in many other areas of the world.

Somebody ought to carry this message in clear-cut, determined tones to the American farmer now, before it is too late. There should be resignations in high places, and replacements of farm programs, instead of the soothing sirup we got in the President's message saying, "Let us permanentize the program that we have."

Mr. President, that is like asking us to permanentize disaster, to permanentize bankruptcy, to permanentize deficiency.

Let us build on these programs. Let us improve them. Let us correct them. Let us expand them. But let us do something more effective for the farmer tomorrow than we have done in the last 8 years. We do not want to permanentize the path to failure. The time is here for corrective action now.

Mr. ALLOTT. Mr. President, in conclusion, I simply say to the distinguished Senator from South Dakota that when Secretary Freeman came into the Department of Agriculture 8 years ago, we heard about the preservation of the family-sized farm. We heard about what they were going to do for agriculture. But the appeals of the Department of Agriculture since then have been mainly to the consumer.

Mr. MUNDT. May I interpolate by saying we had a right to expect great results from Secretary Freeman, and we looked to his coming with high hopes, because he was in the vanguard of the Democratic Governors of the States and the spokesmen of this Union going around the country demanding, in speech after speech after speech, that Ezra Benson resign as Secretary of Agriculture.

Mr. ALLOTT. That is right.

Mr. MUNDT. And why was he calling upon him to resign? Freeman stated that we ought to compel a Secretary of Agriculture to resign whose parity level for farmers was only 84.5 percent. Under Freeman they have never reached that high. Under Freeman they have averaged 11 points less. So Freeman ought to ask himself to resign or apologize to Ezra Benson and to the American public, and above all to the American farmer whose high hopes he has shot down by his failure to improve conditions.

Mr. ALLOTT. Mr. President, I congratulate the Senator who is performing a great service.

I conclude with the remark that I think the consumer, to whom these people are appealing constantly, is perfectly willing to pay a fair price for his food in the marketplace and for his fiber. However, the consumer will never be happy about the situation as long as he is being played off against the farmer and the producer, as this administration has done from 1600 Pennsylvania Avenue, clear down through the Agriculture Department.

If the people of the country are told the truth, if the administration gets out of the Agriculture budget the things that do not belong in there, and if the administration provides sufficient money with which to provide credit for our farmers, we can have an agricultural economy which will provide a wonderful life for a great many people and will not force people into the cities. Everyone will get a fair, square deal out of it.

The American people are willing to do this if they are told that they are being advertised to death, by both the Agriculture Department and the administration, and are suffering because of it. Everyone on the land today is suffering as the result of it.

The Senator is performing a very worthwhile task in bringing these things to the attention of the people, and we, as the minority party, or loyal opposition, if one wishes to use the term, must continue to call it to the attention of the American people until the truth finally becomes known.

Mr. MUNDT. I thank the Senator for his comments. What the Senator said in conclusion is so true. These facts must be publicized until the people on the farms fully understand and know the cause of their disastrous economic condition and rise up in arms proclaiming against a policy which has put them where they are.

I have actually had some of my good friends on the farms back home write me saying that they had accepted the President's farm message and wanted to permanentize the present program. When I write them back and explain how the present program has put them where they are and confronted them with disaster, bankruptcy, and removal from the farms, they write back and say, "You are right. We must not vote to permanentize that program."

We have to do the job of acquainting the public with the truth and letting American farmers know the true cause of their economic troubles.

I appreciate what the Senator from Colorado has said because he is a knowledgeable and articulate friend of the farmer and is always ready to speak out for the benefit of the farmer. The Senator has performed a great service by calling attention to these matters in the course of this debate.

If we do provide the farmer with 100-percent parity and get him back the 26 percent he is being cheated out of as a subsidization of the big city consumer's household budget, it would not have a very big impact on the consumer. The 26 percent involved in getting a fair parity price for his products would not reflect itself in the consumer markets to any great degree. The real consumer's cost is greatly affected by the cost of fabrication, the cost of labor, the cost of production, the cost of distribution, the cost of selling, and the cost of merchandising the products produced on the farm.

I doubt that a $10 item purchased in Boston, New York City, Chicago, or Washington in either the food or fabric line would be increased in cost by as much as 2 or 3 pennies by reason of our adding the 26 percent to the cost of the raw materials to which every farmer is entitled. It is not the cost of the raw materials that causes the cost of the finished product to pyramid in cost. It is the extraordinary costs of fabrication, labor, production, transportation, financing, distribution, selling, and merchandising that pyramid the price to the consumer.

So, Mr. President, the time is here to administer our farm programs in a manner designed to assist the farmer so that the people who are engaged in agriculture will reap the full benefits of those programs.

If those programs need implementation or amending to meet the needs of the late sixties and the early seventies let us improve them now so as to meet those needs so that people will benefit and farmers as people can earn the parity of income and opportunity to which they are entitled. I hope the Department of Agriculture will administer its programs so that every farmer today will receive that fair return for his labor, his management, and his investment to which the President referred all too briefly in his message. Farmers and politicians were unhappy with 84.5 percent of parity during the Eisenhower years, in the previous Republican administration, as I have stated, and exclaimed so from one end of rural America to another. I am sure that they are much less happy today with 74 percent of parity than they were with 84 percent of parity and will insist that in 1968 the opportunity be made available to increase that parity and that agriculture as a segment of our overall national economy receive the same considerations, the same implementation that labor seems to receive or management seems to enjoy under this city consumer-oriented administration.

The city-based economic activities and the laborers in our vast unions receive full parity of income for their effort. No other producer, manufacturer, laborer, or fabricator is asked by his Government to sell his product and his effort at less

than the cost of production, to sell his product at no profit to himself, to sell his product without getting some return for his labor or investment. No other producer, no other manufacturer is asked by this administration to sell his product at home or abroad for 74 percent of a fair price, as is the farmer.

This administration even in its handling of the AID program has not only charged the cost of the food-for-peace program to the agricultural budget and to the farmer, as the Senator from Colorado has pointed out, but has also insisted on buying the farmer's products at subparity prices when we give them away to foreigners.

This is a good program. However, it should not be paid for by the farmers alone. It should not be the exclusive responsibility of the farmers to finance this tremendous global food disposal budget designed to produce peace and freedom.

It is time for the farmer to be extended "most favored recognition" because of his 74 percent of parity, and quick, effective action must be taken to increase today's 74 percent of parity to tomorrow's 100 percent of parity and opportunity. Farmers are intelligible and knowledgeable people who understand the results of mathematics and who recognize what it means when they are 12 percent worse off under one administration than they were under the previous one. They know in their hearts it is time for a change and if no corrective steps are taken soon they will vote for it in almost united marches to the polls next November regardless of ice, sleet, snow, or rain on election day.

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

Mr. MUNDT. I yield.

Mr. HRUSKA. Mr. President, it was with great interest that I followed the Senator's remarks on the bill which he is introducing today. The text is packed full of statistics and facts which cannot be disputed. Nor are the results of those statistics disputed.

I ask the Senator for the privilege of being listed as a cosponsor of his bill.

Mr. MUNDT. I shall be happy to have the distinguished Senator from Nebraska on my side and listed as a cosponsor on this bill.

The Senator from Nebraska is a great student of the economic farm problem. He was a great leader of the Senate in trying to stop the disastrous red meat imports from doing damage to the meat industry. His efforts were rejected but his predictions and his premises proved sound.

I know that the support of the Senator will be of great help to me. I welcome his support.

Mr. HRUSKA. Mr. President, I welcome the opportunity to help, because it will take some hard work by the members of the Committee on Agriculture and Forestry to report a bill that will be acceptable to the Senate. I hope that the principles embodied in this bill will be preserved.

I should like to ask a question or two about the strategic reserve bills. In times past many efforts have been made to set aside a reserve, however, grave concern has been expressed that if this reserve has a depressing impact upon the market, it will then defeat its own purpose.

Procedures have been suggested repeatedly in order to prevent that depressing effect.

There are those who argue that notwithstanding any provision that might be contained in the law, the mere existence of this reserve would have a depressing effect upon the market, even if provisions were written into the bill which prescribed that it could not be brought to the market except when it would not have this effect.

I do hope that the Senator, in his bill, has developed a formula which will prevent the depressing effect as much as possible so that those who administer the program will try to get for the farmer what he is entitled to, just as all other segments of the American economy are enjoying today.

Mr. MUNDT. I am very pleased that the Senator has put into focus this problem, which extends to any strategic reserve food program. What the Senator has said is true.

If at any time in history an administration deliberately desires to do damage to the farm economy, thereby trying to solicit and receive the support and votes of people in great cities who are the major consumers, you cannot write a bill so iron tight as to prevent that.

Economists have testified that just the visible supply, locked up though it is with the promise of Congress, could tend to have a depressing effect upon the price unless appropriate safeguards are written in.

I was a member of the Senate Committee on Agriculture and Forestry a number of years ago, when we had a bill very similar to the one proposed by the President—a strategic reserve. We had hearings, and we reported the bill one day, I believe almost unanimously. After that, some economists around the country, some farm leaders, and some commercial dealers in farm products suggested that we take another look at it. They came back, and we reopened the hearings. They pointed out that unless you put in some kind of mechanism to keep the price up, the visible supply and the strategic reserve could serve as a ceiling rather than a floor. So we called back the bill which had been reported with such unanimity, and we never were able to develop from the hearings in the time remaining an appropriate mechanism for meeting the problem.

But we learn as we operate and as we live. So in the pending bill, in which I am happy to have the cosponsorship of my friend, the Senator from Nebraska, we have written in, very definitely, in section 3 an effective defense mechanism, insofar as any Congress can write it, and insofar as any administration can ever provide it, protecting against the use of this strategic reserve in terms of holding down the prices.

My bill provides that there shall be no sales from the strategic reserve at less than 100 percent parity prices. That means that it should have the magnetic power to pull prices up, rather than to push prices down, since they are now 26 percent below parity and a selling price of 100 percent of parity would be a great boon to American agriculture and to every farm family in the entire country.

The Government can buy the reserves, and they can retain them, but they cannot sell—under the Mundt-Hruska bill—below parity without breaking the law. All that we legislators can do is to write a law. Anybody can break any law. But when we have the proper administration, you put in jail the Secretary of Agriculture who breaks the law by trying to break the farmers' market by selling the reserves for less than 100 percent of parity.

Mr. HRUSKA. A little while ago, I mentioned an element of good faith. With reference to disposal of some of these Commodity Credit stocks, there is presently in the statutes and regulations a provision that in the event corn is out of condition, or threatens to become out of condition, the Secretary is vested with discretionary power as to its disposal.

At the beginning of the present administration, back in 1961, 1962, and 1963, the question of good faith in that regard was very sorely scrutinized. There was considerable doubt and misgiving as to whether the reports of being out of condition, or threatening to be out of condition, and the resulting sale at very depressing prices, were made in good faith. Very serious questions did develop from time to time. How does the Senator's bill treat with this matter?

Mr. MUNDT. We meet with that, in the first place, by not putting in the escape hatch which was incorporated in CCC legislation and by providing for other types of guarantees operating where it is privately stored, and for other types of devices where grain is stored in publicly owned storage, for market use of the products, before they go out of condition, if that threat exists.

We live and learn. That escape hatch in the CCC Act has been badly abused. The market for legitimate products was curtailed, reduced, and limited, because the determination as to whether corn is about to spoil, I suppose, and in what degree is a subjective opinion and conclusion. We are attempting to write this bill as objectively and as specifically as we can in order to limit escape hatches of that nature.

Mr. HRUSKA. I am sure that the consideration of this bill will go into that aspect in great detail. I assure the Senator from South Dakota of my utmost cooperation to see that that goal is attained.

On another point with reference to the strategic reserve, there have been strong desires on the part of many farmers to participate in whatever revenue might be derived from storage of this reserve. I ask the Senator to elaborate a little upon the feature of his bill that would bear upon the storage of this reserve on the farm or near the farm.

Mr. MUNDT. I am happy to do that, because this is a feature of the bill which has not always been incorporated, but which I believe is of great immediate significance to the farmer.

The Senator from Nebraska is cor-

rect—the concept of storing the grain on the farm has always been high in the minds of farmers and of almost every farm organization with which I am familiar. We have made some progress in this country through the years in the farm programs in doing that. Based upon that experience and knowledge and learning, we have specifically provided in this bill that emphasis should be given in terms of favoring this storage on the farm, in farmer-owned bins and warehouses, for which the farmers will get the payment which normally flows to some commercial warehouser or which the Government would absorb by building public storage warehouses.

This is an additional source of income for the farmer. This is an additional source of immediate cash. It is one of the features that I am sure farmers around the country will almost unanimously applaud. I am glad the Senator mentioned it.

Mr. HRUSKA. I am pleased with that development. Too much in this country has depended upon regulation rather than statute. If it can be fixed in the statute, we will have a better chance to see that this concept, which is so desirable with respect to the income of the farmer, will be more likely to materialize.

Mr. MUNDT. The Senator is correct.

Mr. HRUSKA. On another point: The Senator has reviewed some of the sorry statistics of the farm income picture. The decline of the realized net farm income in 1967, as compared with 1966, is as great a tragedy as has befallen the farmer in a long time.

Mr. MUNDT. Indeed, it is.

The figure for 1966 is $16.4 billion, and for 1967, $14.5 billion. That is a decrease of $1.9 billion, or 12 percent in farmer net income.

Mr. HRUSKA. In realized net farm income. The estimates are that in 1968 the gross farm income will probably increase some—$1 billion or more—but there will be less realized net farm income than 1967. This testifies eloquently to the forces of inflation which are attacking the farmer, but the benefits of which escape him.

Mr. MUNDT. Precisely.

Mr. HRUSKA. One other statistic, and then I should like to ask the Senator a question about it. There has been an inclination on the part of the defenders of the Department of Agriculture to point at net income per farm for some time.

Mr. MUNDT. They have been trying to get away from reference to parity prices. The word which they invented has come back to plague them.

Mr. HRUSKA. Until this year, when the net income on a per farm basis, in 1967, got to be $4,573. That is 9 percent less than the net per farm basis income in 1966, which was $5,049.

That is despite the fact that there was another great reduction in the number of farms in existence.

Mr. MUNDT. Let me see if I understand the statistics and comprehend them correctly.

The Senator is saying that the net income of the farmer in 1967, despite his increased productivity, because of rather favorable weather conditions in most of the farming areas, was actually less than in 1966.

Mr. HRUSKA. The Senator is correct; by 9 percent.

Mr. MUNDT. Per farm.

Mr. HRUSKA. The Senator is correct.

Mr. MUNDT. That fact means the administration, which formerly talked so much about parity prices when the Republicans were in control, finding the statistics coming back to plague them because they are doing 10 points which means 12 percent worse than the Republicans did, moved over to the new language of "net income" thinking to get the farmer off of parity, and into this new area with new language, with new guidelines of net income. And now they are again caught in their own trap. Is that correct?

Mr. HRUSKA. The Senator is correct. On February 28, Secretary Freeman testified before the Subcommittee on Appropriations of the Committee on Agriculture and Forestry, on which the Senator from South Dakota and I serve. There is always a great temptation on the part of politicians to play with figures and statistics. At one time, the Secretary chose to play around with income for the farmer in 1967, which he said was $4,573. He pointed out proudly that this is 55 percent higher than the income per farm in 1960, which was before he took charge of the Department of Agriculture. The figure at that time was about $2,950.

Following that familiar note, we looked up the parity in 1960, and with a per farm income of $2,950, it was 80 percent. But with the 55-percent increase in the income per farm we find parity of only 74 percent. That is the very telling figure.

Mr. MUNDT. All of which proves over and over again that our farmers must never overlook the validity of the fact that it is the parity price formula that counts, it is the parity formula that gives them the whole picture of their position with respect to the remainder of the economy, and it is the parity price formula which tells them how much their net income means, not only in terms of farm operating material but also in terms of the fact that farmers also have to live, send their children to college, contribute to their churches, buy clothing, travel, and take vacations. All of those things must come out of that so-called net income which is related only to their cost of production operations.

I remember what a farm leader in the Midwest always says: He says that "farm prices are made in Washington," and what he receives in net income is not of much help to him unless he figures what those dollars are worth. He is talking about a 43-cent dollar today when they talk about the dollars received as so-called net farm income.

The PRESIDING OFFICER (Mr. HOLLINGS in the chair). The hour of the Senator has expired.

Mr. MUNDT. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes.

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

Mr. HRUSKA. There is one final point I wish to bring to the attention of the Senator. The Senator has alluded to it somewhat. In spite of the shabby treatment of the farmer with a 12-percent reduction in net income last year, with the loss of about 700,000 farms in the last 8 years, with prices of all farm products being at the same range or less than 20 years ago, in face of all the increased production costs, the President in his farm message to the Congress soberly and, from all appearances, seriously proposed making permanent the very program under which all these things happened to the farmer.

I wonder if the Senator wishes to comment on that proposal of the President.

Mr. MUNDT. Yes, I shall. I think that lawyers have a Latin phrase which means, Let the buyer beware; let the voter beware; and, now, let the farmer beware. President Johnson has now told our farmers, "It is my purpose to make permanent the situation in which you are."

That formula, the rules, and regulations of agriculture administration have put the farmer where he is now, at 74 percent parity, after 5 years of war for the first time in history. He now says he wants to make this condition permanent.

Nobody can help an agriculture economy whose farmers vote for that kind of administration which announces it wants to make permanent a disaster, by even telling them in advance in a message to Congress of his intention. Mr. President, you cannot protect farmers against themselves any more than you can protect any other people against themselves.

It shocked me when the President said that in his message, and I must pay tribute to the alertness and perspicacity of the farmers of the Nation. My desk was flooded with telegrams and letters from farmers protesting against the fact that the President wants to make permanent this farm formula, which has failed them so seriously for 8 long years. I did not receive as many communications from farm leaders but I did receive communications from farmers, those who pay the dues to farm organizations, stating, "Please, Senator MUNDT, do not vote to make permanent this formula of failure. We cannot live much longer at 74 percent parity."

Indeed, Mr. President, America's hard-headed, hard-working farmers are not easily fooled—certainly not for so long a period of distressing history.

Mr. HRUSKA. Not only did the volume of my mail reach high proportions, but also last evening it was my privilege to be with 61 Nebraska farmers traveling to Washington and back by bus. They talked with me after we had had a dinner of roast beef and mashed potatoes.

Mr. MUNDT. Roast beef from South Dakota, I hope.

Mr. HRUSKA. They asked the question, How can we suffer this condition of 74 percent parity ratio and then have salt rubbed into our wounds by the administration saying, "Let us make this a permanent situation."

Mr. MUNDT. I thank the Senator.

I share his convictions. The farmers of America cannot be forever fooled.

I have studied, as have other persons, the astonishing election returns from New Hampshire. They cranked into that return of the astounding vote received by our colleague in the Senate, Senator McCARTHY, running against the incumbent President not a totality of conviction that war is wrong and that the will to sustain freedom is waning but, as I have studied the votes in rural New Hampshire, a reflection of the same thing we are talking about here today. These farmers in New Hampshire do not want to be permanently shackled with a farm administration that keeps them at 74 percent of parity and then tells them "We are going to continue this economic torture."

Mr. President, I think that when you carefully examine the returns from rural precincts of New Hampshire, you will find, as I have, that the farmers there were protesting part against the Johnson-Freeman farm disaster. The Senator from agricultural Minnesota [Mr. McCARTHY] might give them a better break in the marketplace they believe than has President Johnson whether or not he gives them peace.

Mr. President, I conclude by saying that it is time for the farmer to be extended "most favorable recognition," because of his 74 percent of parity, and quick, effective action must be taken to increase today's 74 percent of parity to tomorrow's 100 percent of parity and opportunity.

Mr. President, I ask unanimous consent to have printed in the RECORD an analysis of my bill prepared by the Library of Congress Legislative Reference Service.

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

(See exhibit 2.)

Mr. MUNDT. Mr. President, I sent the bill to the Library of Congress and asked its agricultural experts to make an objective and factual analysis of the bill to determine how effective it might be to put in the proper mechanisms to protect the farmer against competition from his government by the existence and utilization of agricultural reserves. They have responded factually, as they always do. It is a most encouraging report.

I yield the floor.

EXHIBIT 1

The bill (S. 3156) to provide for the establishment of reserve stocks of agricultural commodities by producers and the Commodity Credit Corporation for national security, public protection, meeting international commitments, and for other purposes, introduced by Mr. MUNDT (for himself and Mr. HRUSKA), was received, read twice by its title, referred to the Committee on Agriculture, and ordered to be printed in the RECORD, as follows:

S. 3156

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. It is the policy of the Congress to establish and maintain reserves of storable agricultural commodities adequate to meet any foreseeable food and fiber shortage which might arise in the Nation as a consequence of any natural disaster, adverse food production conditions for one or more years, military actions, or other causes, and to assist other nations of the world in any food emergency. It is further the policy of Congress to establish such reserves in years of surplus production and to maintain them to the maximum extent practicable in the control of producers, to assure their segregation from the commercial market so that existence of the reserves will not adversely affect the level of market prices.

Further, it is hereby declared to be the policy of Congress that to the maximum extent practicable reserve stocks of agricultural commodities shall be maintained under producer control through the operations of the price support loan program, including extended loans to producers.

SEC. 2. Whenever, during any marketing year the uncommitted stocks of wheat, feed grains, or soybeans and/or soybean oil equivalent owned by the Commodity Credit Corporation fall below the reserve level for such commodity the Commodity Credit Corporation may procure such quantities of the commodity at such times and places as will effect the orderly establishment and maintenance of the Commodity Credit Corporation's stocks of the commodity at such level: *Provided,* That purchases shall be made at prevailing market prices but not in excess of 115 per centum of the price-support loan rate for the commodity current at the time of purchase plus reasonable carrying charges. The reserve level of the commodity for any marketing year shall be the percentage of the estimated export and domestic consumption of the commodity during such year specified in the following schedule:

Percentage schedule of estimated export and domestic consumption during the marketing year

Commodity:	Percentage
Wheat	20
Feed grains	15
Soybeans	6

SEC. 3. In order to assure that stocks of wheat, feed grains, and soybeans owned by Commodity Credit Corporation will be insulated from the market, Commodity Credit Corporation, notwithstanding the provisions of any other law, shall not sell for unrestricted domestic use or value for redemption of payment-in-kind certificates such commodity at less than the parity price: *Provided,* That if at any time the market price of any such commodity reaches the parity price level the uncommitted stocks of such commodity owned by Commodity Credit Corporation shall be made available at that price level for sale for unrestricted domestic use or for redemption of payment-in-kind certificates. However, for wheat the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location, less the current cost of the marketing certificate charged to processors, provided such price shall not be less than $2 per bushel.

For feed grains, when the total carryover is: Not more than twenty-five million tons, the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location, less the current price-support payment rate with respect to the maximum permitted acreage for the feed grain.

For soybeans, when the total carryover is: Not more than thirty-five million bushels, the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location.

SEC. 4. Notwithstanding any other provision of this Act, for the purpose of efficient management of the reserve stocks, including rotation thereof, Commodity Credit Corporation may sell any commodity in its reserve at domestic market price, but any such sale shall be offset by a prompt purchase of a substantially equivalent quantity of such commodity at domestic market price.

EXHIBIT 2

ANALYSIS OF DRAFT BILL TO ESTABLISH RESERVE STOCKS OF WHEAT, FEED GRAINS AND SOYBEANS

(By Harvey R. Sherman, Research Associate in Natural Resources and Conservation, February 7, 1968)

The draft bill declares a Congressional policy to establish and maintain strategic reserves of wheat, feed grains and soybeans adequate to meet shortages caused by natural disasters, production deficiencies, military actions, or foreign food emergencies. It directs establishing such reserves out of surplus production, and requires their insulation from commercial markets to prevent adverse effect on prices. Finally, it would, to the maximum extent possible, maintain reserves under producer control through use of price support operations, as well as extended loans.

Section 2 of the bill permits the Commodity Credit Corporation to purchase commodities to establish the reserve. Reserve levels are set at a specified percentage of the estimated export plus domestic utilization of the commodity: for wheat, 20 percent; for feed grains, 15 percent; for soybeans, 6 percent. Purchases by CCC may be made in quantities equal to the difference between existing CCC stocks and the specified reserve levels. CCC purchases shall be made at prevailing market prices, but at not more than 115 percent of current price support loan rates, plus carrying charges.

Section 3 prohibits sales of reserve stocks by CCC into commercial markets at less than the parity price level. Such sales of wheat may be made at 100 percent of parity, less the current cost of the wheat marketing certificate. Sales of feed grains, when carryover is not more than 25 million tons, can be made at 100 percent of parity, less the current price-support payment. Sales of soybeans, when total carryover is not more than 35 million bushels, can be made at 100 percent of parity.

Both sales and CCC-purchase prices under Sections 2 and 3 may be adjusted for class, grade and location.

Section 4 permits CCC to sell stocks for rotation purposes, at market price, provided prompt offset purchases of equivalent quantities, also at market prices, are made.

RESERVE LEVELS AND PURCHASE REQUIREMENTS

According to year-end estimates by the USDA, estimated domestic utilization in the current crop year, plus exports of the three commodities affected by the draft bill are as follows:

	Domestic use	Exports	Total
Wheat (million bushels)	[1] 700.0	750.0	1,450.0
Feed Grain (million tons)	147.8	22.5	170.3
Soybeans (millions bushels)	600.0	300.0	900.0

[1] For wheat, the USDA utilization/export estimate includes 100,000,000 to 125,000,000 bushels for feed in the 1967–68 crop year; this is 8 to 35 percent higher than the 92,800,000 bushels used in 1966–67. With current low corn prices and heavier feed supplies than a year ago, the upper range of this estimate may not be realized. Accordingly, for purposes of this report, wheat-for-feed use for 1967–68 was cut back to 118,000,000 bushels, for a total domestic use estimate of 700,000,000 bushels, as compared with 679,000,000 bushels in 1966–67.

On the basis of the above 1967–68 utilization/export estimates, reserves established by the bill would be as follows:

Wheat	million bushels	290
Feed Grains (911 million bushels corn equivalent)	million tons	25.5
Soybeans	million bushels	54

These reserve levels, less CCC-owned uncommitted stocks, indicate quantities that

would need to be purchased by CCC in the current year:

Wheat

	Million bushels
Reserve level requirements	290
CCC-owned stocks, week ending January 26, 1968	107
Reserve purchase requirements	183

Feed Grains

	Million tons
Reserve level requirements (911 million bushels corn equivalent)	25.5
CCC-owned stocks, week ending January 26, 1968 (360 million bushels corn equivalent)	10
Reserve purchase requirements (553 million bushels corn equivalent)	15.5

Soybeans

	Million bushels
Reserve level requirements	54
CCC-owned stocks, week ending January 26, 1968	7.5
Reserve purchase requirements	46.5

ESTIMATED COST OF ESTABLISHING THE RESERVE

Section 2 of the draft bill would require that CCC purchases to establish the reserve be made at prevailing market prices, but at not more than 115 percent of the price-support loan rate at the time of purchase, plus carrying charges.

For wheat, purchases as of Monday, February 5, would be limited to 115 percent of the loan rate ($1.25 per bu.), or at least $1.44 per bu., equivalent roughly with current cash prices of No. 2 Hard Wheat at Kansas City of $1.60⅛ per bu. Using the $1.44 per bu. limit, reserve purchase requirements of 183 mil. bu. would require expenditures of some $263.5 million.

Corn prices at Chicago (No. 2 Yellow) on February 5, was $1.15 per bu., whereas the loan rate of $1.05 per bushel multiplied by 115 percent would give a maximum of $1.21 without allowance for carrying charges. Thus, the purchase of the required 553 mil. bu. at market price would cost CCC some $635.9 million. The soybean price for No. 1 Yellow at the Chicago market on February 5, 1968 was $2.71⅞; this compares with the bill's 115 percent of loan rate limitation of $.87 per bu. Purchase of the required 46.5 mil. bu. if it could be done at the present Chicago cash price would cost CCC $126.4 million.

Total CCC cost, then, would approximate $1,025 million.

ESTIMATED SUPPLY EFFECTS

Total supplies for 1967–68 have been projected by USDA as follows:

Wheat

	Million bushels
Carryover, July 1, 1967	426
Production	1,524
Imports	1
Total supply	1,941

Feed grains

	Million tons
Carryover, Oct. 1, 1967	37
Production	176
Imports	.3
Wheat, rye and byproducts	35.6
Total supply	248.9

Soybeans

	Million bushels
Carryover, Sept. 1, 1967	91
Production	973
Total supply	1,064

Thus, the reserves which would be established by the draft bill and isolated from the market would reduce total supplies available (except under extraordinary conditions specified in Section 1 of the draft bill) by the following percentages:

	Percent
Wheat	15
Feed grains	10
Soybeans	5

ESTIMATED EFFECT ON FARM CASH RECEIPTS

U.S. farmers' cash receipts from marketing of the 1967 wheat crop have been roughly estimated at $2,047 million; feed grains, $3,569 million; and soybeans, $2,426 million. Purchases for the proposed reserves would be expected (assuming only unit elasticity) to effect cash receipts as follows.

For wheat, reserve purchases of $263.5 million, would raise estimated 1967 wheat cash receipts to $2,310.5 million, or some 13 percent;

For feed grains, reserve purchases of $635.9 million, would raise 1967 feed grains cash receipts to $4,205 million, or 12 percent; and

Soybean purchases of $126.4 million would raise 1967 cash receipts to $2,552 million, or 5 percent.

The above estimated effects of the proposals of the draft bill assume purchases in the open market by CCC of the reserves, as specified in Section 2. However, it should be noted that Section 1 (paragraph 2) declares a Congressional policy which directs: "to the maximum extent practicable" that reserves be maintained under producer control through the price support loan program. Presumably, the paragraph in question would need implementation which is not now noted in the proposed bill.

To the extent reserves were held in on-farm storage, payments for storage would be expected to further enhance farm income.

Finally, the assumption of unit elasticity is probably unrealistic, at least with reference to the 1967 crops discussed. The probable psychology of the market in regard to the harvested and stored crops of that year might well be such as to result in rapid escalation of the prices to levels at which no open market purchases would be authorized under the proposed bill.

S. 3157—INTRODUCTION OF POTOMAC NATIONAL RIVER BILL

Mr. BREWSTER. Mr. President, during the past 3 years, an intensive Federal-State effort has been underway to develop a model conservation plan for the Potomac River Basin. This effort, initiated by President Johnson when he urged that the Potomac "serve as a model of scenic and recreational values for the entire country," is now nearing an end.

As the comprehensive study proceeded, an interim report to the President was released in the spring of 1966. Among its major recommendations was one calling for the protection of the Potomac's mainstream from below Great Falls to Cumberland, Md. The report specified that adequate public access to the river should be assured through Federal, State, and local ownership of recreational and scenic areas.

Today, I am introducing the Potomac National River bill, S. 3157, to make a major portion of that recommendation a reality. Senators CLARK, CHURCH, INOUYE, KENNEDY of Massachusetts, KENNEDY of New York, LAUSCHE, MANSFIELD, METCALF, MCGEE, MOSS, PELL, SCOTT, TYDINGS, and YARBOROUGH have joined me in sponsoring this measure. It is the result of 2 years of careful study and planning by the Department of the Interior in cooperation with other Federal and State agencies. Numerous officials from the local governments in the Potomac River Basin were consulted during the planning process, as were many conservation-minded individuals and organizations.

This bill envisions a "green sheath" preserving the riverscape—its shores, islands, and bluffs—for some 195 miles from Washington, D.C., to Cumberland, Md. While protecting the magnificent scenery of the Potomac Valley, it will significantly contribute to the development of public recreation areas and the preservation of historic sites.

It is estimated that a total of 67,000 acres of land will be needed for this project. Already, approximately 10,000 acres are in public ownership. Of the remaining 57,000 acres, it is anticipated that 16,000 acres may only require protection by scenic easements, while a significant portion of the remaining 41,000 acres can be acquired and then leased or resold for compatible purposes. It is possible that local zoning adjacent to the project will further reduce the actual amount of land now deemed necessary to protect this great river.

The bill I am introducing incorporates the 4,800-acre C. & O. Canal National Monument within the boundaries of the national river.

As envisioned by the legislation, the Potomac National River will be administered like a national recreation area. Hunting will be allowed in suitable areas, and compatible uses of the river by industry and commerce will be permitted.

To assist in guiding the development of the area, the bill establishes a nine-member Potomac National River Advisory Council with two members from each State and the District of Columbia and one member appointed by the Secretary of the Interior. The Secretary will be required to consult with the Council on matters relating to the development of the project.

While the Secretary of the Interior will administer the national river, the legislation permits him to enter into cooperative agreements with State and local public bodies for the management of certain areas. Already, several State and local governments have expressed their interest in such an arrangement. In fact, they have moved to acquire lands both within and adjacent to the proposed national river boundaries.

The bill authorizes the Secretary of the Interior to acquire land within the national river boundaries, either by donation, purchase, or exchange. In the case of noncommercial residential property, or property exclusively for agricultural purposes, the owner may retain rights of use and occupancy for a life term or a fixed term or not more than 25 years.

While Federal, State, and local ownership of both banks of the river has been recommended within the national riverway, nothing in this bill precludes areas of shoreline from remaining in private

ownership where satisfactory easements are obtained.

Throughout the process of planning this national river, I repeatedly emphasized the importance of insuring continued access to, and use of, the river water by individuals, communities, and industries. This bill provides for the granting of easements and the issuance of permits for rights-of-way through, over, or under the lands in Federal ownership within the national river. However, the bill precludes the Federal Power Commission from licensing any new dams or other projects under the Federal Power Act within the national river, unless such projects are specifically authorized by the Congress.

At the same time, we do not anticipate the construction of any high dam at Seneca and the flooding of thousands and thousands of acres in that portion of Maryland.

There are approximately 15,000 acres of water within the boundaries of the Potomac National River. The State of Maryland will retain jurisdiction over this water. The high water quality standards recently adopted by Maryland and accepted by the Secretary of the Interior will prevail. Hopefully, with continued cooperation from the other States in the Potomac River Basin, the 195 miles of national river will soon be restored to a point where many varieties of fish and wildlife will thrive and millions of people will be able to experience the increased enjoyment of water oriented recreation each year.

Mr. President, the Potomac National River bill I am introducing today represents a model for protecting our beautiful rivers while bringing recreational opportunities closer to the people seeking them. It represents an investment in the preservation of our national heritage and natural resources. I hope this measure will receive careful attention and early action by the Congress. Delay in this instance would be extremely costly—both in terms of dollars and in terms of protecting the scenic, historic, and recreational values of the Potomac Valley. Steadily rising land costs and urban encroachment will become increasing threats to this project if a beginning is not made soon.

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

Mr. President, I ask unanimous consent to have printed in the RECORD the text of Secretary Udall's letter of transmission, and the Potomac National River bill, S. 3157.

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

The bill (S. 3157) to establish the Potomac National River in the States of Maryland, Virginia, and West Virginia, and for other purposes, introduced by Mr. BREWSTER (for himself and other Senators), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

S. 3157

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to preserve and develop for the enjoyment of present and future generations the main stem of the Potomac River and adjacent land areas in Maryland, Virginia, and West Virginia, which possess unusual natural, scenic, historic, fish and wildlife, and recreational values, there is hereby established the Potomac National River. The national river shall consist of the lands, waters, and interests therein within the area generally depicted on the drawing entitled "Boundary Map, Proposed Potomac National River", consisting of five sheets, numbered NR–POT–7100 and dated September 1967. The drawing shall be on file and available for public inspection in the offices of the Department of the Interior. The Secretary of the Interior (hereinafter referred to as the "Secretary") may revise the boundaries of the national river from time to time, but the total land acreage within the national river shall not exceed 67,0000 acres.

SEC. 2. (a) The Secretary may acquire lands, waters, and interests therein (including scenic easements) within the Potomac National River by donation, purchase with donated or appropriated funds, or exchange. Any property within such area owned by the States of Maryland, Virginia, or West Virginia, or any political subdivisions thereof, may be acquired only by donation. Federal property located within such area may, with the concurrence of the agency having custody thereof, be transferred to the administrative jurisdiction of the Secretary, without transfer of funds, for use by the Secretary in carrying out the purposes of this Act.

(b) When an individual tract of land is only partly within the Potomac National River, the Secretary may acquire the entire tract in order to avoid the payment of severance costs. Land so acquired outside the national river boundaries may be exchanged by the Secretary for non-Federal land within such boundaries, and any portion of said land not utilized for such exchanges may be disposed of in accordance with the provisions of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended (40 U.S.C. 471 et seq.).

(c) In exercising his authority to acquire property by exchange, the Secretary may accept title to any non-Federal property within the national river, and in exchange therefor he may convey to the grantor of such property any federally owned property under his jurisdiction within the States of Maryland, Virginia, and West Virginia, which he classifies as suitable for exchange or other disposal. The fair market values of the properties so exchanged either shall be approximately equal, or if they are not approximately equal the values shall be equalized by the payment of cash to the grantor or to the Secretary as the circumstances require.

(d) With respect to any property acquired by the Secretary under this Act within the Potomac National River, the Secretary may convey a freehold or leasehold interest therein, subject to such terms and conditions as will assure the use of the property in a manner which is, in his judgment, consistent with the purposes of this Act. In any case in which the Secretary exercises his discretion to convey such interest, he shall do so to the highest bidder, in accordance with such regulations as the Secretary may prescribe, but such conveyance shall be at not less than the fair market value of the interest, as determined by the Secretary; except that if such conveyance is proposed within two years after the property to be conveyed is acquired by the Secretary, he shall allow the last owner or owners of record of such property thirty days following the date on which they are notified by the Secretary in writing that such property is to be conveyed within which to notify the Secretary that such owners wish to acquire such interest. Upon receiving such timely request, the Secretary shall convey such interest to such person or persons, in accordance with such regulations as the Secretary may prescribe, upon payment by them of, or agreement by them to pay, an amount equal to the highest bid price.

SEC. 3. (a) The Secretary shall encourage the States of Maryland, Virginia, and West Virginia, and their political subdivisions within the vicinity of the Potomac National River, to plan, acquire, develop, and manage lands within and adjacent to the national river for recreation, fish and wildlife conservation, or similar public purposes. Funds allocated to the States under the Land and Water Conservation Fund Act of 1965 shall be available for such planning, acquisition, and development.

(b) The Secretary shall encourage State, regional, county, and municipal bodies to adopt and enforce adequate master plans and zoning ordinances which will promote the use and development of private property within and adjacent to the national river in a manner consistent with the purposes of this Act, and he is authorized to provide technical assistance to such bodies in the development and adoption of such plans and ordinances.

(c) The Secretary may refrain or agree to refrain from exercising his authority under this Act to acquire private property within the boundary of the national river so long as he finds that the applicable plan or ordinance continues to promote the use and development of such property in a manner consistent with the purposes of this Act.

SEC. 4. (a) With the exception of property that the Secretary determines is necessary for purposes of administration, preservation, or public use, any owner or owners (hereinafter in this section referred to as "owner") of improved property on the date of its acquisition by the Secretary may, as a condition to such acquisition, retain the right of use and occupancy of the improved property for noncommercial residential purposes, or for agricultural purposes as hereinafter provided, for a term, as the owner may elect, ending either (1) upon the death of the owner or his spouse, whichever occurs later, or (2) not more than twenty-five years from the date of acquisition. The Secretary shall pay to the owner the fair market value of the property on the date of such acquisition, less the fair market value on such date of the right retained by the owner. Such right (1) shall be subject to such terms and conditions as assure the Secretary control over the property and its use in acordance with the purposes of this Act, (2) may be transferred or assigned, and (3) may be terminated with respect to the entire property by the Secretary upon his determination that the property or any portion thereof has ceased to be used for noncommercial residential or for agricultural purposes, and upon tender to the holder of the right an amount equal to the fair market value, as of the date of the tender, of that portion of the right which remains unexpired on the date of termination.

(b) As used in this section the term "improved property" means (1) a detached year-round one-family dwelling which serves as the owner's permanent place of abode at the time of acquisition, and construction of which was begun before January 1, 1967, together with so much of the land on which the dwelling is situated, the said land being in the same ownership as the dwelling, as the Secretary shall designate to be reasonably necessary for the enjoyment of the dwelling for the sole purpose of noncommercial residential use, and (2) any property that is used exclusively for agricultural purposes and continues in such use, including housing directly incident thereto: *Provided,* That the Secretary may exclude from improved properties any waters or land fronting thereon, together with so much of the land adjoining

such waters or land as he deems necessary for public access thereto.

SEC. 5. The Secretary shall permit hunting and fishing on lands and waters under his jurisdiction within the boundaries of the Potomac National River in accordance with the appropriate Federal and State laws, to the extent applicable, except that he may designate zones where, and establish periods when, no hunting or fishing shall be permitted for reasons of public safety, administration, fish or wildlife management, or public use and enjoyment. Except in emergencies, any regulations prescribing any such restrictions shall be put into effect only after consultation with the appropriate State agency responsible for hunting and fishing activities.

SEC. 6 (a) The Secretary shall administer the Potomac National River in accordance with the provisions of the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented (16 U.S.C. 1–4), except that any other statutory authority available to the Secretary for the conservation and management of natural and historical resources may be utilized to carry out the purposes of this Act. In administering the national river the Secretary may enter into cooperative agreements with non-Federal public bodies for the operation and management by either the Secretary or such bodies of certain portions of the national river in accordance with a mutually acceptable management plan.

(b) In the administration of the national river, the Secretary may issue easements, licenses, or permits for rights-of-way through, over, or under the lands in Federal ownership within the national river, or for the use of such lands by the owners or lessees of adjacent lands, for such purposes and under such nondiscriminatory terms, regulations, and conditions as he may determine to be consistent with the use of such lands for the purposes of this Act.

SEC. 7. The lands within the Chesapeake and Ohio Canal National Monument shall hereafter be administered as part of the Potomac National River and the national monument, established by Presidential Proclamation No. 3391 (75 Stat. 1023), is hereby abolished. Any funds available for purposes of the national monument shall hereafter be available to the Secretary for purposes of the Potomac National River.

SEC. 8. Except as specifically authorized by the Congress, the Federal Power Commission shall not authorize the construction, operation, or maintenance within the Potomac National River of any dam or other project work under the Federal Power Act (41 Stat. 1063), as amended (16 U.S.C. 791a et seq.): *Provided*, That the provisions of that Act shall continue to apply to any project, as defined in that Act, already constructed or under license to be constructed.

SEC. 9. (a) There is hereby established a Potomac National River Advisory Commission (hereinafter referred to as the "Commission"), composed of nine members appointed by the Secretary as follows:

(1) Eight members appointed from recommendations made by the Governors of the States of Maryland, Virginia, and West Virginia, and the Commissioner of the District of Columbia, two members to be appointed from the recommendations made by each such official.

(2) One member designated by the Secretary from the general public.

(b) The members of the Commission shall serve for a term of three years, except that the terms of the initial members shall be from one to three years, as designated by the Secretary at the time of appointment, in such manner as to insure that the terms of not more than three of them will expire in any one year.

(c) The Secretary shall designate one member to be chairman. Any vacancy in the Commission shall be filled in the same manner as the original appointment.

(d) Members of the Commission shall serve without compensation, but the Secretary may pay the expenses reasonably incurred by the Commission in carrying out its responsibilities under this Act upon presentation of vouchers signed by the chairman.

(e) The Secretary or his designee shall, from time to time, consult with the Commission with respect to matters relating to the development of the Potomac National River.

(f) The Commission shall terminate ten years after the date of enactment of this Act, or upon the establishment, by or with the approval of the Congress, of a permanent commission or body having similar functions, whichever occurs earlier.

SEC. 10. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

The letter, presented by Mr. BREWSTER, is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 8, 1968.

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

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill "To establish the Potomac National River in the States of Maryland, Virginia, and West Virginia, and for other purposes."

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

In a message to the Congress on February 8, 1965, the President asked for a program which would clean up the Potomac River, keep the river clean, and make it "a model of scenic and recreation values for the entire country." In response to this request, a Federal Interdepartmental Task Force on the Potomac, working closely with an advisory committee representing the Potomac Basin States, undertook a comprehensive study of the entire Potomac River Valley.

The proposed Potomac National River will include approximately 67,000 acres of land plus a segment of the river as generally depicted on a map on file in the Department. It will extend from the National Capital park lands in the District of Columbia and Arlington County, Virginia, to Cumberland, Maryland, on both sides of the Potomac River, and will be devoted to a variety of recreational uses (including hunting in suitable areas) without excluding the compatible use of the river by industry and commerce. The existing C & O Canal National Monument and other vital riverside lands and islands will become part of the national river.

The establishment of the Potomac National River will afford protection for this nationally significant riverscape and will protect the scenic shores of the Potomac River and its waters and islands. It will also preserve the historic values of the river, and provide major outdoor recreation opportunities for the citizens of the region. For much of the length of this national river, only a narrow band along the river's shores need be purchased in fee. At such locations as River Bend and Blockhouse Point in Virginia and Maryland, the Harpers Ferry area in West Virginia, Praether's Neck, and other bends upriver, however, areas back from the river will need to be acquired in order to provide vital scenic, recreation and natural areas. These areas can be developed for picnicking, camping, and related recreational activities.

The concept of the Potomac National River, as reflected in the enclosed bill, stresses the need for close cooperation among Federal, State, and local governments, and private organizations and individuals. Without a cooperative program involving action by all levels of government as well as by private interests, the Potomac may never be the model to the Nation of which the President spoke in his message to the Congress. The Potomac River affects three States and many counties. It serves as the principal source of water supply for important local industries and for the seat of the Federal Government. It provides outdoor recreation opportunity for millions. A Potomac National River—one of the steps in protecting the river—is the responsibility of all and beyond the capability of one.

The plan for the proposed national river, therefore, relies significantly on State and local action with regard to the acquisition, development, and operation of national river sites. The Federal Government will, in cooperation with State and local governments, acquire, develop, and maintain a "green sheath" on both sides of the river. The States of Maryland, Virginia, and West Virginia, and their political subdivisions will be encouraged to use State and local funds matched with Federal money allocated to the States from the Land and Water Conservation Fund to acquire selected lands along and back from the river and develop them for public recreation, fish and wildlife conservation, and protection of other natural and historical values. To protect the "green sheath" the Secretary of the Interior is authorized to acquire within the national river boundaries scenic easements which will promote land uses compatible with the national river objectives.

In addition, State, regional, county, and municipal bodies will be encouraged to adopt and enforce strict master plans and zoning ordinances in order to control the use and development of lands within and adjacent to the boundaries of the Potomac National River. The enclosed bill authorizes the Secretary to provide technical assistance to these bodies in developing and adopting such plans and ordinances.

The proposal also encourages these bodies to acquire interests in land, including scenic easements, within and adjacent to the national river.

Because of the importance of this national area, we hope that the interested State and local bodies will act quickly to protect this important area.

The proposal recognizes the desire of some established residents to continue to live within the national river boundaries for a period of time. Except for property that the Secretary determines is necessary for administration and preservation purposes and for public use, the proposal permits any owners of "improved property" acquired by the Secretary to retain, as a condition to such acquisition, a right for use and occupancy for noncommercial residential purposes or for agricultural purposes, for a life term or for a fixed term of not more than 25 years.

The proposal would preclude the Federal Power Commission from licensing any new dams or other projects under the Federal Power Act within the national river, unless such projects are specifically authorized by Congress. The Federal Power Commission, however, will continue to have jurisdiction over three existing minor hydroelectric developments within the national river.

The proposal would establish a 9-member advisory commission composed of representatives of the three affected States and the District of Columbia, and one member appointed by the Secretary from the general public. The commission would be temporary and would terminate 10 years after the date of enactment of the bill or upon the establishment of a more permanent body by or with the approval of Congress. The interim commission would advise the Secretary on the development of the national river.

No specific provision is made in the draft bill with regard to the possible need for water storage or detention on the main stem of the Potomac. However, lands proposed for inclusion within the boundaries of the National River could be made available for water storage should Congress later consider it necessary to utilize them for this purpose. In this event, it would be necessary for the Federal Government to acquire additional lands for storage outside of the boundaries of the proposed national river.

Land acquisition costs for the national river are expected to be $65.5 million.

The man-year and cost-data statement (based on current assumptions and estimates) required by the Act of July 25, 1956 (70 Stat. 652; 5 U.S.C. 642a), when annual expenditures exceed $1 million, is enclosed.

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

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

Mr. HOLLAND. Mr. President, will the Senator from Maryland yield?

Mr. BREWSTER. I yield.

Mr. HOLLAND. I congratulate the Senator from Maryland upon the introduction of his bill and his taking up this cause.

I did not join him as a cointroducer, not because I am out of sympathy with the effort but because I want to be free, when we consider details, to pass upon those details separately. The Senator knows that there are many such details in this comprehensive bill.

I want him to know two things: First, that I am completely in sympathy with the idea of the establishment of this river as a national river with all the connotations, traditions, and historic factors which go back deep into the roots of this country's history.

Second, I am very glad that the planners have omitted in their latest plans the earlier proposal to construct a high dam at Seneca. I thought that would have been a terribly tragic thing. So I congratulate the Senator on both counts.

Mr. BREWSTER. I thank my distinguished colleague for his kind and gracious remarks. I am aware of his long-standing interest in conservation and his record in that field in Congress.

Mr. President, I yield the floor.

TWO AIR FORCE OFFICERS FROM FLORIDA HONORED BY FREEDOMS FOUNDATION AT VALLEY FORGE

Mr. HOLLAND. Mr. President, I had the distinct pleasure to attend a luncheon in the Capitol on February 23 at which two Florida Air Force officers were among 10 Armed Forces members being honored by the patriotic organization, Freedoms Foundation at Valley Forge, for the excellence of their letters dealing with love of one's country.

I ask unanimous consent, Mr. President, that the letter written by Col. Harold D. Shoemaker, chaplain, U.S. Air Force, who makes his home in Miami Springs, Fla., and which letter obtained for him the George Washington Honor Medal and a cash award, be inserted in the RECORD at this point.

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

I appreciated your letter and share your concern over the blatant selfish "whats in it for me" attitude of the average American. Where did you find the quotation that "A man's country is not a certain area of land, of mountains, rivers and woods, but it is a principle, and patriotism is loyalty to that principle!" I like that!

We have an abundant supply of citizens who seem to have forgotten, if they ever knew, the meaning of America and all it stands for. A lot of current novels, plays, movies, radio and TV shows seem dedicated to tearing down our national ego. In the name of a cockeyed "realism," they show only the seamy side of American life, ignoring our freedoms and our native idealism.

The world wide communist propaganda and its dim-witted parrots in the US labor diligently to blow-up our faults and twist our motives out of shape. Statesmen, Hollywood Stars, Churchmen, Editorial Writers and nearly everyone thinks it might smart and bold and especially "liberal" to belittle and mock the American way of life. A lot of sons of riches devote their inherited wealth to attacking their national heritage.

But try to find out whats *right* with America and you get mighty little encouragement.

There was a time when Americans had a robust appreciation of their country and its unique destiny. For them America was "God's Country," symbolized by a strong and proud eagle . . . the slogan, "My Country right or wrong" was natural and wholesome. It seems to have been displaced by the formula "My Country always wrong," which is unnatural and unhealthy, besides being a pernicious lie. We used to make the Eagle scream. Today we want it to whimper like a neurotic hen. . . .

We must revive and strengthen pride in our history and confidence in our future. We must repair the foundations of America and its institutions.

Because some men howl that we're going to the dogs is no reason why the rest of us should join in their dismal barking. They must not be allowed to blot out the clear facts:

That American standards of life and health and education are the highest in human history.

That the human rights and equality before the law enjoyed by Americans are without match on this scale anywhere else on earth.

That the wealth generated by American's free economy and individual philosophy is today feeding the hungry and healing the sick in vast areas of a distressed world.

That millions of men and women in other countries have no higher dream than migration to the USA.

That never before has a nation as powerful been less of a menace to weak neighbors or more of a solace to enslaved people.

This is only a small part of the amazing inventory. We need to count our national blessings—not in a mood of boastfulness but in the spirit of simple truth.

We must be aware that the mere existence of a free and robust America is a source of reassurance to millions of people living under the shadows of external aggression and internal nihilism. We do neither ourselves nor the world any good by cringing under unjustified attacks. All we accomplish by our silence is to feed the Communist what to them is good news about bad democracy.

My son, speak up for America every chance you get. It offers an unmatched record and unlimited potential for a free world.

If Americans could get hold of it again, our Founding Fathers' dream of the unity of man, this passion for liberty, this sense of responsibility under God, we could rediscover our moral strength and offer the oppressed people of the world something far more exciting and dynamic than anything advertised by the free loaders who want the good life that America offers but not the responsibility.

Let's keep the Eagle screaming!

Mr. HOLLAND. Mr. President, I also ask unanimous consent to have the letter which won the George Washington Honor Medal and a cash award for Col. Daniel "Chappie" James, Jr., who makes his home in Pensacola, Fla., printed in the RECORD at this point.

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

FREEDOM: MY HERITAGE, MY RESPONSIBILITY

The strength of the United States of America lies in its unity. It lies in free men blessed and ordained with the rights of freedom working to provide, build, enjoy and grow. Those who would subvert us—or any free people—try to disrupt this unity by breaking the small parts from the whole—driving in the wedges of fear and discontent.

I am a Negro and therefore I am subject to their constant harangue. They say: "You, James, are a member of a minority—you are a black man." They say: "You should be disgusted with this American society—this so-called Democracy." They say: "You can only progress so far in any field that you choose before somebody puts his foot on your neck for no other reason than you are black." They say: "You are a second-class citizen."

My heritage of freedom provides my reply. To them I say: I am a citizen of the United States of America. I am not a second-class citizen and no man here is unless he thinks like one, reasons like one or performs like one. This is my country, and I believe in her, and I believe in her flag, and I'll defend her, and I'll fight for her and serve her. If she has any ills, I'll stand by her and hold her hand until in God's given time, through her wisdom and her consideration for the welfare of the entire nation, things are made right again.

Today's world situation requires strong men to stand up and be counted—no matter what their personal grievances are. Our greatest weapon is one we have always possessed—our heritage of freedom, our unity as a nation.

We must stop finding so many ways to hate each other because of race, creed, religion, political party or social strata. We must stop using personal grievances as an excuse to break the laws of the land. We must not join with any lawless mob no matter what the provocation in disregard for law and order. A thief is a thief—I don't care what he gives as his reason for stealing. A mob is a mob—I don't care what the provocation is.

We can't afford it in this great country of ours. It is our responsibility to preserve our freedom and our unity. Good, thinking men must help unite those with whom they come in contact through hard work and participation. Our contributions to the total effort can be a by-product of what we achieve through excellence in our chosen fields. In our daily lives we must become a strong link in the chain of unity and freedom that has always been the strength of these United States of America.

I am an American. My heritage is bound by the tenets of freedom inherent in that simple statement. My responsibility is to allow my children to join a community of free people everywhere who have the right to say: "I am what I am . . . because I have the Freedom to say it."

Mr. HOLLAND. Mr. President, I might mention for the information of the Senate that the award for Americanism will be treasured by Colonel James along with

many of our country's highest decorations such as the Distinguished Service Cross with two Oak Leaf Clusters; the Air Medal with 10 Oak Leaf Clusters; the Distinguished Unit Citation; the Korean and Presidential Unit Citation and the Air Force Outstanding Unit Award with two Oak Leaf Clusters.

This fine Negro officer is a veteran of 101 combat missions in the Korean war and 78 combat missions over North Vietnam with the famed "Wolf Pack." Colonel James, nicknamed the "Black Panther," in addition to his great zeal to serve his country during wartime, takes a most outspoken stand in the need for better racial relations, which fact appears in his letter. He is truly a great American.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further morning 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.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

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

On March 12, 1968:

S. 1727. An act to authorize the consolidation and use of funds arising from judgments in favor of the Apache Tribe of the Mescalero Reservation and of each of its constituent groups; and

S. 1821. An act to authorize the Secretary of the Interior to exchange certain property at Acadia National Park in Maine with the owner of certain property adjacent to the park.

On March 13, 1968:

S. 1155. An act to amend the Export-Import Bank Act of 1945, as amended, to change the name of the Bank, to extend for 5 years the period within which the Bank is authorized to exercise its functions, to increase the Bank's lending authority and its authority to issue, against fractional reserves, export credit insurance and guarantees, to restrict the financing by the Bank of certain transactions, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER 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 a bill (H.R. 14933) to modify certain provisions of title 39, United States Code, relating to hours of work and overtime for certain employees in the postal field service, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 14933) to modify certain provisions of title 39, United States Code, relating to hours of work and overtime for certain employees in the postal field service, and for other purposes, was read twice by its title and referred to the Committee on Post Office and Civil Service.

ENROLLED BILLS SIGNED

The PRESIDING OFFICER announced that on today, March 14, 1968, the Vice President signed the enrolled bill (H.R. 2901) to designate the Oahe Reservoir on the Missouri River in the States of North Dakota and South Dakota as Lake Oahe, which had previously been signed by the Speaker of the House of Representatives.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

H. Gardner Ackley, of Michigan, to the Ambassador Extraordinary and Plentipotentiary to Italy.

Mrs. SMITH. Mr. President, from the Committee on Armed Services I report favorably the nominations of 137 flag and general officers in the Army, Navy, Air Force, and Marine Corps, and ask that these names be placed on the Executive Calendar.

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

The nominations ordered to be placed on the Executive Calendar are as follows:

Brig. Gen. Archie A. Hoffman, Regular Air Force, and sundry other officers, for temporary appointment in the U.S. Air Force;

Brig. Gen. Maurice Candide Fournier, and sundry other U.S. Army Reserve officers, for promotion as Reserve commissioned officers of the Army;

Brig. Gen. James Taylor Hardin, and sundry other Army National Guard of the United States officers, for promotion as Reserve commissioned officers of the Army;

Maj. Gen. Herman Nickerson, Jr., USMC, for commands and other duties determined by the President, for appointment to the grade of lieutenant general while so serving;

Capt. Joseph B. McDevitt, U.S. Navy, to be Judge Advocate General of the Navy, with the rank of rear admiral;

Charles F. Duchein, and Sidney S. McMath, officers of the Marine Corps Reserve, for permanent appointment to the grade of major general;

Leland W. Smith, and Arthur B. Hanson, officers of the Marine Corps Reserve, for permanent appointment to the grade of brigadier general;

Rear Adm. Reynold D. Hogle, U.S. Navy, when retired, for appointment to the grade of vice admiral;

Vice Adm. Charles K. Duncan, U.S. Navy, for appointment as Chief of Naval Personnel;

Rear Adm. Walter D. Gaddis, U.S. Navy, for appointment as Director of Budget and Reports in the Department of the Navy; and

Ralph S. Garrison, and sundry other Reserve officers of the U.S. Navy, for permanent promotion to the grade of rear admiral.

Mrs. SMITH. In addition, I report favorably 1,867 appointments in the Army in the grade of captain and below, 285 appointments in the Air Force in the grade of major and below, and 1,260 appointments in the Marine Corps in the grade of first lieutenant. Since these names have already been printed in the CONGRESSIONAL RECORD in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

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

The nominations ordered to lie on the desk are as follows:

Richard D. Baker, and sundry other persons, for appointment in the Regular Army of the United States;

Lincoln M. Abney, and sundry other scholarship students, for appointment in the Regular Army of the United States;

Arvel L. Acoach, Jr., and sundry other distinguished military students, for appointment in the Regular Army of the United States;

Arthur W. Ackerman, Jr., and sundry other cadets, graduating class of 1968, U.S. Military Academy, for appointment in the Regular Army of the United States;

William H. Scanlan, and sundry other persons, for appointment in the Regular Army;

Peter A. Acly, and sundry other officers, for temporary appointment in the Marine Corps;

Michael C. Abajian, and sundry other officers, for permanent appointment in the Marine Corps;

Jack Edwards, and sundry other persons, for appointment in the Regular Air Force;

Roger S. Alexander, and sundry other distinguished graduates of the Air Force precommissioned schools, for appointment in the Regular Air Force; and

William A. Albright, and sundry other students of the Air Force Reserve Officers' Training Corps, for appointment in the Regular Air Force.

BILLS INTRODUCED

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

By Mr. SMATHERS:

S. 3155. A bill for the relief of Dr. and Mrs. Ferid Imre Ehrenstein; to the Committee on the Judiciary.

By Mr. MUNDT (for himself and Mr. HRUSKA):

S. 3156. A bill to provide for the establishment of reserve stocks of agricultural commodities by producers and the Commodity Credit Corporation for national security, public protection, meeting international commitments, and for other purposes; to the Committee on Agriculture and Forestry.

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

By Mr. BREWSTER (for himself, Mr. CHURCH, Mr. CLARK, Mr. INOUYE, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. LAUSCHE, Mr. MANSFIELD, Mr. MCGEE, Mr. METCALF, Mr. Moss, Mr. PELL, Mr. SCOTT, Mr. TYDINGS, and Mr. YARBOROUGH):

S. 3157. A bill to establish the Potomac National River in the States of Maryland, Virginia, and West Virginia, and for other

purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. RIBICOFF:

S. 3158. A bill to repeal the authority for the current wheat and feed grain programs and to authorize programs that will permit the market system to work more effectively for wheat and feed grains, and for other purposes; to the Committee on Agriculture and Forestry.

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

By Mr. JORDAN of North Carolina:

S. 3159. A bill authorizing the Trustees of the National Gallery of Art to construct a building or buildings on the site bounded by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive, northwest, in the District of Columbia, and making provision for the maintenance thereof; to the Committee on Public Works.

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

By Mr. HILL:

S. 3160. A bill to provide for the establishment in the District of Columbia of the University of the United States to function primarily as a national institute for advanced studies at which individuals of outstanding ability will pursue studies anticipating, identifying, and isolating future problems of the United States; to the Committee on Labor and Public Welfare.

By Mr. MOSS:

S. 3161. A bill for the relief of David M. Hansen; to the Committee on Armed Services.

By Mr. SCOTT:

S. 3162. A bill for the relief of Carleton R. McQuown; to the Committee on the Judiciary.

By Mr. TYDINGS:

S. 3163. A bill to provide courts of the United States with jurisdiction over contract claims against nonappropriated fund activities of the United States; to the Committee on the Judiciary.

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

By Mr. CANNON:

S. 3164. A bill for the relief of Dragomir Popovich; to the Committee on the Judiciary.

By Mr. ELLENDER (by request):

S. 3165. A bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to public bodies which upon sale by the Farmers Home Administration shall bear taxable interest; to the Committee on Agriculture and Forestry.

By Mr. MONTOYA:

S. 3166. A bill for the relief of Dr. Jagir Singh Randhawa; to the Committee on the Judiciary.

S. 3167. A bill to impose, under certain conditions, import limitations on metal ores or metals during labor disputes affecting domestic production of such articles; to the Committee on Finance.

By Mr. BREWSTER:

S. 3168. A bill for the relief of Comdr. Frederick J. Lewis, Jr., U.S. Navy (retired); and

S. 3169. A bill for the relief of Lam Shun; to the Committee on the Judiciary.

By Mr. PROXMIRE:

S. 3170. A bill to establish a Government corporation to assist in the expansion of the capital market for municipal securities while decreasing the cost of such capital to municipalities; to the Committee on Banking and Currency.

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

S. 3158—INTRODUCTION OF BILL TO BE KNOWN AS THE WHEAT AND FEED GRAINS ACT OF 1968

Mr. RIBICOFF. Mr. President, I send to the desk for appropriate reference a bill to repeal the authority for the current wheat and feed grain programs and to authorize programs that will permit the market system to work more effectively for wheat and feed grains, and for other purposes.

Mr. President, American technology and ingenuity, combined with the fertility of our valleys and plains, have created an immense agricultural productive capacity. When production has outstripped demand our Nation has been burdened with expensive surpluses of farm commodities. Much of this productive capacity was developed during World War II at the urging of the Federal Government. As a result, during the 1950's and into the present decade our farmers were saddled with a vast crop surplus. In an effort to alleviate the situation the Government developed numerous programs to cut production and stabilize prices. Farm program has been built upon farm program to achieve this end, with never a pause to evaluate their success or failure. The Food and Agriculture Act of 1965 is the most recent manifestation of this pattern.

THE NEW CHALLENGE

But times and problems have a way of changing and the programs and policies of yesterday fail to meet the problems of today. Today we need an agricultural program geared to the needs of a growing and dynamic America. To extend the Food and Agriculture Act of 1965 is to fail to meet our responsibilities.

No longer do we have yearly farm surpluses. In five of the last 7 years we have produced less than our total requirements for home consumption and export abroad. Whereas in 1961 the carryover of surplus feed grains was 84.7 million tons, the present carryover is 43 million tons. Indeed the slight surplus of 1967 can be directly attributed to the efforts of the Department of Agriculture to increase production and rebuild Government stockpiles.

In light of our changed situation it is time to reappraise our farm policies—to reexamine our efforts and redirect our energies. It is clear that our present farm program cannot meet the present challenge.

A NEW PROGRAM

We have at hand the opportunity to eliminate the costly subsidy, support, and control programs for feed grains and wheat. I am introducing legislation to repeal the authority of the Federal Government to institute acreage allotments, marketing quotas, marketing certificates, diversion payments and price supports for wheat and price supports and diversion payments for feed grain, as well as price supports for soybeans. We must take the Government out of the marketplace and allow the farmer to earn his income in an unfettered market. The farmer will have the maneuverability to gain from the increasing demand for his products both here and abroad without the threat of Government-owned surpluses overhanging the market.

Furthermore, this bill will give the Government authority to insure and guarantee recourse loans for the farmer who will borrow from commercial lending institutions.

This program would save the taxpayer close to $2 billion per year.

THE HIGH COST OF OUR PRESENT FARM PROGRAM

For fiscal 1967, the loss sustained by the Commodity Credit Corporation under our present farm program was almost $3.5 billion. This was $830 million more than in fiscal 1966. Diversion payments and price supports for wheat and feed grains which would now be eliminated amounted to $1.6 billion, and for fiscal 1968 will approach $2 billion. In the past, merely the costs of storing surplus grains has amounted to over $1 million a day.

The present farm programs place a great burden on the American taxpayer without providing equal benefit to the farmer. In a time when we must carefully scrutinize every dollar of Federal expenditures we are required to reexamine these costly programs.

FAILURE OF PRESENT PROGRAMS

Any careful study of the Federal farm program will show that, despite its cost, it has failed to meet its obligations to the farmers.

First, farm prices have not risen appreciably in the past few years. Nor have they shown any tendency to stabilize. The price for a bushel of wheat fell from $1.61 to $1.39 in the last year. Corn prices have declined from $1.29 to $1.03 and have been less than a dollar a bushel. Sorghum grain has retreated from $1.89 to $1.73; 1967's parity ratio of 74 is the lowest since 1933 according to the President's most recent economic report.

Second, our farm program has not been effective in controlling production. The present more favorable supply and demand balance is due mainly to expanding markets. Our present feed grain program requires that a participating farmer divert the use of 20 percent of his acreage, but this requirement is not effective since much of this land would normally lie fallow under any circumstances. In addition, farmers who do not participate in the program expand their production to take up any slack. Those who do divert their land, use the Government payments to increase the fertilization of their remaining acres, and for more efficient machinery to increase their yield.

From 1961 to 1965 our farmers produced on an average less than 3.8 billion bushels of corn. Indicated production of corn in 1967 was 4.7 billion bushels—demonstrating that the present Federal controls are not effective. During the same period wheat production was up over 25 percent.

Third, it is now well understood that our present farm policy of price supports and acreage diversion ignores the plight of the small farmer. As the President's National Advisory Commission on Rural Poverty summarized last year, "instead of combating low incomes of rural people, these programs have helped to create wealthy landowners while largely bypass-

ing the rural poor." Farm failures are largely confined to farms, with small acreage and little output. These small, marginal farmers are leaving the rural areas to add themselves to the swelling populations of our central cities where they are ill equipped to find jobs.

The small farmer cannot afford to divert his land from cultivation under the present farm programs. To scratch out a living he must earn income from every square foot of his scanty holdings. Yet our support programs require that he leave 20 percent of his land idle. As a result, we spend billions of dollars on our farm program, but only a tiny part of this money reaches the largest segment of our farm population—the small farmer. In 1967, for example, 48 percent of the farms signed up for the wheat programs but they represented 84.3 percent of the total wheat acreage. Forty-three percent of the feed grain farms participated representing almost 61 percent of feed grain acreage. Obviously, the small farmer is not participating.

HELP FOR THE SMALL FARMER

This bill would help the small farmer in several ways. First, with the abolition of the support and subsidy programs the farmer can turn to the marketplace for his income. The small farmer, with less investment in capital equipment, will be able to take advantage of price fluctuations by switching from crop to crop.

In addition, we should use the existing cropland adjustment program. This program is designed to take land out of production on a long-term basis. It provides land for our growing recreational and open space requirements while limiting production at far lower cost than the annual diversion programs.

The cropland adjustment program permits the small, marginal farmer to make a long-term arrangement with the Federal Government to retire his land from crop production. Because he can place most of his land in this program, the farmer can take another job to supplement his income. Nevertheless, the farmer remains a landowner and, therefore, he does not leave the rural area to migrate to the city. He retains his land base and receives a certain return from it.

We have authorized this program—now we should use it. Under contracts made in the first 2 years of the program there are presently 4 million acres which have been retired at an annual cost of about $80 million. Last year, however, no appropriation was granted to enter into new retirement contracts.

Under our present cropland adjustment program there are no specific legislative guidelines for apportionment of Government payments among tenants or sharecroppers who lose their jobs when a farmer takes his land out of production. Those people are often forced into urban areas to seek jobs. To prevent unnecessary hardship I have proposed that the Department of Agriculture undertake a study of how individuals in various tenure relationships should share in Federal payments and to implement their findings, as soon as possible. This study will also scrutinize various means to keep these people on the retired land in a meaningful capacity. My bill would also require that the Secretary use an advertising and bid procedure for determining what lands should be covered by agreements.

RECOURSE LOANS

This legislation makes available to the farmer recourse loans from commercial lending institutions which can be guaranteed by the Federal Government. The loan program allows a farmer to obtain badly needed cash yet be able to hold his crops for subsequent sale. Thus, marketing times are evened out preventing gluts at times of harvest which burden our transportation system and result in unnaturally low prices.

The present policy of nonrecourse loans results in the creation of large Government stockpiles of commodities which depress farm prices. The farmer knows the Government will take his crop in payment for the loan. A recourse loan will require the farmer to pay back the Government in cash. The consumer will also benefit by the higher quality commodities which will result when the farmer knows that his crops must compete in the marketplace and not rot in a storehouse.

AGRICULTURAL EXPORTS

No one will deny that our farmers have an enormous productive capacity. But the expanding populations of our own country and the rest of the world make it imperative that we not constrict this capacity unreasonably. There is an increasing potential in the export markets to sell any surplus crops that we might accumulate. Our agricultural exports reached the $7 billion level in 1966. The slight retreat from this level experienced in 1967 is attributable to a lessening of shipments under Public Law 480, according to a recent Department of Commerce report.

The future for our exports is very bright. There is a growing need abroad for foodstuffs for humans and for livestock. The American farmer is in a unique position to capitalize on this potential market. A recent Department of Agriculture report estimated that the less developed nations will increase their demand for grain from an estimated 30 million metric tons to 53 million metric tons by 1980.

CONCLUSION

This vast potential for commercial exports means that our presently decreasing commodity surpluses will become even less burdensome in the future. An opportunity exists for the Federal Government to withdraw its expensive presence from the agricultural market place. For more than three decades we have allowed this farm subsidy and control program to become a self-perpetuating empire—almost with a mind and ambition of its own. It is a costly money-consuming exercise in bureaucratic bungling. We should revamp the whole redtape-ridden mess. Farmers do not like it. Taxpayers stagger under its weight.

The distinguished chairman of the Senate Agriculture Committee, Senator ELLENDER, only recently voiced some disappointment with our present policies. He has called for hearings early next month to begin review of the Food and Agriculture Act of 1965. I commend him for his farsightedness and hope that the measure I have introduced today will be included in the committee's review.

It is time to seek a better way to spend our money. The benefits of our existing farm program do not match its cost. We must make greater efforts to get our money's worth from our farm programs. Why should we, year in and year out, walk softly into this Chamber and vote for a farm program we neither want nor can justify? The measure I am introducing today, I believe, can serve as a first step toward bringing sanity back into American farm programs.

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

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

The bill (S. 3158) to repeal the authority for the current wheat and feed grain programs and to authorize programs that will permit the market system to work more effectively for wheat and feed grains, and for other purposes, introduced by Mr. RIBICOFF, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

S. 3158

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wheat and Feed Grains Act of 1968".

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 2. The burdensome surpluses of wheat and feed grains of years past have been largely eliminated. This much improved situation is due to a combination of factors including rapidly growing domestic use of grains, greatly expanded commercial exports, and food commodity donations by the United States to help meet emergencies and to foster economic progress in developing nations of the world.

There is evidence that the Nation and a hungry world need increased production and use of wheat and feed grains. This objective is inconsistent with programs which pay farmers to restrict their plantings. Increased needs at home and abroad require the discontinuance of outmoded programs.

It is hereby declared to be the policy of the Congress and the purpose of this Act to repeal all authority for acreage allotments, marketing quotas, marketing certificates, diversion payments and price support payments on wheat, and base acreages, diversion payments, and price support payments on feed grains. It is further intended that the current stocks of wheat and feed grains in the Commodity Credit Corporation inventory, along with those coming into the Commodity Credit Corporation inventory from the 1968 crops, shall not be disposed of in a manner which disrupts the market price. It is also declared to be the policy of Congress that Government insurance shall be made available for recourse loans to producers of wheat and feed grains. Such insured recourse loans shall be made available through banks and other private financial institutions. These actions will permit the market to operate and enable producers of wheat and feed grains to get their income in the marketplace.

TITLE I—TERMINATION OF EXISTING WHEAT AND FEED GRAIN PROGRAMS

SEC. 101. Notwithstanding any other provision of law, effective with the 1968 crops of wheat, corn, oats, rye, barley, and grain sorghum—

(1) Sections 321 through 339 of parts II and III of subtitle B and section 379a through 379j of subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1321–1339; 1379a–1379j), are repealed; parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV respectively, and subtitle F is redesignated as subtitle D; and

(2) Subsection (i) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590p (i)), is repealed.

SEC. 102. Effective with the 1968 crop of wheat, the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress, 7 U.S.C. 1340), is repealed.

SEC. 103. Effective with the 1968 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 327 and 328 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b, 1339c) are repealed.

SEC. 104. Effective with the 1968 crops of wheat, corn, oats, rye, barley, and grain sorghum, the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note), is amended—

(1) by changing section 105 to read as follows:

SEC. 105. Notwithstanding any other provision of law, beginning with the 1968 crops, price supports shall not be made available to producers for any crop of wheat, corn, oats, rye, barley, grain sorghum, or soybeans"; and

(2) by repealing section 107.

TITLE II—RESTRICTIONS ON SALES BY THE COMMODITY CREDIT CORPORATION

SEC. 201. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), is amended—

(1) by changing the period at the end of the fourth sentence to a colon and adding the following: *"Provided,* That notwithstanding any other provision of law, beginning July 1, 1968, the Commodity Credit Corporation shall not make any sales (except sales offset by equivalent purchases, but including sales made in redemption of payment-in-kind obligations of the Commodity Credit Corporation under its programs) of its stocks held or acquired from crops prior to the 1968 crops of wheat, corn, oats, rye, barley, or grain sorghum, at less than—

"(A) 125 per centum of the 1967 loan rate for such commodity, plus reasonable carrying charges,

"(B) 85 per centum of parity for such commodity, or

"(C) the market price for such commodity at the time of sale,

whichever is highest."; and

(2) by deleting the seventh sentence.

TITLE III—COMMODITY LOAN INSURANCE FOR WHEAT AND FEED GRAINS

SEC. 301. (a) The Secretary of Agriculture is authorized and directed, upon such terms and conditions as he may prescribe, to insure banks and other financial institutions which are qualified by experience or facilities, against losses which they may sustain as a result of loans and advances of credit made to, and purchases of obligations of, producers on the 1968 and subsequent crops of wheat, corn, oats, rye, barley, and grain sorghum.

(b) Loans, advances of credit, and purchases of obligations to be eligible for insurance under this section shall not exceed 90 per centum of the estimated season average market price for the commodity concerned, adjusted for grade and location, for each marketing year as determined and announced by the Secretary of Agriculture prior to the beginning of each marketing year.

(c) Insurance shall not be granted by the Secretary of Agriculture under this section to any financial institution on loans, advances of credit, and purchases of obligations made by such financial institutions in excess of 75 per centum of the total amount of such loans, advances of credit, and purchases: *Provided,* That the amount of any claim for loss on any such individual loan, advance of credit, or purchase of obligation paid by the Secretary under the provisions of this section to a financial institution shall not exceed 90 per centum of such loss.

(d) No insurance shall be granted under this section to any financial institution with respect to any obligation representing any such loan, advance of credit, or purchase if such obligation has a maturity in excess of eighteen months.

(e) The Secretary shall fix a premium charge for the insurance granted under this section which shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds to the financial institution of such loan, advance of credit, or purchase. Such premium charge shall be payable in advance by the financial institution.

(f) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title. The Secretary of Agriculture is authorized to utilize the facilities, services, authorities, and funds of the Commodity Credit Corporation in discharging his functions and responsibilities under this title.

SEC. 302. Effective with the 1968 crops of wheat, corn, oats, rye, barley, and grain sorghum, section 5 of the Commodity Credit Corporaton Charter Act (15 U.S.C. 714c), as amended, is amended by changing the period at the end of paragraph (a) to a colon and adding the following: *"Provided,* That not withstanding any other provision of law, the Corporation's powers with respect to wheat, corn, oats, rye, barley, and grain sorghum shall be limited to the insuring of loans and advances of credit made to producers of such commodities, and to purchases of obligations of the producers of such commodities, made by banks and other financial institutions."

TITLE IV—AMENDMENTS TO CROPLAND ADJUSTMENT PROGRAM

SEC. 401. Section 602 of the Food and Agriculture Act of 1965 (7 U.S.C. 1838) is amended—

(1) by striking out in subsection (d) thereof the following: ", unless he determines that such action will be inconsistent with the effective administration of the program,";

(2) by adding the following at the end of subsection (n): "The Secretary shall, as soon as practicable after the date of enactment of this sentence, conduct a thorough study of how and to what extent tenants, sharecroppers, and persons in similar capacities on farms should share in payments made under this program. Such study shall also give consideration to means for keeping such persons in a meaningful and productive capacity on the lands retired from crop usage under this section."

S. 3159—INTRODUCTION OF BILL AUTHORIZING AN ADDITIONAL BUILDING FOR THE NATIONAL GALLERY OF ART

Mr. JORDAN of North Carolina. Mr. President, as all of us know, the late Andrew W. Mellon in 1937 gave to the Nation a building and his magnificent collection for a National Gallery of Art. At the time of this gift he, President Roosevelt, and the Congress all foresaw that the gallery would one day need to expand. Therefore, Public Resolution No. 14 of the 75th Congress, approved March 24, 1937, after providing for the acceptance of Mr. Mellon's gift and for the site on which the gallery was to be erected, further provided that an adjoining area bound by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive, NW., be reserved as a site for future additions to the National Gallery of Art.

The Board of Trustees of the National Gallery are of the opinion that expansion of its facilities are necessary and desirable at this time, and that this expansion should be implemented through the construction of an additional building on the reserved site. With this in mind, the children of Andrew W. Mellon; namely, Mr. Paul Mellon, who is President of the National Gallery, and his sister, Mrs. Ailsa Mellon Bruce, in October of 1967, made an unrestricted gift to the gallery of securities and cash valued at approximately $20 million. The trustees believe that this wonderful gift, together with other funds now available to the gallery are ample to cover the cost of the additional building.

In order to make these additional facilities a reality, I am today introducing a bill authorizing the trustees of the National Gallery of Art to construct a building or buildings on the site bounded by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive, NW. in the District of Columbia, and making provision for the maintenance thereof.

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

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

The bill (S. 3159) authorizing the Trustees of the National Gallery of Art to construct a building or buildings on the site bounded by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive, NW., in the District of Columbia, and making provision for the maintenance thereof, introduced by Mr. JORDAN of North Carolina, was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

S. 3159

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Trustees of the National Gallery of Art are authorized to construct on the area reserved in section 1 of the "Joint Resolution providing for the construction and maintenance of a National Gallery of Art", approved March 24, 1937 (50 Stat. 51, 20 U.S.C. 71), that is, the area bounded by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive, Northwest, a building or buildings to serve as an addition or additions to the National Gallery of Art, provided, however, that costs of such construction shall be defrayed from trust funds administered by such trustees and provided further that the plans and specifications for such building or buildings shall be approved by the Commission of Fine Arts and the National Capital Planning Commission.

SEC. 2. Upon completion, the building or buildings erected pursuant to section 1 hereof shall be incorporated into and become a part of the National Gallery of Art, and all provisions of the "Joint Resolution providing for the construction and maintenance of a National Gallery of Art", approved March 24, 1937 (50 Stat. 51, 20 U.S.C. 71 et seq.) shall apply to such building or buildings, to the site referred to in section 1 hereof, and to the activities of the National Gallery of Art carried on in such building, or buildings, and site to the same extent as they apply to the original National Gallery of Art build-

ing and its site and to activities carried on therein.

SEC. 3. All provisions of the Public Law 206 approved October 24, 1951 (65 Stat. 634, as amended 40 U.S.C. 193n et seq.), shall apply to the building or buildings constructed pursuant to section 1 hereof and to the site referred to in section 1 hereof which shall for such purpose be held to extend to the line of the face of the south curb of Pennsylvania Avenue, Northwest, between Fourth Street and Third Street, Northwest, to the line of the face of the west curb of Third Street, Northwest, between Pennsylvania Avenue and Madison Drive, Northwest, to the line of the face of the north curb of Madison Drive, Northwest, between Third Street and Fourth Street, Northwest, and to the line of the face of the east curb of Fourth Street, Northwest, between Pennsylvania Avenue and Madison Drive, Northwest.

SEC. 4. The Commissioner of the District of Columbia is authorized to transfer to the United States such jurisdiction as the District may have over any of the property delimited in the first section of this Act.

SEC. 5. In the event any privately owned or publicly owned utility located in the area delimited in the first section of this Act is required to be relocated or protected by reason of the construction on such area of any addition to the National Gallery of Art, such relocation or protection shall be at the expense of other than the District of Columbia.

S. 3163—INTRODUCTION OF NONAPPROPRIATED FUND ACTIVITY BILL

Mr. TYDINGS. Mr. President, I send to the desk, for introduction and appropriate reference, a bill to confer upon courts of the United States jurisdiction over contract claims against nonappropriated fund activities of the United States. I ask unanimous consent that the text of the bill be printed in the RECORD following my remarks.

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

Mr. TYDINGS. Mr. President, nonappropriated fund activities are at present an anomaly of the law. When States have attempted to tax or regulate their activities, they have successfully argued that they are immune from taxation and regulation as instrumentalities of the United States. When sued in foreign courts, nonappropriated fund activities have successfully argued that, as instrumentalities of the United States, they are not liable to contract suit, except in the courts of the United States. Our own courts have held, and the Justice Department has concurred in such holdings, that employees of nonappropriated fund activities engaged in the performance of their duties, are employees of the United States, so that the United States is liable, under the Federal Tort Claims Act for their negligence within the scope of their employment. The United States has, in fact, sued in its own name to enforce contracts entered into by nonappropriated fund activities.

Despite the consistent identification of the nonappropriated fund activity with its parent department or agency and the United States, contractors with such activities have found it virtually impossible to get a "day in court" when they allege breach of contract on the part of such an activity. State courts have disclaimed jurisdiction to entertain such claims, holding that the Federal courts are the appropriate forum; but Federal courts afford no relief because of an alleged loophole in the Tucker Act. The Court of Claims has held that that measure's waiver of the sovereign immunity of the United States to contract suits is not broad enough to permit the Court of Claims or the U.S. district court to entertain suits against nonappropriated fund activities.

Judges of the Court of Claims have repeatedly recognized the unfairness of the existing situation in their opinions. I am in full agreement with a judge of that court, who, in a recent, reluctant dismissal of a suit by a contractor against a nonappropriated fund activity said:

> This is a matter which sorely needs congressional correction.

The bill (S. 3163) to provide courts of the United States with jurisdiction over contract claims against nonappropriated fund activities of the United States, introduced by Mr. TYDINGS, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 3163

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1346 (a) (2) of title 28, United States Code, is amended by adding at the end thereof the following new sentence: "For the purpose of this paragraph, an express or implied contract with a nonappropriated fund activity of or under a department, agency, or Armed Force of the United States shall be considered an express or implied contract with the United States.".

(b) The first full paragraph of section 1491 of title 28, United States Code, is amended by adding at the end thereof the following new sentence: "For the purpose of this paragraph, an express or implied contract with a nonappropriated fund activity of or under a department, agency, or Armed Force of the United States shall be considered an express or implied contract with the United States.".

(c) Section 1302 of the Supplemental Appropriation Act, 1957 (70 Stat. 694; 31 U.S.C. 724a), is amended by adding immediately before the period at the end thereof the following new proviso: *"Provided further,* That any judgment or compromise settlement against the United States arising out of an express or implied contract entered into by a nonappropriated fund activity of or under a department, agency, or Armed Force of the United States shall be paid in accordance with this section and section 2414, 2517, and 2518 of title 28, United States Code, and the United States shall be reimbursed by such activity for any such judgment or compromise settlement paid by the United States to the extent the Comptroller General of the United States determines that such reimbursement may be made without unduly jeopardizing the operations of such activity."

SEC. 2. The provisions of this Act shall apply to claims and civil actions initiated or pending on or after the date of enactment of this Act without regard to the date on which the matters giving rise to such actions occurred, but the enactment of this Act shall not operate to afford a remedy for any claim barred by the appropriate statute of limitations on the date of enactment of this Act.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTION

Mr. BYRD of West Virginia. Mr. President, on behalf of the Senator from North Carolina [Mr. ERVIN] I ask unanimous consent that, at its next printing, the name of the Senator from Utah [Mr. BENNETT] be added as a cosponsor of the joint resolution (S.J. Res. 150) to designate the month of May 1968 as "National Arthritis Month."

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

Mr. BREWSTER. Mr. President, I ask unanimous consent that, at its next printing, the names of the Senator from New Jersey [Mr. WILLIAMS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Pennsylvania [Mr. CLARK], the Senator from New Hampshire [Mr. COTTON], the Senator from Maryland [Mr. TYDINGS], the Senator from Oregon [Mr. HATFIELD], and the Senator from Minnesota [Mr. MONDALE] be added as cosponsors of my bill (S. 341) to provide for improved employee-management relations in the Federal service, and for other purposes.

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

Mr. BARTLETT. Mr. President, I ask unanimous consent that, at its next printing, the name of the senior Senator from Ohio [Mr. LAUSCHE] be added as a cosponsor of the bill (S. 3102) to postpone for 2 years the date on which passenger vessels operating solely on the inland rivers and waterways must comply with certain safety standards.

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

Mr. BYRD of West Virginia. Mr. President, on behalf of the Senator from Washington [Mr. JACKSON] I ask unanimous consent that, at its next printing, the name of the Senator from New Mexico [Mr. ANDERSON] be added as a cosponsor of the bill, S. 3132, to provide for the cooperation between the Secretary of the Interior and the States with respect to the future regulation of surface mining operations.

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

RESOLUTIONS

REFERENCE OF SENATE BILL 3162 TO THE CHIEF COMMISSIONER OF THE COURT OF CLAIMS

Mr. SCOTT submitted the following resolution (S. Res. 264); which was referred to the Committee on the Judiciary:

S. RES. 264

Resolved, That the bill (S. 3162) entitled "A Bill for the relief of Carleton R. McQuown", now pending in the Senate, together with all the accompanying papers, is hereby referred to the chief commissioner of the Court of Claims; and the chief commissioner of the Court of Claims shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28, United States Code, and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a

claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

TO PRINT ADDITIONAL COPIES OF THE REPORT OF THE JOINT ECONOMIC COMMITTEE ON THE JANUARY 1968 ECONOMIC REPORT OF THE PRESIDENT

Mr. PROXMIRE submitted a resolution (S. Res. 265) authorizing the printing of additional copies of the Report of the Joint Economic Committee on the January 1968 Economic Report of the President, together with statement of committee agreement, minority and other views, which was considered, by unanimous consent, and agreed to.

(See the above resolution printed in full when submitted by Mr. PROXMIRE, which appears under a separate heading.)

CONTINUATION OF EXISTING EXCISE TAX RATES ON COMMUNICATION SERVICES AND ON AUTOMOBILES—AMENDMENTS

AMENDMENT NO. 615

Mr. SMATHERS submitted amendments, intended to be proposed by him, to the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations, which were referred to the Committee on Finance and ordered to be printed.

NOTICE CONCERNING NOMINATION BEFORE COMMITTEE ON THE JUDICIARY

Mr. BURDICK. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary.

Klyde Robinson, of South Carolina, to be U.S. attorney, district of South Carolina, term of 4 years, to fill a new position created by Public Law 89–242, approved October 7, 1965.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Thursday, March 21, 1968, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARINGS ON MINERAL SHORTAGES

Mr. GRUENING. Mr. President, on behalf of the Subcommittee on Minerals, Materials, and Fuels of the Senate Interior Committee, I announce that on March 21 the subcommittee will hold public hearings on the increasingly critical problems with respect to shortages of minerals in the United States, and our perilous, growing dependence on foreign, oceanborne sources of these minerals.

At this time, the subcommittee plans to hear only Federal officials, led by Dr. Walter Hibbard, the very distinguished Director of the U.S. Bureau of Mines. However, if the need and the interest warrant, we will schedule additional hearings to hear spokesmen for industry and the public.

Mr. President, I know that I do not need to tell the Members of this body—rather, I will affirm it to them—that the physical foundation of our society is based on minerals and the materials derived from them. Among all the world's peoples we enjoy the highest standard of living in no small part because we have been able to develop and utilize the abundant mineral resources of the United States. Minerals are woven inextricably into the very fabric of our history, our economy, and our civilization, and they are indispensable to our continued security.

Structures and machines are built largely of minerals; the energy to heat homes and buildings and to drive the machines is mostly mineral; agricultural fertility is maintained by mineral fertilizers; and the national security is provided by military equipment and machines largely of mineral origin.

In 1966 the United States led the world in the production of 27 out of 54 minerals for which complete statistics were available. In 1967 the total value of domestic mineral production reached a record high of $23.8 billion, exceeding for the sixth straight year the previous peak productivity.

But, in addition to being the world's leading mineral producer, we are also its largest consumer. We have, in fact, during the past 30 years, consumed more minerals than the entire world for all time prior to that. It is, therefore, a fact that we consume more than we produce. And our national demands are growing in what seems to be geometrical progression.

The value of mineral imports in 1966 was $2.9 billion and exceeded the value of exports by a ratio of more than 3 to 1. In addition, quantities of semiprocessed and manufactured minerals, fuels and other mineral-related products are imported. Department of Commerce statistics indicate that the total dollar value of these imports was $6.7 billion, with exports of $3.3 billion in the same categories. Actually, today, imports supply more than 75 percent of our needs for 20 different mineral commodities. Unless this particular trend is somehow reversed, there appears no alternative to a steady growth in our reliance on imports.

Yet, at the very time our reliance on foreign, ocean-borne supplies of minerals is increasing, we know we have vast reserves of many of the same minerals within the borders of our own country, or within the North American Continent. Much of these vast reserves are, unfortunately, of low grade, compared to some foreign sources. This fact, plus high production costs in the United States, plus the attractiveness of the growing foreign market, have resulted in what is perhaps a disproportionate emphasis by Americans on the development of foreign mineral resources.

My long interest in the development of the mineral resources of my own State of Alaska, and my service as chairman of the Subcommittee on Minerals, Materials, and Fuels, have impressed me with the great potentials for further discovery of new mineral resources and the further development of those reserves now known.

Mineralogically speaking, the United States may still be an "underdeveloped" or "emerging" country.

Over the years, from time to time, various units of the Congress, as well as various commissions appointed by the executive branch, have held hearings and conducted investigations as to the validity of the controversial theory or concept that the United States now is a "have not" nation with respect to critical and strategic minerals.

I am hopeful that our hearings on March 21 will throw additional light on this vital subject, and point to what, if anything, we should and can do about it.

PRESIDENT JOHNSON OFFERS FULL JUSTICE FOR AMERICAN INDIANS

Mr. MONRONEY. President Johnson's Indian message to Congress marks a realistic beginning to America's attempt to do full justice for its Indian citizens.

While we have granted political equality to the Indian and given monetary compensation for his ancestral lands, our first pioneers have not shared fully in the abundance of America.

The conditions in which the American Indian must live are a reason for national shame—and for the national action President Johnson has called upon us to take.

No enlightened American can rest when the tubercular rate among Indians is six times the national average; while more than one-half of the Indians must obtain water from contaminated or potentially dangerous sources; and when thousands are ill-housed, ill-schooled, and ill-prepared for 20th-century American life.

President Johnson has proposed a program to end this—and its enactment will mean the beginning of the end of the Indian's problems.

Essential community services such as water and sewer projects and decent housing will be provided on an enlarged scale. Increased Indian road construction can end the Indian's physical and cultural isolation; new jobs through expansion of proven programs can add hope and dignity; and improved health and education programs will be tailored to their special needs.

Success cannot come overnight—for years of neglect leave deep scars.

But today we embark on a hopeful journey—a long one to be sure, but a journey which will end in full citizenship for the American Indian.

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

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

THE FORGOTTEN AMERICAN

To the Congress of the United States:

Mississippi and Utah—the Potomac and the Chattahoochee—Appalachia and Shenandoah . . . The words of the Indian have

become our words—the names of our states and streams and landmarks.

His myths and his heroes enrich our literature.

His lore colors our art and our language.

For two centuries, the American Indian has been a symbol of the drama and excitement of the earliest America.

But for two centuries, he has been an alien in his own land.

Relations between the United States Government and the tribes were originally in the hands of the War Department. Until 1871, the United States treated the Indian tribes as foreign nations.

It has been only 44 years since the United States affirmed the Indian's citizenship: the full political equality essential for human dignity in a democratic society.

It has been only 22 years since Congress enacted the Indian Claims Act, to acknowledge the Nation's debt to the first Americans for their land.

But political equality and compensation for ancestral lands are not enough. The American Indian deserves a chance to develop his talents and share fully in the future of our Nation.

There are about 600,000 Indians in America today. Some 400,000 live on or near reservations in 25 States. The remaining 200,000 have moved to our cities and towns. The most striking fact about the American Indians today is their tragic plight:

Fifty thousand Indian families live in unsanitary, dilapidated dwellings: many in huts, shanties, even abandoned automobiles.

The unemployment rate among Indians is nearly 40 percent—more than ten times the national average.

Fifty percent of Indian schoolchildren—double the national average—drop out before completing high school.

Indian literacy rates are among the lowest in the Nation; the rates of sickness and poverty are among the highest.

Thousands of Indians who have migrated into the cities find themselves untrained for jobs and unprepared for urban life.

The average age of death of an American Indian today is 44 years; for all other Americans, it is 65.

The American Indian, once proud and free, is torn now between white and tribal values; between the politics and language of the white man and his own historic culture. His problems, sharpened by years of defeat and exploitation, neglect and inadequate effort, will take many years to overcome.

But recent landmark laws—the Economic Opportunity Act, the Elementary and Secondary Education Act, the Manpower Development and Training Act—have given us an opportunity to deal with the persistent problems of the American Indian. The time has come to focus our efforts on the plight of the American Indian through these and the other laws passed in the last few years.

No enlightened Nation, no responsible government, no progressive people can sit idly by and permit this shocking situation to continue.

I propose a new goal for our Indian programs: A goal that ends the old debate about "termination" of Indian programs and stresses self-determination; a goal that erases old attitudes of paternalism and promotes partnership self-help.

Our goal must be:

A standard of living for the Indians equal to that of the country as a whole.

Freedom of Choice: An opportunity to remain in their homelands, if they choose, without surrendering their dignity; an opportunity to move to the towns and cities of America, if they choose, equipped with the skills to live in equality and dignity.

Full participation in the life of modern America, with a full share of economic opportunity and social justice.

I propose, in short, a policy of maximum choice for the American Indian: a policy expressed in programs of self-help, self-development, self-determination.

To start toward our goal in Fiscal 1969, I recommend that the Congress appropriate one-half a billion dollars for programs targeted at the American Indian—about 10 percent more than Fiscal 1968.

STRENGTHENED FEDERAL LEADERSHIP

In the past four years, with the advent of major new programs, several agencies have undertaken independent efforts to help the American Indian. Too often, there has been too little coordination between agencies; and no clear, unified policy which applied to all.

To launch an undivided, Government-wide effort in this area, I am today issuing an Executive Order to establish a National Council on Indian Opportunity.

The Chairman of the Council will be the Vice President who will bring the problems of the Indians to the highest levels of Government. The Council will include a cross section of Indian leaders, and high government officials who have programs in this field:

The Secretary of the Interior, who has primary responsibility for Indian Affairs.

The Secretary of Agriculture, whose programs affect thousands of Indians.

The Secretary of Commerce, who can help promote economic development of Indian lands.

The Secretary of Labor, whose manpower programs can train more Indians for more useful employment.

The Secretary of Health, Education, and Welfare, who can help Indian communities with two of their most pressing needs—health and education.

The Secretary of Housing and Urban Development, who can bring better housing to Indian lands.

The Director of the Office of Economic Opportunity, whose programs are already operating in several Indian communities.

The Council will review Federal programs for Indians, make broad policy recommendations, and ensure that programs reflect the needs and desires of the Indian people. Most important, I have asked the Vice President, as Chairman of the Council, to make certain that the American Indian shares fully in all our federal programs.

SELF-HELP AND SELF-DETERMINATION

The greatest hope for Indian progress lies in the emergence of Indian leadership and initiative in solving Indian problems. Indians must have a voice in making the plans and decisions in programs which are important to their daily life.

Within the last few months we have seen a new concept of community development—a concept based on self-help—work successfully among Indians. Many tribes have begun to administer activities which Federal agencies had long performed in their behalf:

On the Crow Creek, Lower Brule, and Fort Berthold reservations in the Dakotas and on reservations in several other states, imaginative new work-experience programs, operated by Indians themselves, provide jobs for Indians once totally dependent on welfare.

The Warm Springs Tribes of Oregon ran an extensive program to repair flood damage on their reservation.

The Oglala Sioux of South Dakota and the Zunis of New Mexico are now contracting to provide law enforcement services for their communities.

The Navajos—who this year celebrate the 100th anniversary of their peace treaty with the United States—furnish many community services normally provided by the Federal government, either through contract or with funds from their own Treasury.

Passive acceptance of Federal service is giving way to Indian involvement. More than ever before, Indian needs are being identified from the Indian viewpoint—as they should be.

This principle is the key to progress for Indians—just as it has been for other Americans. If we base our programs upon it, the day will come when the relationship between Indians and the Government will be one of full partnership—not dependency.

EDUCATION

The problems of Indian education are legion:

Ten percent of American Indians over age 14 have had no schooling at all.

Nearly 60 percent have less than an eighth grade education.

Half of our Indian children do not finish high school today.

Even those Indians attending school are plagued by language barriers, by isolation in remote areas, by lack of a tradition of academic achievement.

Standard schooling and vocational training will not be enough to overcome the educational difficulties of the Indians. More intensive and imaginative approaches are needed.

The legislation enacted in the past four years gives us the means to make the special effort now needed in Indian education: The Elementary and Secondary Education Act, the Education Professions Development Act, the Vocational Education Act, and the Higher Education Act.

The challenge is to use this legislation creatively.

I have directed the Secretary of the Interior and the Secretary of Health, Education, and Welfare:

To work together to make these programs responsive to the needs of Indians.

To develop a concentrated effort in Indian education with State and local agencies. This is critical if the two-thirds of Indian school children in non-Indian public schools are to get the special help they sorely need.

Pre-school programs

In the past few years we as a Nation have come to recognize the irreplaceable importance of the earliest years in a child's life. Pre-school education and care—valuable for all children—are urgently needed for Indian children.

We must set a goal to enroll every four and five-year-old Indian child in a pre-school program by 1971.

For 1969, I am requesting funds to:

Make the Head Start Program available to 10,000 Indian children.

Establish, for the first time, kindergartens for 4,500 Indian youngsters next September.

To encourage Indian involvement in this educational process, I am asking the Secretary of the Interior to assure that each of these kindergartens employ local Indian teacher aides as well as trained teachers.

Federal Indian schools

Since 1961, we have undertaken a substantial program to improve the 245 Federal Indian schools, which are attended by over 50,000 children. That effort is now half completed. It will continue.

But good facilities are not enough.

I am asking the Secretary of the Interior, in cooperation with the Secretary of Health, Education, and Welfare, to establish a model community school system for Indians. These schools will:

Have the finest teachers, familiar with Indian history, culture and language.

Feature an enriched curriculum, special guidance and counseling programs, modern instruction materials, and a sound program to teach English as a second language.

Serve the local Indian population as a community center for activities ranging from adult education classes to social gatherings.

To reach this goal, I propose that the Congress appropriate $5.5 million to attract and hold talented and dedicated teachers at Indian schools and to provide 200 additional teachers and other professionals to enrich instruction, counseling and other programs.

To help make the Indian school a vital part of the Indian community, I am directing the Secretary of the Interior to establish Indian school boards for Federal Indian Schools. School board members—selected by their communities—will receive whatever training is necessary to enable them to carry out their responsibilities.

Higher education

Indian youth must be given more opportunities to develop their talents fully and to pursue their ambitions free of arbitrary barriers to learning and employment. They must have a chance to become professionals: doctors, nurses, engineers, managers and teachers.

For the young Indian of today will eventually become the bridge between two cultures, two languages, and two ways of life.

Therefore, we must open wide the doors of career training and higher education to all Indian students who qualify.

To reach this goal:

I am requesting $3 million in Fiscal 1969 for college scholarship grants, to include for the first time living allowances for Indian students and their families to help capable young Indians meet the costs of higher education.

I am asking the Secretary of Health, Education, and Welfare to make a special and sustained effort to assure that our regular scholarship and loan programs are available in Indian high school graduates.

I am asking the Director of the Office of Economic Opportunity to establish a special Upward Bound program for Indian high school students.

HEALTH AND MEDICAL CARE

The health level of the American Indian is the lowest of any major population group in the United States:

The infant mortality rate among Indians is 34.5 per 1,000 births—12 points above the National average.

The incidence of tuberculosis among Indians and Alaska natives is about five times the National average.

More than half of the Indians obtain water from contaminated or potentially dangerous sources, and use waste disposal facilities that are grossly inadequate.

Viral infections, pneumonia, and malnutrition—all of which contribute to chronic ill health and mental retardation—are common among Indian children.

We have made progress. Since 1963:

The infant death rate has declined 21 percent.

Deaths from tuberculosis are down 29 percent.

The number of outpatient visits to clinics and health centers rose 16 percent.

But much more remains to be done.

I propose that the Congress increase health programs for Indians by about ten percent, to $112 million in Fiscal 1969, with special emphasis on child health programs.

But if we are to solve Indian health problems, the Indian people themselves must improve their public health and family health practices. This will require a new effort to involve Indian families in a crusade for better health.

Recent experience demonstrates that Indians have been successful in working side by side with health professionals:

They have organized tribal health committees to review Indian health problems and design programs for solving them.

They have launched new programs in sanitation, mental health, alcoholism, and accident control.

A cooperative Indian-government project to provide safe water and disposal systems for 44,000 Indians and Alaska native families has proved successful. For every Federal dollar spent, Indian Americans have contributed another 40 cents in labor, materials and actual funds.

I am directing the Secretary of Health, Education, and Welfare to build a "community participation" component into every Federal health program for Indians which lends itself to this approach.

Essential to this effort will be a large, well-trained corps of community health aides drawn from the Indian population: nursing assistants, health record clerks, medical-social aides and nutrition workers. These community health aides can greatly assist professional health workers in bringing health services to Indian communities.

I recommend that the Congress appropriate funds to train and employ more than 600 new community Indian health aides in the Public Health Service.

These aides will serve nearly 200,000 Indians and Alaska natives in their home communities, teaching sound health practices to the Indian people in several critical fields: pre-natal health, child care, home sanitation and personal hygiene.

Our goal is first to narrow, then to close the wide breach between the health standards of Indians and other Americans. But before large investments in Federally-sponsored health services can pay lasting dividends, we must build a solid base of Indian community action for better health.

JOBS AND ECONOMIC DEVELOPMENT

The plight of the Indians gives grim testimony to the devastating effects of unemployment on the individual, the family, and the community:

Nearly 40 percent of the labor force on Indian lands is chronically unemployed, compared with a national unemployment rate of 3.5 percent.

Of the Indians who do work, a third are underemployed in temporary or seasonal jobs.

Fifty percent of Indian families have cash incomes below $2,000 a year; 75 percent have incomes below $3,000.

With rare exception, Indian communities are so underdeveloped that there is little, if any, opportunity for significant social or economic progress.

Two percent of all the land in the United States is Indian land. Indian lands are about the size of all the New England States and a small slice of New York. But many of their resources—oil, gas, coal, uranium, timber, water—await development.

The economic ills of Indian areas can have a major impact upon neighboring regions as well. It is not only in the best interests of the Indians, but of the entire Nation, to expand Indian economic opportunity.

Jobs

Special employment programs have been established to help meet the needs of Indians. In 1967 alone, more than 10,000 men and women received training and other help to get jobs under the Indian Bureau's programs—double the number served four years ago. These programs:

Provide all-expenses-paid training and placement for Indian adults.

Develop projects in cooperation with private industry, in which families prepare together for the transition from welfare dependency to useful, productive work.

To meet the increasing demand, I propose that the Indian Vocational Training Program be expanded to the full authorization of $25 million in Fiscal 1969—nearly double the funds appropriated last year.

In the State of the Union message, I proposed a 25 percent increase—to $2.1 billion—in our manpower training programs for Fiscal 1969.

As a part of this effort, I have asked the Secretary of Labor to expand the Concentrated Employment Program to include Indian reservations.

Area development

The economic development of potentially productive Indian areas suffers from a lack of base capital to permit Indians to take advantage of sound investment opportunities and to attract private capital.

The Indian Resources Development Act, now pending before Congress, contains provisions to spark this kind of investment.

The central feature of this Act is an authorization of $500 million for an Indian loan guaranty and insurance fund and for a direct loan revolving fund.

These funds would:

Provide the foundation for the economic development of Indian lands.

Encourage light industry to locate on or near Indian reservations.

Permit better development of natural resources.

Encourage development of the tourist potential on many reservations.

The Indian Resources Development Act would also permit the issuance of Federal corporate charters to Indian tribes or groups of Indians. This charter gives them the means to compete with our communities in attracting outside investment.

I urge the Congress to enact this program for the economic development of Indian resources.

Roads for economic development

Without an adequate system of roads to link Indian areas with the rest of our Nation, community and economic development, Indian self-help programs, and even education cannot go forward as rapidly as they should.

Large areas inhabited by Indians are virtually inaccessible. For example, on the vast Navajo-Hopi area there are only 30 percent as many miles of surfaced roads per 1,000 square miles as in rural areas of Arizona and New Mexico.

The woefully inadequate road systems in Indian areas must be improved. Good roads are desperately needed for economic development. And good roads may someday enable the Indian people to keep their young children at home, instead of having to send them to far-away boarding schools.

I propose an amendment to the Federal Highway Act increasing the authorization for Indian road construction to $30 million annually beginning in Fiscal 1970.

ESSENTIAL COMMUNITY SERVICES

Housing

Most Indian housing is far worse than the housing in many slums of our large cities.

To begin our attack on the backlog of substandard housing:

I have asked the Secretary of Housing and Urban Development to increase Indian home construction by an additional 1,000 units this coming year, for a total of 2,500 annually.

I propose that the Congress double the Fiscal 1968 appropriations—to $6 million in 1969—for a broad home improvement program.

These steps are a strong start toward improving living conditions among Indians, while we deal with the underlying causes of inadequate housing. But the present housing law is too rigid to meet the special needs and conditions of our Indian population.

I am therefore submitting legislation to open the door for more Indians to receive low-cost housing aid, and to extend the loan programs of the Farmers Home Administration to tribal lands.

In addition:

The Secretary of Housing and Urban Development will review construction standards for Indian homes to ensure flexibility in design and construction of Indian housing.

The Secretaries of the Interior and Housing and Urban Development will explore new low-cost techniques of construction suitable to a stepped-up Indian housing program.

Community action

Programs under the Economic Opportunity Act have improved morale in Indian communities. They have given tribes new opportunities to plan and carry out social and economic projects. Community action pro-

grams, particularly Head Start, deserve strong support.

I am asking the Congress to provide $22.7 million in Fiscal 1969 for these important efforts.

Water and sewer projects

Shorter life expectancy and higher infant mortality among Indians are caused in large part by unsanitary water supplies and contamination from unsafe waste disposal.

The Federal Government has authority to join with individual Indians to construct these facilities on Indian lands. The government contributes the capital. The Indian contributes the labor.

To step up this program, I recommend that the Congress increase appropriations for safe water and sanitary waste disposal facilities by 30 percent—from $10 million in Fiscal 1968 to $13 million in Fiscal 1969.

CIVIL RIGHTS

A bill of rights for Indians

In 1934, Congress passed the Indian Reorganization Act, which laid the groundwork for democratic self-government on Indian reservations. This Act was the forerunner of the tribal constitutions—the charters of democratic practice among the Indians.

Yet few tribal constitutions include a bill of rights for individual Indians. The basic individual rights which most Americans enjoy in relation to their government—enshrined in the Bill of Rights of the Constitution of the United States—are not safeguarded for Indians in relation to their tribes.

A new Indian Rights Bill is pending in the Congress. It would protect the individual rights of Indians in such matters as freedom of speech and religion, unreasonable search and seizure, a speedy and fair trial, and the right to habeas corpus. The Senate passed an Indian Bill of Rights last year. *I urge the Congress to complete action on that Bill of Rights in the current session.*

In addition to providing new protection for members of tribes, this bill would remedy another matter of grave concern to the American Indian.

Fifteen years ago, the Congress gave to the States authority to extend their criminal and civil jurisdictions to include Indian reservations—where jurisdiction previously was in the hands of the Indians themselves.

Fairness and basic democratic principles require that Indians on the affected lands have a voice in deciding whether a State will assume legal jurisdiction on their land.

I urge the Congress to enact legislation that would provide for tribal consent before such extensions of jurisdiction take place.

OFF-RESERVATION INDIANS

Most of us think of Indians as living in their own communities—geographically, socially and psychologically remote from the main current of American life.

Until World War II, this was an accurate picture of most Indian people. Since that time, however, the number of Indians living in towns and urban centers has increased to 200,000.

Indians in the towns and cities of our country have urgent needs for education, health, welfare, and rehabilitation services, which are far greater than that of the general population.

These needs can be met through Federal, State and local programs. *I am asking the new Council on Indian Opportunity to study this problem and report to me promptly on actions to meet the needs of Indians in our cities and towns.*

ALASKAN NATIVE CLAIMS

The land rights of the native people of Alaska—the Aleuts, Eskimos and Indians—have never been fully or fairly defined.

Eighty-four years ago, Congress protected the Alaska natives in the use and occupancy of their lands. But then, and again when Alaska was given statehood, Congress reserved to itself the power of final decision on ultimate title.

It remains our unfinished task to state in law the terms and conditions of settlement, so that uncertainty can be ended for the native people of Alaska.

Legislation is now pending to resolve this issue. I recommend prompt action on legislation to:

Give the native people of Alaska title to the lands they occupy and need to sustain their villages.

Give them rights to use additional lands and water for hunting, trapping and fishing to maintain their traditional way of life, if they so choose.

Award them compensation commensurate with the value of any lands taken from them.

THE FIRST AMERICANS

The program I propose seeks to promote Indian development by improving health and education, encouraging long-term economic growth, and strengthening community institutions.

Underlying this program is the assumption that the Federal government can best be a responsible partner in Indian progress by treating the Indian himself as a full citizen, responsible for the pace and direction of his development.

But there can be no question that the government and the people of the United States have a responsibility to the Indians.

In our efforts to meet that responsibility, we must pledge to respect fully the dignity and the uniqueness of the Indian citizen.

That means partnership—not paternalism.

We must affirm the right of the first Americans to remain Indians while exercising their rights as Americans.

We must affirm their right to freedom of choice and self-determination.

We must seek new ways to provide federal assistance to Indians—with new emphasis on Indian self-help and with respect for Indian culture.

And we must assure the Indian people that it is our desire and intention that the special relationship between the Indian and his government grow and flourish.

For, the first among us must not be last.

I urge the Congress to affirm this policy and to enact this program.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *March 6, 1968.*

THE BUSINESS COMMITTEE FOR THE ARTS

Mr. PELL. Mr. President, in recent weeks there has been much criticism of the National Endowment for the Arts and the National Endowment for the Humanities. Questions have been uttered as to what is their importance in today's society. We have been told, for example, the arts should take a back seat to other more pressing matters and that Government support of the arts and humanities is a luxury which we can do without.

I am pleased to report to the Senate that such an opinion is not shared by many in our country. There has recently been established an organization called the Business Committee for the Arts. This organization is made up of business leaders throughout the country who believe that one of the roles of the modern corporation should be the fostering of artistic endeavors, both through direct support and by creating an understanding of the value of those endeavors.

The Business Committee for the Arts has brought together outstanding members of the business world who are known for their interest in the arts.

I ask unanimous consent to have printed at this point in the RECORD a breakdown of the committees, officers, board of directors, and the executive committee.

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

BUSINESS COMMITTEE FOR THE ARTS, INC.

OFFICERS

Chairman: C. Douglas Dillon.
President: G. A. McLellan.*
Vice President: Herbert P. Patterson.**
Secretary: H. Bruce Palmer.
Assistant Secretary: Martha Gerken.*
Treasurer: Devereux C. Josephs.

BOARD OF DIRECTORS

(Term expires in 1971)

Roger M. Blough, C. Douglas Dillon, Katharine Graham, Devereux C. Josephs, Gavin K. MacBain, H. Bruce Palmer, David Rockefeller, Frank Stanton.

(Term expires in 1970)

Walter Annenberg, Hedley W. Donovan, Arnold Gingrich, Robert V. Hansberger, Gabriel Hauge, Edgar F. Kaiser, Rudolph A. Peterson, Robert W. Sarnoff.

(Term expires in 1969)

Hoyt Ammidon, Alexander H. Galloway, Arthur L. Harris, Henry J. Heinz II, George M. Irwin, J. Irwin Miller, Thomas J. Watson, Jr., (Vacancy).

EXECUTIVE COMMITTEE

C. Douglas Dillon, H. Bruce Palmer, Devereux C. Josephs.

* Staff, Business Committee for the Arts, Inc.

** Executive Vice President, The Chase Manhattan Bank, N.A.

Mr. PELL. Mr. President, even more interesting is the breakdown of the industries which comprise the membership of the Business Committee for the Arts, which I ask unanimous consent to have printed in the RECORD.

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

MEMBERS, BUSINESS COMMITTEE FOR THE ARTS

(By business or industry)

Airlines and aircraft	2
Automotive	2
Banking and investments	16
Chemicals and drugs	1
Insurance	3
Manufacturing:	
Electrical and office machines	4
Glass	1
Machinery and motors	4
Paper and containers	2
Metals	3
Newspapers and publishing	10
Oil and gas	7
Rail	1
Real estate and architecture	4
Communications: Radio, television, motion pictures, telephone	5
Tobacco	1
Wholesale and retail:	
Clothing and dry goods	4
Food	4
Liquor	1
Textiles	2
Miscellaneous	4
Total	81

Mr. PELL. Mr. President, the Business Committee for the Arts will seek to encourage the interest of business and industry in supporting the arts and suggest ways which such support could be expressed. It plans to develop a four-page newsletter which will report on all

aspects of the arts and will be mailed on a quarterly basis to some 5,000 business leaders throughout the Nation. The Business Committee for the Arts will also support conferences, have a speakers bureau, provide for indepth research on artistic problems, and in general publicize the interchange which does develop when business and art are working hand in hand.

An article by Howard Taubman, entitled "Business Aid to Arts," was published recently in the New York Times. I ask unanimous consent that it be printed at this point in the RECORD.

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

BUSINESS AID TO ARTS: INCREASED SENSITIVITY AND SOPHISTICATION NEEDED IF EFFORTS ARE TO HAVE VALUE

(By Howard Taubman)

The movement to mobilize business support for the arts is quickening. With the formation of the Business Committee for the Arts, a national advisory group of corporate executives under the chairmanship of Douglas Dillon, former Secretary of the Treasury, it will gain added momentum. Many business contributions, whether of money, services or enthusiasm, will be useful, and some will be wholly admirable. But unless there is an increase in sensitivity and sophistication, there will be undertakings of dubious value by sponsors who have no true understanding of art or who are intent only on self-serving projects.

This is not a guess. I have been examining some of the losing entries submitted in a Business in the Arts competition conducted by Esquire magazine. It is staggering to note what business executives or their public relations geniuses regarded as commendable cultural programs.

A number of companies sought to capitalize on a name or symbol. A life insurance enterprise bearing the name of a famous 18th-century American thought that it was doing its duty toward fine art by commissioning a series of oil paintings of its eponymous hero. Another firm was ready for a laurel wreath because it set up on company premises a museum of sorts named after the renowned American who graces the corporate title.

A BOW TO RAW MATERIALS

Several companies wanted kudos for their patronage of artistic use of their product or, even more astonishingly, of the raw materials from which their products were made. A lumber company took pride in its support of an art exhibition of objects made of wood, and a metal company thought it merited an award because it acquired some sculpture executed in aluminum. Wood and aluminum, of course, are valid materials for sculpture, but somehow the judges were not convinced that sculpture was the sponsors' real concern.

All of these companies undertook projects of some scope. What is one to think of a firm that wants a pat on the head for holding a photography competition for employes? Or of a department store that is puffed up because it has opened an art gallery whose purpose is to sell and collect commissions? Or of a bank that expects recognition as a patron for donating a $100 bond to the winner of a contest to name a baby elephant at a local zoo?

Arnold Ginrich, publisher of Esquire, which this year will again make awards for noteworthy business support to the arts, is hopeful that there will be fewer silly or complacent submissions among the entries that must be in by the end of this month. He points with satisfaction to the quality of the contributions made by last year's winners.

Among them were companies whose deeds have gained nationwide attention, like Texaco's continuing sponsorship of the Metropolitan Opera broadcasts, the Jos. P. Schlitz Brewing Company's support of free New York Philharmonic concerts in the parks of New York and Milwaukee and Macy's unremitting emphasis in its ads on cultural attractions.

NOTEWORTHY EFFORTS

There were impressive winners from unexpected quarters for programs of special value. The Fayette Bank and Trust Company of Uniontown, Pa., brought art of uncommon quality to its community. The El Paso Products Company in Odessa, Tex., made a special effort in its area for good music, and the Columbus National Bank in Providence backed a series of family concerts by the Rhode Island Philharmonic in communities not otherwise reached by live symphonic music.

Obviously even the companies with laudable programs for support of the arts hope for public approval, and there is nothing wrong in such a hope, provided the program itself has substantial quality. Indeed, Mr. Gingrich and Esquire are pleased to be commended for their interest, and they deserve it if they help to promote worthy standards.

One comes away from a conversation with Mr. Gingrich convinced that he is stimulated by the challenge he has set himself—to help rally business support for the arts. He remarks that current corporate giving in this area is less than $25-million a year. He sees no reason why this sum could not be multiplied many times within a few years if a majority of corporations, rather than the tiny minority that now gives for this purpose, joins the parade. It will certainly have to be if the performing and visual arts are to be capable of meeting the expanding demands of a public that grows steadily in numbers and sophistication.

Mr. PELL. Mr. President, I commend the businessmen who have had foresight to form the Business Committee for the Arts, Inc. I believe that this undertaking is a laudible one and wish them all success. It demonstrates that contrary to popular myth there is a feeling for the esthetic in the business world. I only hope that their efforts will grow and be even more fruitful.

ENDANGERED WILDLIFE RESEARCH

Mr. MUNDT. Mr. President, in March 1965, I proposed a $350,000 budget amendment to the Department of the Interior appropriation bill to provide for headquartering in southern Maryland a wildlife research project "to save from extinction rare and endangered American wildlife species."

The program has advanced in the few years that it has been in existence and promises tremendous conservation dividends. Each year I have reported to the Senate the progress of the program. Secretary of the Interior Stewart Udall, Director John Gottschalk, of the Bureau of Sport Fisheries and Wildlife, and Dr. Ray Erickson, director of the project, and his staff have made a dream a reality. It is entirely possible that release to the wild of an endangered species reared in captivity will be made this year.

Instead of presenting my annual report on the project this year, I ask unanimous consent to have printed in the RECORD the text of a speech made at the North American Wildlife Conference, in Houston, by Dr. Erickson. The able Dr. Erickson outlines plans, hopes, and accomplishment of the project. It should be of interest to all Members and American citizens everywhere.

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

A FEDERAL RESEARCH PROGRAM FOR ENDANGERED WILDLIFE

(By Ray C. Erickson, Bureau of Sport Fisheries and Wildlife, Patuxent Wildlife Research Center, Laurel, Md.)

The Endangered Wildlife Research Station was established by the Bureau of Sport Fisheries and Wildlife in 1965 for the scientific study and propagation of threatened wildlife species of the United States. It was designed to give special attention to those severely decimated or declining species whose future could not be assured by existing management methods. Its two-fold objectives are: (1) to obtain needed information on the distributional, behavioral, ecological, physiological, genetic, and pathological characteristics of threatened species in the wild so as to identify and evaluate limiting factors and find means of correcting them, (2) to maintain captive populations of these wildlife species for study and for the production of suitable stock needed to restore or bolster populations in the wild.

The vesting of a research facility with a responsibility solely for the technical investigation and propagation of rare and endangered species is intended to assure a continuity of factfinding effort and attention to the needs of this important group of wildlife. Just as no single factor has been responsible for the decline of most of the species and subspecies that have become endangered or extinct, so it is recognized that no single remedy is likely to alter such trends in the future. Preservation and management of habitats, enforcement of protective regulations, and development of an informed and sympathetic public, have been important. These measures surely have prevented the complete disappearance of species which otherwise would have been lost. They have not, however, been adequate to cause a reversal of the downward trend or increase to safer numbers for some species.

The creation of this research and propagation program offers a means of launching a coordinated effort to obtain the needed facts about the animals, themselves, and about environmental changes which may have brought about their decline. It also allows the assembling in one place of breeding stock of threatened wildlife species for intensive study.

SITE SELECTION FACTORS

The decision to headquarter this new Station at the Patuxent Wildlife Research Center near Laurel, Maryland, was based upon a combination of advantages which surpassed those of any other location for the contemplated program. The mild climate characterized by long growing seasons and moderate winters with little drifting or persistent snow permits most wildlife to be kept outdoors most or all of each year, thereby reducing expenditures for heated and artificially lighted indoor quarters which otherwise would be necessary for the less hardy animals. A host of scientists in relevant disciplines are conveniently located for consultation and cooperative approaches to technical problems. The poultry science staffs of the National Agricultural Research Center and the University of Maryland, and various animal pathology specialists of the National Institutes of Health and the Armed Forces Institute of Pathology at Walter Reed Hospital, are less than 20 miles from Patuxent. Three major zoos are less than 200 miles away, and the experience of their staffs in solving problems of holding animals in captivity has been and will continue to be called upon.

The superior reference facilities of the Library of Congress, Smithsonian Institution and other important libraries are nearby. The skin, skeleton, and other biological specimen collections of the U.S. National Museum are readily available and often utilized. And last, yet important in the choice of location, were the immediate availability of a 355-acre tract of well drained agricultural land as well as the supporting scientific and maintenance staff, offices and laboratories at the Patuxent Research Center. Although located between the two metropolitan areas of Baltimore and Washington, the Station derives a substantial degree of isolation in rural surroundings at its location among lightly developed properties of the large Fort Meade Military Reservation to the north and the Agricultural Research Center to the south.

The Patuxent Center is well suited to pursue the contemplated laboratory research and propagation objectives of the endangered wildlife research program. Some species, however, may have special requirements or limited tolerance for the Maryland climate, soils, water or other factors. Adaptations to meet their needs locally might be possible only at great expense (Erickson 1966). Therefore, as development of the primary Station nears completion, hopefully in about 10 years, several smaller substations may be established in areas with different climate and physical qualities to accommodate those kinds of wildlife which require these conditions. Prospective regions for substations include a site in the Gulf States for tropical and subtropical species, in the southwestern States for desert types, and in Hawaii for oceanic and tropical island forms. Placement of these substations on national wildlife refuges or other suitable Federally owned properties would be advantageous, although generous offers of joint use of privately owned lands have been received and will be carefully considered.

STATION ORGANIZATION

This Station is supervised by the Assistant Director for Endangered Wildlife Research of the Patuxent Wildlife Research Center. The administrative and technical organization of the Station activities separate naturally into three Sections representing interrelated, yet divergent, fields, namely, Ecology, Propagation, and Laboratory Investigations. These administratively distinct, although correlated Sections, are organized to conduct studies designed both to provide direct answers for wildlife management and to learn more about the inherent behavior and the physical characteristics of declining species.

Section of Ecology. This Section is the field arm of the Station, staffed by research biologists to study threatened species wherever they occur in the wild. They undertake or participate in surveys to determine status and distribution, investigate the ecology, behavior, and physical characteristics, and, on the basis of research findings, devise management methods to improve the security of rare and endangered species. In addition, they assist in the location of animals in the wild for appropriate management on their present location and for obtaining stock for captive propagation. They evaluate candidate release areas, determine the most effective methods, times, and places to release stock, and undertake follow-up observations to determine the fates of transplantings. They make a special effort to achieve close cooperation and coordination with conservation agencies and organizations within their geographical areas of responsibility.

The assignment of biologists to research upon threatened species is an extension of the well known monographic studies of the whooping crane (*Grus americana*), ivory-billed woodpecker (*Campephilus p. principalis*), and California condor (*Gymnogyps californianus*), and other endangered species sponsored by the National Audubon Society in cooperation with the Bureau of Sport Fisheries and other agencies. As with these earlier studies, it is apparent that by assigning a scale of priorities to species or groups of species needing attention, this effort is being directed into subjects likely to yield the most urgently needed answers. The Bureau's "Redbook" of *Rare and Endangered Fish and Wildlife of the United States* (1966) is the basic reference for establishing species research priorities.

Of the six biologists now in this Section, two are gathering information on approximately 20 threatened forms in Hawaii. During the past year, W. E. Banko, stationed near Hilo on the "Big Island," rediscovered the Maui nukupuu (*Hemignathus lucidus affinis*), which was thought to have become extinct about 1896. John L. Sincock, based at Lihue on the island of Kauai, participated with Hawaiian biologist Gerald Swedberg in the discovery of the first known breeding colony of Newell's Manx shearwater (*Puffinus puffinus newelli*). Messrs. Banko and Sincock are attempting to devise census methods for the several species of endemic honeycreepers in Hawaiian forests and on the adjoining Leeward Island chain. They are also giving attention to the status and distribution of such wetland forms as the Hawaiian black-necked stilt (*Himantopus himantopus knaudseni*), Hawaiian coot (*Fulica americana alai*), gallinule (*Gallinula chloropus sandvicensis*), Hawaiian duck or koloa (*Anas wyvilliana*), and the Hawaiian goose or nene (*Branta sandvicensis*). The work is arduous and hazardous, entailing dangerous landings on rock-cliffed islands, remote travel in craggy rain forests boasting the world's record for annual precipitation, and lonely nocturnal visits to the cinder cones or massive lava flows of Mauna Loa and other high volcanos. The greater vulnerability to decimating factors of insular, as opposed to continental, species lends special urgency to their mission (Greenway 1958; MacArthur and Wilson 1967). In the Sespe Condor Sanctuary of the Los Padres National Forest, about 20 miles northwest of Los Angeles, Fred C. Sibley has completed a two-year study of the California condor. His research includes an evaluation of the probable effects of dam construction and later recreational use of a reservoir on Sespe Creek on the survival prospects of this largest soaring land bird of North America. He has tried to locate all active condor nests and roosts so that they can be protected through enlightened regulation of oil mining activity and continuing improvement in the control of public recreational use.

In Arizona and northern Mexico, the masked bobwhite (*Colinus virginianus ridgwayi*) and other endangered southwestern species are the targets of research. Roy E. Tomlinson is trying to locate all populations of this desert quail. This information will be shared with Mexican authorities for use in the preservation of a unique subspecies which no longer occurs in the wild in the United States. Other aspects of his quail research will be discussed later.

The southeastern United States contain a host of threatened species of wildlife, so it is necessary that the biologist assigned to this region, Paul W. Sykes, Jr., concentrate upon them on a priority basis. The Florida everglade kite (*Rostrhamus sociabilis plumbeus*), is now receiving most of his attention. Among others studied are the ivory-billed woodpecker (*Campephilus p. principalis*), dusky seaside sparrow (*Ammospiza nigrescens*), Cape Sable sparrow (*Ammospiza mirabilis*), and southern bald eagle (*Haliaeetus l. leucocephalus*). An actual count of 47 kites, about double the previous maximum count, probably was his most noteworthy accomplishment last year. However, it is believed that this count may represent increased census coverage rather than a rise in the kite population.

Studies of the black-footed ferret (*Mustela nigripes*), in South Dakota by Don K. Fortenbery, and by various other individuals including my current session colleague, Conrad N. Hillman, are yielding much information about this unique mustelid associate of the black-tailed prairie dog (*Cynomys ludovicianus*). The main objective of Mr. Fortenbery's efforts at this time is to develop rapid and reliable methods of surveying large areas to detect the presence of ferrets. The most promising method appears to be winter observations of ferret sign from an airplane, followed by closer examination from horseback or afoot. This information will be used to extend to the ferret all possible protection wherever the control of prairie dogs is undertaken. The Bureau of Sport Fisheries and Wildlife does not participate in prairie dog control in towns known to be occupied by black-footed ferrets. Hence, it is essential that a rapid survey method be perfected which can be used to determine whether ferrets are present before prairie dog control measures are initiated. Meanwhile, life history studies by graduate students of the South Dakota Cooperative Wildlife Research Unit have been contributing vitally needed knowledge on the various aspects of ferret biology.

Additional biologist positions in the Section of Ecology will be assigned to regions with critical problems as rapidly as funds and authorization permit. Those most urgently needed include bolstering of our efforts in the Southeast, Southwest, Alaska, and Hawaii. The Puerto Rican parrot (*Amazona vittata*), and certain other birds on that island as well as the Virgin Islands deserve prompt attention, as do the many unique species on Guam and the Trust Territories of the Pacific for which the United States is responsible. Studies of the status and factors causing the decline of such raptors as the American peregrine falcon (*Falco peregrinus anatum*), and western burrowing owl (*Speotyto cunicularia hypugaea*), are long overdue.

Section of Propagation. This Section, headed by Glen Smart, is responsible for the development of breeding stocks and devising efficient methods of producing animals for release to bolster or restore wild populations. Species which respond favorably to management, and show satisfactory progress from serious decimation to a more secure status, need not be restored by releasing animals reared in captivity. On the other hand, species such as the whooping crane, which have had perilously low populations for the past 30 years despite habitat preservation and management for their welfare and the enforcement of regulations specifically for their protection, obviously need a helping hand. The masked bobwhite, which disappeared from the southwestern United States at the turn of the century, also must receive aid through captive propagation if it is to be restored to its native range in southern Arizona.

The propagation program at Patuxent is employing the most successful methods known for obtaining stock from the wild and for holding and producing animals in captivity. For species on which much information is lacking, methods and equipment are being devised. Wherever possible, preliminary experimentation with endangered species is avoided by substitution of technique-testing with closely related but more abundant forms. For example, three races of sandhill cranes (*Grus canadensis*) are being utilized in order to develop methods which may be used with whooping cranes. Andean condors (*Vultur gryphus*) and South American snail kites (*Rosthrhamus s. sociabilis*), both of which are common in South America, are the "stand-ins" for the California condor and Florida everglade kite in propa-

gation research. By this method, risks of experimentation are limited to the more common species, and threatened ones receive the benefits.

The role of captive propagation in the program for threatened wildlife is presented in greater detail than that of the other two Sections because of its more controversial position in wildlife management. It is looked upon questioningly, or even with disfavor, by some who dislike seeing confined animals and believe that wild creatures should never be held in captivity, or, if so, that they will become unsuitable for life in the wild. Others with equal interest in esthetic values, acknowledge the captive production of animals as a useful management technique. In the present program, captive propagation is viewed not as an end, but solely as a means of conducting scientific study of the particular animals and, in addition, it provides stock necessary for the perpetuation of certain threatened species. Viewed in this light, it offers advantages and opportunities not otherwise available to wildlife research and conservation.

Judiciously undertaken, stock has been obtained from the wild with little, if any, sacrifice to the parent breeding population or its productivity. Eggs have been removed from nests of species which readily renest, and a part of the clutch has been taken from others which customarily lose a substantial number of their eggs or young. Wildlife, hopelessly handicapped by injuries for living in the wild, may become productive captives, as histories of such famous whooping crane parents as "Crip," "Josephine," and "Rosie" have testified.

Animals that can be reared successfully in captivity should, under proper management, exceed by several times their customary productivity in the wild. With prospects of a reduction in mortality to predators, disease and accidents, they should double, triple, or even quadruple their productive years. By removing eggs regularly as laid, the female usually can be induced to lay two or more additional clutches for mechanical incubation. Mammal litters which often lose half or more of their number in the wild, experience a much higher survival rate in captivity. With many long lived forms, average longevity of breeding animals in the wild may actually be less than the age at which they would become most productive if they were in captivity.

The holding of a variety of rare and endangered wildlife for production permits the highest degree of economy and efficiency in animal care and research on many species in limited space by a staff of wildlife technicians and scientists. Care procedures are constantly being improved, and with many individuals of each species to observe, those which may become unthrifty or aberrant in other ways are promptly detected and removed for further observation and treatment. The assembling at Patuxent of a variety of rare and endangered American wildlife, where observations of them can be made with a degree of detail and intimacy that is impossible in the wild, is an incomparable opportunity for ornithological research. Continuing study of taxonomic relationships of sandhill cranes by Dr. John W. Aldrich, research staff specialist in the Bureau's Division of Wildlife Research, is facilitated by the opportunity to make anatomical measurements and notation of other characters of captive specimens representing known breeding populations throughout their development. It also makes possible comparisons of parent-offspring differences and other types of variation within populations pertinent to subspecific determinations.

Added to all of the earlier mentioned advantages is the measure of insurance which this aggregation, representative of threatened species, provides against extinction in the event of calamitous loss of the wild population. This possibility is only too real with birds or mammals of low numbers which occupy an extremely limited range during a part or all of each year. The danger of a late hurricane or an oil spill on the wintering grounds, or a severe hailstorm on about 40 square miles of known breeding grounds, are constant threats to the whooping crane. An anthrax epizootic could annihilate or severely reduce the small herds of tule elk (*Cervus nannodes*), Columbian white-tailed deer (*Odocoileus virginianus leucurus*), or key deer (*Odocoileus virginianus clavium*). Distemper, rabies and tularemia are potential hazards facing the blackfooted ferret. In our present state of incomplete knowledge, other unknown mortality factors may turn out to be far more serious than those mentioned here.

The ultimate effects of other changes such as the progressive contamination of water, land, and food chain organisms may not be so readily documented, but the end result could be just as final. Reasons for the declines of some groups such as the eastern brown pelican (*Pelecanus occidentalis carolinensis*) along the northern Gulf Coast, the continuing reduction of various raptor populations, particularly peregrine falcons, throughout much of the United States, and other wildlife losses, are not readily explained but may be as permanent as those which can be attributed to more obvious adverse factors. Low populations and prolonged periods of adversity eventually may pass and conditions then become more favorable for a species, if only some stock survives. For example, successful propagation methods with passenger pigeons (*Ectopistes migratorius*) were known in the late 1800's. Apparently no sustained effort was made to preserve a reservoir of captive breeding stock during their final decline, so their loss is permanent. This Station's program is designed to provide a measure of insurance against extinction by maintaining breeding stocks in captivity of as many endangered forms as possible, both birds and mammals. Its research program is geared to provide the necessary information to make it possible to restore a population from healthy, vigorous, pre-conditioned animals produced in captivity even if the last productive ones in the wild are lost.

Despite the foregoing arguments in favor of propagation as a useful tool in management, it is not advanced as a substitute for the study, preservation, or management of natural ecosystems, refuges, or limited sanctuary areas, protective regulations and their strict enforcement, or effective public information and education programs. Without suitable living space, and sufficient protection to permit utilization of such areas throughout the year, the animals produced in captivity would have little value except as living exhibits dependent upon continuing care. There would be no place where they could find their year-round requirements. Therefore, the Endangered Wildlife Research Station propagation program will complement, but will not be a substitute for, conventional, wildlife management methods. It is most applicable with those species whose response to other restoration measures have not been sufficient to assure their survival.

The constant objective of the propagation program will be to maintain the quality of the stock of all species taken into captivity. Only healthy birds and mammals without apparent change in their characteristic traits of plumage or pelage, size, conformation, migratory or sedentary habits, other behavior, and choice of habitat, will be released to the wild. It is impossible with existing knowledge to duplicate in captivity the many mortality factors which operate in the wild to maintain through natural selection the quality of a population or a species. A few individual animals raised in the absence of predators, rigorous climatic or habitat conditions, or away from other decimating agents, may be less well adapted to survive as is known to be the case with most game farm reared turkeys. As with genetically inferior animals produced in the wild, these probably would be eliminated by natural decimators after release. However, the vital considerations are intrinsic values, and these will be protected insofar as possible by avoiding inbreeding, by holding animals no more than one or two generations removed from the wild, and by continuous genetic enrichment from additional wild stock brought into captivity. Toward this end, each egg and newborn animal is permanently marked and a meticulous record kept of its development and pedigree. Adaptability of the transplanted animals to the new environment will be enhanced by prior conditioning and acclimatization, and by releasing sufficient numbers of them so although natural mortality can eliminate many, a sufficient number survive to establish a population.

Among the 13 species and subspecies now receiving attention by the Section of Propagation are the whooping crane and three varieties of sandhill crane, Aleutian Canada goose (*Branta canadensis leucopareia*), tule (*Anser albifrons gambelli*) and Pacific white-fronted geese (*Anser albifrons frontalis*), Hawaiian goose or nene (*Branta sandvicensis*), South American snail kite, turkey vulture (*Cathartes aura septentrionalis*), and Andean condor. Within 10 years, it is expected that more than 50 species, threatened and otherwise, will be under study at Patuxent, with releases to the wild a normal, annual event. Releases of the experimental exotic kites, condors or other foreign species will not, of course, be made in the United States.

The difficulties of carrying large numbers of a great variety of wildlife through the four seasons in a temperate latitude are being met. Losses resulting from improper nutrition, disease, accidents and predation have been experienced but are being reduced. Methods of inducing breeding among certain species about which little is known are being tested. It is encouraging, however, that no problems have been encountered to date which do not seem likely of solution as the backlog of propagation experience and research findings begin to provide the needed answers.

Section of Laboratory Investigations. This Section will be primarily concerned with studies of the basic biology of threatened wildlife species. It will provide analytical, diagnostic and other consultative services for the other two Sections. It also will undertake studies of a less applied nature which should contribute to a more completed understanding of the nature of those animals which are less successful in perpetuating themselves.

The Laboratory Investigations staff, along with the Station's administrative component, will be quartered in a building for which final plans recently were completed. In addition to the administrative and staff offices, a library, conference room, curatorial and scientific collections room, and other miscellaneous utility space, the building will contain pathology, nutrition, and physiology laboratories. This Section will utilize outdoor enclosure facilities for certain experiments, and others will be undertaken in a building containing a series of environmental control chambers in which reactions to varying humidity, temperature, light, air pressure, sound and other stimuli will be measured. Specialists will represent a variety of disciplines such as nutrition, physiology, genetics, behavior, pathology, and veterinary medicine. A research veterinarian, Dr. James Miller, already is on the staff and the positions of nutritionist and physiologist will be filled this spring.

It is becoming increasingly evident that many, if not most, problems faced in day-to-day operation of the endangered wildlife

research program require unique skills and knowledge which can only be developed by individuals with specialized scientific backgrounds assigned to specific Station problems. For example, although information obtained from related poultry studies in anatomy, nutrition, anesthesia and other fields is useful as a starting point, such knowledge is insufficient to apply safely with such species as sandhill crane or condors. Their structure, nutritional requirements, and tolerance or susceptibility to anesthetics may be as different from those of domestic chickens (*Gallus gallus*) and turkeys (*Meleagris gallopavo*) as their physical appearance and behavior. This fact is further borne out in a study of the literature on specific subjects in which informational hiatuses are the rule, fruitless searches commonplace, and cautious extrapolation often a necessity. Here, again, experimentation with more common, closely related animals must be employed to find the needed answers.

COOPERATION AND COORDINATION

The following sequential flow of research and propagation activities on behalf of threatened species may demonstrate the tri-Sectional approach of the program of the Endangered Wildlife Research Station. Intensive studies of species characteristics and the locating and taking of breeding stock ordinarily are the responsibility of the Section of Ecology in cooperation with personnel of the respective Federal, State or local wildlife management agencies. The Section of Propagation develops methods of safe transport to Patuxent, hatching, rearing and producing animals for release, and eventually transports them to the release site. There, biologists of the Section of Ecology again assume responsibility for arrangements with the local wildlife and land management authorities for the actual transplanting operation, for determining the best release methods, and for post-release observations on the fate of the transplant. During each step of this operation, active participation of the Section of Laboratory Investigations to determine physical, psychological and behavioral normalcy, diagnose and treat sickness, injuries, or other abnormalities, solve nutritional or reproduction problems, and improve pre-release rearing and conditioning practices, are directed toward avoiding the loss of extremely rare and valuable, or even irreplaceable, live specimens, and preparing them for a successful return to the wild.

It has been increasingly evident that the preservation of most wildlife species, bird and mammal, resident and migratory, depends not only on the shared responsibility of Federal, State and private wildlife management agencies and organizations, but also on the other signatory parties to the Migratory Bird Treaties, namely, Canada and Mexico. The unity of effort among the three Sections of the new Station, and the cooperative nature of the overall research program for endangered wildlife, is demonstrated in the approaches being taken with three threatened species, namely, the masked bobwhite, Aleutian Canada goose and whooping crane.

Masked Bobwhite. The masked bobwhite disappeared from its original habitat in southern Arizona just after the turn of the century, presumably due to the secondary effects of devastation of the range by excessive livestock use. About 18 years ago, several masked bobwhites were brought back from Mexico to Arizona for propagation purposes, and in 1966, 8 descendants from this stock were generously given to the Endangered Wildlife Research Station by James and Seymour Levy of Tucson. From these birds, over 40 young were reared in 1967. Of particular importance is assurance by Mexican officials that limited stock may be available to this program for genetic enrichment of the captive breeding stock at Patuxent if it is demonstrated that wild birds can be taken without detriment to the population.

Meanwhile, the Station's biologist at Tucson has been studying the characteristics of this quail and the only habitats it still occupies in the State of Sonora, as well as those in its former Arizona range. Cooperating with the Bureau of Sport Fisheries and Wildlife in the choice of release sites, and in their enhancement by fencing to exclude livestock from selected areas, are biologists of the Arizona Division of Game and Fish, the U.S. Bureau of Land Management and U.S. Forest Service, the Messrs. Levy, interested ranchers, and others. Barring losses of captive breeding stock, and with generally comparable production success this summer, the first releases to the wild may be made within a year.

Aleutian Canada Goose. In 1962, Refuge Manager Robert Jones reported that a breeding population of this small Canada goose still occupied Buldir Island, far out on the Aleutian Chain (Jones 1962). Its disappearance from the other islands apparently resulted in part from predation by blue foxes (*Alopex*) which were introduced for the fur trade during the first three decades of this century. The difficulty of boat landings on Buldir apparently caused this island to be bypassed in the fox releases.

In the summer of 1963, Bureau personnel of the Divisions of Wildlife Refuges and Wildlife Research obtained downy goslings from Buldir Island and they became our initial captive production unit. To reduce the risk of keeping all stock at one location, several geese were loaned to Carl Strutz of Jamestown, North Dakota. The two pairs of young birds subsequently produced at Jamestown have been transferred to Dr. S. Dillon Ripley and to The Wildfowl Trust to develop additional productive flocks and further reduce the risk of loss.

At Patuxent, 23 Aleutian Canada geese produced by 3 breeding pairs last year, added to the 14 older birds on hand, within two or three years should produce from 50 to 100 geese annually for restocking the Aleutian Islands. In anticipation of this eventuality, the Divisions of Wildlife Refuges and Management Services of this Bureau are attempting to eradicate foxes from at least three islands so that releases can be made more safely when stock becomes available for transplanting.

Whooping Crane. With the possible exception of the bald eagle, the whooping crane is the most widely publicized example of all endangered North American wildlife species. Accounts of its annual migrations, production, protection, and occasional losses are reported in newspapers and magazines from coast to coast and in foreign periodicals. Several books have been written on this species within the past few years, and several more will soon appear.

The whooping crane's very slow increase from a low population of 15 in 1941, to 47 at Aransas Refuge in 1968, interrupted by severe setbacks some years, symbolizes the recovery that is possible with many, if not most, wildlife species when conditions for their survival are improved. The protection which has been afforded the whooping crane in the Wood Buffalo National Park breeding grounds and on the Aransas National Wildlife Refuge wintering area, together with the great reduction in hunting casualties as a result of effective law enforcement and public education, have allowed this long-lived bird to triple its numbers in the past 30 years. Although this may sound encouraging, some of its optimistic quality is lost in the fact that the average rate of population gain during this period has been only about one bird per year.

A proposal agreed upon in 1964 by the Canadian Wildlife Service and the Bureau of Sport Fisheries and Wildlife to obtain whooping crane eggs from wild nests for captive propagation was consummated last summer. This event marked the culmination of more than a decade of studying the population dynamics of this species, and more than half that much time testing egg-taking and propagation methods with various races of sandhill cranes. The two wildlife agencies jointly planned each detail of the entire operation. The Canadian Wildlife Service located the nests and organized the pick-up by helicopter of one egg from each of six clutches of two eggs, as well as follow-up surveillance during which all pairs were observed back near their nests. Station biologists participated in obtaining the eggs on the breeding grounds and transported them to the Patuxent Center.

Four cranes were reared from these eggs, and an additional chick from captive parents was hatched at the San Antonio Zoo last summer. These five chicks, plus the nine young whooping cranes which reached Texas last fall with their wild parents, yielded a total of 14 surviving young-of-the-year, four more than have reached Aransas during any of the 30 years since that refuge was established. The 12 whoopers presently in captivity include the five youngsters and "Canus," an injured bird found by Canadian biologists on the breeding grounds in 1964 and now recovered, at Patuxent; a crippled adult pair, "Crip" and "Rosie," at the San Antonio Zoo in Texas; and the four Audubon Park Zoo progeny of the pair, "Crip" and "Josephine" (the latter deceased). Both zoos are cooperating under signed agreements to assure maximum productivity of their respective stock and are being advised in that regard by Station biologists. The four whooping cranes at Audubon Park Zoo, as progeny of "Josephine," represent the sole surviving descendants of the sedentary population which formerly lived in the marshes of southwestern Louisiana, and whose genetic qualities may differ somewhat from those of their migratory counterparts.

Because several years will elapse before last year's whooping crane chicks become sexually mature, there should be sufficient time for preliminary experimental plantings of sandhill cranes to test the safety of release locations and to refine transplant methods. Another question which must be decided is the advisability of bolstering the existing wild population with additional released cranes, or attempting to implant another unit elsewhere within the whooping crane's historical breeding range. This would be a decision for the Canadian Wildlife Service and the Bureau of Sport Fisheries and Wildlife, in which full consideration undoubtedly would be given to the suggestions of other conservation authorities. One prediction, however, can be made with relative certainty. The primary goal will be to perpetuate their characteristic twice-annual migrations between Canada and the United States.

The long range development plans for this Station include a visitor center where rare and endangered wildlife can be viewed and photographed in semi-natural surroundings, and where preservation efforts on their behalf can be described. The animals used for this purpose will be those which will not be suitable or not needed for research or propagation. Being located in a major metropolitan area, the Patuxent Wildlife Research Center receives heavy visitation by interested scientists and laymen, from both this and foreign countries. Hence, the use and value of this exhibition building and grounds would be substantial. At the same time, the diversion of visitor traffic from the primary research and propagation facility would reduce the disturbance which otherwise might adversely affect its operation.

DISCUSSION

From the foregoing, it should be apparent that the task of preventing the extinction of certain species of North American wildlife is no minor one that can be accomplished independently by one program. It will take many hands, minds, and funds. The problem of declining species will not disappear by itself. It is not unreasonable to expect that, as

human populations continue to increase, more threatened species will be added to the present list. At the same time, some currently rare forms may respond favorably to management and improve their status. It is heartening to note the growing number of conservation organizations which are actively undertaking research upon and management of threatened species such as the unique Hawaiian endemic birds, California condor, southern bald eagle, Mexican duck (*Anas diazi*), Attwater's greater prairie chicken (*Tympanuchus cupido attwateri*), Kirtland's warbler (*Dendroica kirtlandii*), black-footed ferret, and tule elk.

Although the Bureau of Sport Fisheries and Wildlife is charged by the Endangered Species Preservation Act of 1966 with a responsibility to prevent the extinction of native wildlife species of the United States, State and privately supported programs are enthusiastically welcomed. Such participation frees Federal facilities and manpower for attention to other problems demanding attention. Sporadic, independent approaches to this problem usually are discouraging, at best. With many willing partners attacking problems in a well coordinated program, the difficulties can be reduced to manageable proportions. The public is ready and willing to support increased efforts to prevent the permanent disappearance of additional elements of our rich wildlife resources. Let us resolve that any further losses of wildlife species will not result from apathy in our own ranks.

REFERENCES

Allen, Glover M., 1942. Extinct and Vanishing Mammals of the Western Hemisphere. American Committee for International Wildlife Protection. Special Publication 11. 60 pp.

Erickson, Ray C., 1966. New Federal Research Station. Modern Game Breeding. Vol. II, No. 11. pp. 21–23, 39–42.

Greenway, James C., Jr., 1958. Extinct and Vanishing Birds of the World. Special Publication No. 13, American Committee for International Wildlife Protection. New York. 518 p.

Jones, Robert D., Jr., 1962. Buldir Island, Site of a Remnant Breeding Population of Aleutian Canada Geese. Fourteenth Annual Report, 1961–62. The Wildfowl Trust, Slimbridge, Gloucestershire, England, pp. 80–84.

MacArthur, Robert H., and Edward O. Wilson, 1967. The Theory of Island Biogeography. Princeton University Press. 203 pp.

U.S. Department of the Interior, 1966. Rare and Endangered Fish and Wildlife of the United States. Compiled by Committee on Rare and Endangered Wildlife Species, Bureau of Sport Fisheries and Wildlife, Resource Publication 34. 326 pp.

U.S. NUCLEAR SUBMARINE CONSTRUCTION

Mr. McINTYRE. Mr. President, on the basis of testimony yesterday before the Preparedness Subcommittee, it is obvious that high Navy officials fear that the nuclear submarine fleet of the Soviet Union is overtaking that of the United States.

I am fully aware that there is a great deal of national discussion on the question of our military problem in Vietnam. However, I believe it would be extremely dangerous for us to confuse matters of narrow policy with matters of overall preparedness.

The superiority of our nuclear submarine fleet has been one of the bulwarks of our national security. These nuclear-missile-bearing ships are extremely mobile. Their presence is difficult to detect. It is impossible for the enemy to preset land-based missiles on a course to destroy them.

Nevertheless, testimony by Vice Adm. Hyman Rickover and Rear Adm. Eugene B. Fluckey, Assistant Chief of Naval Operations for Intelligence, as reported in this morning's Washington Post, reveals that our own nuclear submarine construction has bogged down while Russia is building vessels that run deeper, faster, and quieter than ours.

The newspaper article, written by Post correspondent David Hoffman, reports that while the United States has a 2-to-1 lead over the Soviets in nuclear submarine strength, funds for the construction of new submarines are being asked only through 1970. Meanwhile, the Russian production is being rapidly increased.

Mr. President, I feel we must retain our nuclear submarine superiority as an essential deterrent force. And I believe the program of phasing out some of our most important nuclear submarine navy yards as well as the total construction program for this vitally important weapon should be reappraised in the light of increasing American responsibilities throughout the world.

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

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

NAVY WARNS OF IMPROVED RUSSIAN SUBS

(By David Hoffman)

The Soviet Union's nuclear submarine fleet is rapidly overtaking that of the United States in quality and in quantity, the Navy warned yesterday.

Whereas U.S. nuclear sub construction has bogged down in a morass of cost-effectiveness studies, Russia is building vessels that are running deeper, faster and quieter, Admirals told a closed meeting of the Senate Preparedness Subcommittee.

Vice Adm. Hyman Rickover, father of America's nuclear undersea fleet, and Rear Adm. Eugene B. Fluckey, Assistant Chief of Naval Operations for Intelligence, briefed the Senators in a day-long session. The gist of their testimony was reported by reliable sources.

Information furnished the subcommittee indicates the United States still has a two-to-one lead over the Soviet Union in nuclear sub strength. But funds for construction of new U.S. submarines are being asked only through fiscal 1970.

America's nuclear-powered undersea force soon after 1970 will number 101, with 60 first-line attack subs and 41 ballistic-missile subs.

The Navy's concern is that while U.S. production is coming to a halt, Russia's production is accelerating. Senators were told yesterday that at least a six-year lead-time would be required to construct a truly new breed of sub, assuming that its technology had been mastered.

The Soviet Union's first nuclear-powered subs were identified during the 1960–61 period by U.S. intelligence. Since then, the Russians have launched almost 60 vessels. Navy sources say the Soviets now possess at least eight subs capable of launching ballistic missiles comparable to the U.S. Navy's Polaris.

More than 30 additional Russian submarines, all nuclear-powered, carry long-range cruise missiles of the sort that sunk the Israeli destroyer Eilat last June. Of the 270-odd attack subs in the Soviet fleet, approximately 15 are nuclear powered.

In recent years, sources said, the cost of constructing one U.S. nuclear attack sub has soared from about $50 million to more than $80 million.

Another concern voiced by Adm. Rickover is that the Navy hasn't put enough organizational emphasis on its nuclear sub program. The Navy maintains a three-star admiral as deputy chief of Naval Operations for Air but no DCNO of equivalent rank for submarines, Rickover reportedly testified.

VIETNAM POLICY DICTATED BY MILITARY

Mr. YOUNG of Ohio. Mr. President, during the period from approximately January 6 to 19, I spent many days in Thailand visiting our air, military and naval bases in various parts of that country; in Laos, an extremely underdeveloped country which, unfortunately, may turn into another South Vietnam; and then, in particular, every area of South Vietnam including north of Danang, the central highlands and south of Saigon.

During that period I spoke with our top generals including Gen. Creighton Abrams, deputy commander; Gen. Robert S. Cushman, Jr., commanding the Marines in the Khe Sanh area and other enclaves where they were on the defensive and sometimes assigned to pacification work; and General Westmoreland. I might mention that Generals Abrams and Cushman appeared to me to be very superior general officers. Of course, I talked with intelligence officers and American civilians who are all over the place representing our various alphabetical agencies. In late January, General Westmoreland and other generals informed me that Vietcong and North Vietnamese forces were massing around Khe Sanh and would seek to overrun that outpost a few days before the Tet lunar holiday. "We are ready," said the generals. "We have withdrawn soldiers from the south and from the central highlands and they are in reserve close to Khe Sanh. When the Vietcong massing to encircle us attack a few days before the Tet lunar holiday expecting to celebrate during the holiday their victory in overrunning our Khe Sanh outpost, we are prepared to encircle the encirclers. It will be our victory instead of theirs." That Vietcong assault on Khe Sanh never occurred. Probably never will. The Vietcong struck everywhere else.

It has been evident for weeks now that North Vietnam Defense Minister Giap, victor of Dienbienphu, and VC generals outwitted and outgeneraled General Westmoreland, and the heads of our military intelligence and the CIA. They struck everywhere in South Vietnam in particular, invading undefended provincial capitals and in Saigon and in Hue, taking over 38 provincial capitals for a time, and even holding possession of our Embassy at Saigon for more than 6 hours. Incidentally, they freed thousands of prisoners jailed on order of the Saigon junta, recruiting or impressing thousands of young VC civilians into the VC forces, and the VC seized or purchased large quantities of rice. This was a disaster for our military in Vietnam.

The weakness of General Westmoreland was clearly displayed in his failing to make the best use of 525,000 Americans under his command and in as-

signing, for example, our best trained offensive fighting men to defensive holding operations in Khe Sanh, Danang, and elsewhere, instead of using them in offensive operations in the Mekong Delta. Not only has the American pacification operation been destroyed but our Army leadership in Vietnam discredited—our generals outgeneraled.

One of the most important principles written into the Constitution of the United States by the Founding Fathers, the architects of that great document, was that civilian authority must always be supreme over military authority in this Nation. Unfortunately, we have witnessed the serious erosion of this great doctrine in recent years. Unfortunately, President Johnson seems to regard as sacrosanct the wishes, decisions and advice of the generals of our Joint Chiefs of Staff and has acceded to their views repeatedly in enlarging and expanding our involvement in the ugly civil war in Vietnam which President Johnson has made into an American air and ground war.

President Eisenhower, in what has been termed his farewell statement, warned the Nation of the dangers inherent in the growth of the military-industrial complex that has arisen in our Nation since World War II and the advent of the cold war. The Defense Department now spends more than $70 billion each year, well over half of all expenditures of the Federal Government. This is a phenomenon which did not exist in this country prior to World War II.

The lives of millions of Americans and thousands of business concerns are dependent upon decisions made daily by officials of the Department of Defense. It is of utmost importance to all Americans that these decisions be made wisely and that the ultimate responsibility concerning them be under the control of civilian authority.

Secretary of Defense Clifford would be well advised to tell his generals and admirals to give attention to their duties as leaders of our Armed Forces instead of sounding off on political and foreign policy subjects. Theirs is not the duty to direct the foreign policy of our country. The Founding Fathers in 1787 anticipated what a great 20th-century French statesman, Clemenceau, would assert 125 years later:

War is too serious a matter to be entrusted to generals.

Mr. President, a serious erosion is taking place in the constitutional balance that supposedly places the military under civilian control and direction. Only President Johnson can restore civilian control of national policy through the exercise of his Presidential prerogatives under the Constitution.

Every effort must be made to counteract the pressure of the generals of our Joint Chiefs of Staff for 100,000 or 205,000 more men for the Vietnam cauldron. The rapid ascendancy of military leaders over the control of our foreign policy must be checked before it becomes an actual threat to the very fiber of our democracy.

Mr. President, in the Washington Post of March 14, Drew Pearson, nationally known and highly respected news commentator and columnist, referred to our deplorable military situation in Vietnam and to the fact that General Westmoreland was outgeneraled by the VC leadership. His clear and highly perceptive statements in this article are confirmatory of my own conclusions and the statements I have made in the Senate and in Ohio following my study mission to Vietnam during the forepart of January. I ask unanimous consent that the article be printed in the RECORD.

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

RISING POLICY CONTROL BY MILITARY CITED

(By Drew Pearson)

Before the Senate votes money for 200,000 more U.S. troops to Vietnam, it should take a careful look at two things:

1—The slip-and-slide manner in which we have become involved in a major war without the consent of Congress.

2—The manner in which the American military more and more are shaping, now almost directing, foreign policy.

The trend toward military dictation of foreign policy has been developing for some time, but has reached a peak under Lyndon Johnson.

Today there are only three civilian advisers whom he consults—Secretary of State Rusk, who has become so entrenched regarding Vietnam that he has lost his perspective; Walt Rostow, who was responsible for our original involvement in Vietnam under President Kennedy and now wants to justify his mistake; and the new Secretary of Defense, Clark Clifford, who has kept his perspective.

These three lunch with the President once a week. Secretary of Defense McNamara, now retired, is reported to have had a feeling of remorse that he was partly responsible for leading the country deeper and deeper into war. Clifford, who has taken his place, is a tough, shrewd observer and not as much of a hawk as originally reported. It now develops that he was against the bombing of North Vietnam on the fatal night of Feb. 7, 1965, when the Johnson Administration took its biggest escalation step. He felt the decision was a serious error.

It was the military who persuaded the President to take this step. Acting Secretary of State George Ball vigorously opposed the escalation. Ball argued that Premier Kosygin, who had been in office only four months, had arrived in Hanoi only the day before, and to bomb at that time looked like a deliberate slap at him. Later it developed that Kosygin had been on a mission to persuade the North Vietnamese to talk peace.

The Joint Chiefs of Staff have been the guiding factor in setting American policy in Vietnam ever since. Simultaneously the war has been going from bad to worse.

MILITARY ENCROACHMENT

The encroachment of the American military on foreign policy under Mr. Johnson is not entirely new. To some extent it began under Franklin Roosevelt, who gave the Navy a much bigger role than the Army. Mr. Roosevelt had served as Assistant Secretary of the Navy under President Wilson, and resented the manner in which the Republicans under Presidents Coolidge and Hoover had scrapped battleships and curtailed cruisers. FDR rebuilt the Navy at a tremendous speed, but never let the admirals or the generals run World War II.

Harry Truman, a veteran of Battery D in the old Missouri National Guard, reversed this, gave more power to the Army. His close friend and military aide, Gen. Harry Vaughan, was a staunch Army man, and on occasion helped siphon arms to Latin American nations despite the opposition of the State Department. Mr. Truman, however, never let the Army get out of hand, and fired Gen. Douglas MacArthur when he stepped over the line.

Significantly it was a military President, Gen. Dwight D. Eisenhower, who curbed the Army more than any other recent President. The generals used to complain that Ike cut the military budget more than any civilian President. Ike understood Army politics, and was tough with his old buddies when they tried to lobby on Capitol Hill. He also warned, as he left office, of the danger of an alliance between the defense contractors and the military.

President Kennedy returned the military to a position of power, emphasizing a 50-year fact that the military have always prospered under Democratic Presidents.

L. B. J.'S RECORD

However, no Democrat has given the military so much scope as Lyndon Johnson. Lyndon's kowtowing to the brass began when he was a young lieutenant commander in the South Pacific in World War II. Later he served on the House Naval Affairs Committee, then as chairman of the Senate Preparedness Committee.

As such, he teamed up with the generals and admirals to blast President Eisenhower for the missile gap. As Senate Majority Leader he was in a potent position to give the military the appropriations they wanted, and he did.

The generals and admirals in return, put more military bases in Texas than in any other state in the Union. If the civilians, who were supposed to run the military under Ike, tried to economize on a base in Texas, they heard from Lyndon in no uncertain terms. And the military always rushed to his defense. Texas bases, no matter how outmoded, were not curtailed or transferred out of the state.

With LBJ in the White House, this alliance with the brass hats has continued.

The President's latest romance has been with Gen. William Westmoreland, who was caught napping during the Tet lunar holiday in a manner almost as serious as Admiral H. E. Kimmel and Gen. Walter Short were caught napping at Pearl Harbor.

Gen. Westmoreland instead of being removed, has asked for and will probably get 200,000 more troops.

CONGRESS MUST ASSURE AID TO FEDERALLY AFFECTED SCHOOL DISTRICTS

Mr. TOWER. Mr. President, since 1950, the Federal Government has been providing aid to schools in federally affected districts under the auspices of Public Law 815 and Public Law 874. These funds are vital to the affected districts if they are to provide continuous quality education to the children attending their schools. Public Law 815 provides funds for construction of school facilities, and Public Law 874 provides funds for current operating expenses. Trends under Public Law 815 indicate that appropriations in the early years of the program alleviated the major backlog of urgently needed facilities caused by an influx of federally connected pupils into individual districts. Since then amounts appropriated under the act have decreased somewhat and have been relatively stable in recent years. With Public Law 874, however, the need for funds has increased at a fairly constant rate over the years, and the program has continued to grow. This is due both to increases in the num-

ber of federally affected children and the increase in rate of payment to eligible districts as costs have gone up.

With the passage of the laws in 1950 went the tacit assumption that the Federal Government had an obligation to assist school districts experiencing financial burdens as a result of Federal activities. This assumption has never been questioned by Congress, and the Public Law 874 program has always been funded to the level of need indicated by the number of requests for aid. Funds allotted under this law consequently are regarded by many federally affected districts as a stable item in their budget.

Currently, however, we are faced with a situation where many school districts which have relied on Federal funds to help in the provision of quality education to the children in their jurisdiction, are going to be forced to lower the quality of that education or face a deficit. These districts were informed, at a point well into the school year, that all the funds which had been promised would not be forthcoming. Most schools are going to receive about 80 cents on the dollar. For schools which depend on these funds for a major part of their current operating budget, this is clearly disastrous.

The problem in Texas is particularly severe. Due to constitutional limitations, school districts are not allowed to tax retroactively to cover educational costs. Nor are they allowed to operate at a deficit. So, if we fail to increase funds for Public Law 874 during fiscal year 1968, there are going to be many schools in Texas which are just going to have to close down.

In fiscal 1966, Texas had the second largest number of school districts eligible for aid under the federally affected areas provisions of Public Law 874, as well as the second largest number of schoolchildren to be served. Since the beginning of the operation of the program, Texas has received $175 million in funds for current operating expenses—third out of all States receiving funds.

Texas' entitlement for 1968 is $26,066,402; funds available to it for 1968 are $20,904,631—a deficit of $5,161,771. This translates into reduced educational opportunity for many thousands of children. A great number of the children who will be affected by this cutback in funds and consequently suffer from poorer education are the sons and daughters of our servicemen in Vietnam. This is no way to reward the efforts of our fighting forces who defend our freedom, by denying their children the right to free, quality schooling which is one of the foundations of our national strength.

Not only are the funds for fiscal 1968 support of Public Law 874 programs inadequate, but the funds requested in the budget for fiscal 1969 are even more so. The same amount—$395,390,000—which is currently being paid this year has also been submitted as the President's request for next year. Yet the estimated entitlement of all States under the program next year will be $550,000,000. This means, in effect, that the States will be receiving a prorated share of the funds of about 70 cents on the dollar needed.

Recent Senate action offers the hope that the budget deficiency problems will be resolved for this year, at least. On Monday, March 4, the Senate Appropriations Committee reported H.R. 15399 making urgent supplemental appropriations for fiscal 1969, with an amendment including full funding for Public Law 874. The $90,965,000 which the committee recommended would pay 100 percent of entitlement of each school district under the program for fiscal 1968; that is, the current school year. On March 11, the Senate passed the urgent supplemental appropriations bill.

However, we are still faced with the problem of funds for the coming year. In spite of our commitment in Vietnam—or rather, because of it—we cannot shortchange our educational programs. If cuts are to be made, they must be made in other, less essential programs. Through the so-called federally affected area laws, Congress has made a commitment to help sustain quality education for our children. We should not go back on that pledge.

THE ARTS IN BUFFALO

Mr. JAVITS. Mr. President, Buffalo is a progressive center of industry and commerce—and the arts. In music and in the contemporary arts, Buffalo, N.Y., has achieved nationwide eminence. The Buffalo Symphony, under the direction of Lukas Foss, and the Albright-Knox Gallery, under the patronage of Seymour Knox and others, are eminent for their quality and their leadership, especially in the blazing of new trails in the arts.

The city's Second Festival of the Arts Today, presided over by Gordon Smith, a 16-day program of cultural events, including the famous Merce Cunningham dance company, serves as a center focus of Buffalo's talent for artistic innovation.

The festival deserves the attention, the support, and the patronage of all New Yorkers and of the whole Nation. It is a sterling example of what a fine American city, under highly patriotic municipal leadership, can do to realize its own capability for giving enlightenment and pleasure to its people.

Time magazine for March 15 treats at length the bright phenomenon of the arts in Buffalo. I ask unanimous consent that the article be printed in the RECORD.

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

EXHIBITIONS: WHERE THE MILITANTS ROAM

Most people think of Buffalo, when they think of it at all, as a sooty industrial port on a blustery bluff overlooking Lake Erie. They ought to try shuffling off to Buffalo some time.

Ask any contemporary-art lover and he will tell you that Buffalo is the home of the Albright-Knox Gallery, one of the nation's finest and most up-to-date art collections.

Ask any experimental-music lover and he will tell you that since 1963 Lukas Foss, 45, one of the nation's most venturesome young composers, has been leading the Buffalo Philharmonic through the amelodic intricacies of Krzysztof Penderecki, Luigi Nono and other 20th century composers. Ask an educator and you will learn that Buffalo's 21,000-student private university, taken over by New York State in 1962, is now the largest single unit of the new state university system. A new $600 million educational plant, designed by the architectural firm of Skidmore, Owings & Merrill, is on the drawing boards, and an impressive and often highly unconventional faculty has been assembled. In-group theatrical circles now know Buffalo equally well: it has a two-year-old, better-than-average repertory theater group.

Sign & Symbol. Buffalo, in the six years since the Albright-Knox added its glass-walled new wing, has taken giant strides toward becoming a vociferously militant acropolis of the avant-garde arts. Though the latter term is out of vogue in Manhattan's rarefied critical circles, it is used with force and conviction in Buffalo, where the cab drivers lecture their fares on the horror of the Albright-Knox's modern art, and where Foss reminds his listeners that the word avant-garde is military in origin. The artist, in his view, is meant to act as a sort of spiritual shock-trooper for society, forcing it to become aware of new conflicts and realities whether it wants to or not.

Sign and symbol of Buffalo's new militancy is its Second Festival of the Arts Today, a 16-day program of cultural events that include premières of two plays by Edward Albee and an opera by Belgium's Henri Pousseur, the first U.S. performances of new works by Penderecki and Greek-born Iannis Xenakis, a new movie by Underground Mogul Jonas Mekas, John Barth reading his new novella aloud, and lectures by City Planner Constantinos Doxiadis and Designer Buckminster Fuller. The whole shebang got under way last week with a display of 300 constructivist paintings and sculptures called "Plus by Minus: Today's Half-Century" at the Albright-Knox Gallery.

Squares for Imagery. The theme of the festival, in Foss' words, is "perhaps revolution, not in the Communist sense but in the Bucky Fuller sense, meaning that if we don't learn to adapt ourselves to the modern situation now, it's the end—and the artist must show us the way." The star and theme setter of the art exhibit, appropriately enough, is that grand old Russian revolutionary and pioneer sculptor of the 1920's, Naum Gabo, 77, with 28 constructions on display. Though the original idea for the festival was Foss' the planning and expenses are being borne by a dozen different local and state institutions (even Buffalo's bantam-sized 7,800-student state college got in the act by inviting Merce Cunningham and his dance company to perform two new works during a four-week stay). The festival committee is chaired by the Albright-Knox's director, Gordon Smith, 61, and the residual deficit will doubtless be met by the gallery's longtime Medici, former seven-goal polo player and investment banker Seymour ("Shorty") Knox, 69, who paid $100,000 to underwrite the first festival, an S.R.O. attraction that in 1965 drew 187,000 visitors.

Most festival-goers begin their tour of events with a visit to the Albright-Knox's "Plus by Minus," a title that the show's organizer, Douglas MacAgy, amplifies on by citing Sherlock Holmes: "When you have eliminated the impossible, whatever remains, however improbable, must be the truth." For the first 20th century abstract artists, the impossible was "the accreted imagery that has been a characteristic of visual art ever since the Renaissance." First to jettison traditional images altogether, as MacAgy shows, was the Russian suprematist Kasimir Malevich, with his revolutionary 1913 drawings of two squares and a circle.

Refound Ancestors. The art that followed—nonobjective, nonemotional and nonutilitarian—was, and for the most part still is, anathema to the common man. To the suprematists, it was an epochal breakthrough, even though Malevich later recalled that he felt "a kind of timidity bordering on fear when I was called upon to

leave the world of will and idea in which I had lived and worked; but the blissful feeling of liberating nonobjectivity drew me into the desert, where nothing is real but feeling."

Through Gabo and his fellow constructivists, who took over leadership in the 1920s, the movement expanded to influence Germany's Bauhaus and the Dutch exponents of De Stijl. For art historians, the show is endlessly fascinating; no exhibit has attempted to interrelate these different schools since Manhattan's Museum of Modern Art's "Cubism and Abstract Art" in 1936. What makes the Buffalo survey particularly relevant to 1968 is the demonstration that the lineal descendants of constructivism are none other than the kinetic, op and minimal artists of today.

Maid to Marry. Thesis for the Buffalo show is that "what is happening in art today is not part of a fad or temporary school, but part of a historical moment that happens to have lasted 50 years." To prove it, MacAgy dramatically contrasts the delicate, spiky constructions of Moholy-Nagy and the small, primary-colored canvases of Mondrian with today's huge, brilliantly impastoed canvases by Alfred Jensen and the eerie lights and shadows of the plastic, metal or kinetic constructions of artists in the U.S. and abroad. Super-king-size constructivist sculptures by Tony Smith and Mark di Suvero are imposingly arrayed on the snow-covered grounds outside the museum, while inside, gallery-goers are invited to stroll around the staircase environment of France's *Groupe de Recherche d'Art Visuel.*

Indeed, the tendency of constructivists to move from freestanding sculpture toward creation of a whole environment is clear in the stage sets that the movement inspired. A prime example is the set originally designed by Liubov Popova for Meyerhold's 1922 production of Fernand Crommelynck's play *The Magnificent Cuckold.* Reconstructed from a contemporary drawing, it was used on opening night in the gallery as the setting for an Ionesco playlet, *Maid to Marry;* as actors clambered up, slid down and crawled in and out of the set's slides and chutes or ducked around the revolving wheels, even Ionesco's dense thicket of non sequiturs became a veritable marvel of wit and perspicacity.

Nor is constructivist principle dead today. For Edward Albee's two new one-acters, *Box* and *Quotations from Chairman Mao Tse-tung,* are performed at the Studio Arena Theater within an austere, boxlike stage set outlined with wooden bars. Unfortunately the plays within are as empty as the frame. For the first and last 15 minutes, the stage remains bare, and the audience listens to the meandering, tape-recorded reverie of an unseen woman. In between, the stage becomes the deck of an ocean liner on which Mao and two other characters conduct contrapuntal monologues ranging from Communist agit-propwash to pretentious aphorisms on art, life and love.

Though constructivist works have a common root, two different principles of organization are clearly at work throughout the festival as a whole. The pure, rational, almost classical is represented by the works of the ever-youthful Naum Gabo. Among the most impressive is the cobwebby *Linear Construction in Space #2* (1949–53). But even his historic works, like his famed 1916 *Head,* have gained an altogether different impact by finally being blown up to full scale in recent years.

At the other end of the spectrum are the passionate advocates of clutter, the fertile chroniclers of chance. At one recital, Composer John Cage wandered through the audience gunning down musicians on the stage with the ack-ack-ack of a toy tommy gun. At another concert, members of Jazz Pianist Cecil Taylor's combo roamed off and on stage at random. And leaving Taylor's concert, the audience was confronted by the same dedication to happenstance in a collection of devil-may-care props and costumes by Robert Rauschenberg, composed for Merce Cunningham's ballets. Rauschenberg assembled his props in the same spirit as his famous "combine" of goat and tire—out of whatever happened to be at hand when inspiration hit.

Whether the principle of organizing art is a dispassionate, cool or reckless chance, Gabo urges festival-goers to linger before the works, no matter how abstract or outlandish. "Lines, shapes, forms, color and movement have a language of their own, but reading takes time," he says. "It is not enough to look. You must see, and see means read."

A GREAT GENERAL RETIRES

Mr. MONRONEY. Mr. President, a longtime personal friend, a great Oklahoman and a great American, retired recently after a career of 35 years of military service.

Maj. Gen. Ernest L. Massad, better known in our State as "Mike" or "Iron Mike" Massad, retired after 6 years as commanding general of the 95th Division—Training.

General Massad's military career began in 1933 when he was commissioned a second lieutenant of artillery after completing the ROTC program at the University of Oklahoma. Incidentally, he earned the nickname of "Iron Mike" as an All-American football player at the University of Oklahoma.

General Massad's military duty included commanding the 675th Para-Glider Field Artillery Battalion and participation in the battles of New Guinea, Leyte, and Luzon during World War II. His unit received the Presidental Unit Citation for its participation in warfare in the Pacific Theater. Among the general's decorations are the Silver Star, Legion of Merit, Bronze Star, and the Purple Heart.

He was promoted to colonel in 1945, and in 1946 he was released from active duty.

In 1946, he returned to his hometown, Ardmore, in southern Oklahoma, and resumed participation in the Army Reserve. He was assigned assistant division commander of the 95th in 1958, achieving the rank of brigadier general that same year. In March of 1962 he was named commanding general of the 95th, receiving his second star in December of 1962. In 1964, he was appointed to the Armed Forces Reserve Policy Board and in 1966 was elected national president of the Senior Reserve Commanders Association.

General Massad retired from his military career in ceremonies at Fort Sill, Okla., on February 29 of this year.

He resides with his family in Ardmore, where General Massad is chairman of the board and chief executive officer of a life insurance company and an independent oil producer. Despite his military duties and business activities, Mike Massad has found much time to devote to civic affairs, and has served 10 years as president of the local school board.

Mr. President, the newspapers of Oklahoma paid tribute to General Massad on his retirement, but none said more clearly the words that were needed than General Massad's hometown paper, the Daily Ardmoreite.

In recognition of this man's great service, I ask unanimous consent that an editorial entitled "Massad, a Credit to City, State, and Nation," published in the Daily Ardmoreite of March 3, 1968, be printed in the RECORD.

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

MASSAD, A CREDIT TO CITY, STATE, AND NATION

The retirement of Major General Ernest L. Massad on Feb. 29 brought an end to 35 years of military service for this well-known Ardmoreite.

Known to Ardmore area people and his friends everywhere simply as Mike Massad, he is due commendation for his long military service which included outstanding service during World War II along with his peacetime assignments and accomplishments. He has won many medals and awards.

Mike can be said to have been "bigger" in Washington, D.C., where he was active in high military levels and supporting organizations than he was recognized to be around home, and his retirement is an appropriate time for full recognition.

Mike's service and accomplishments are by no means limited to his military career. He first gained renown and brought credit to Ardmore as an OU football star in the early 1930s, earning the name of "Iron Mike," which has stuck with him through the years.

He is also well known for his companion career as an Ardmore businessman and civic worker, and fortunately this career will be carried on beyond this military career.

Mike has earned great credit in serving his home town and area, his state and his nation.

MIRANDA: WORLD CITIZEN

Mr. SMATHERS. Mr. President, the University of Florida Press has just reprinted an important scholarly work by Rev. Dr. Joseph F. Thorning, of Frederick, Md., who is sometimes known as the Padre of the Americas, in tribute to his long endeavors in the field of Hispanic American understanding. Father Thorning's book, entitled "Miranda: World Citizen," is a biography of Francisco de Miranda, the precursor of Latin American freedom.

I note that the introduction to this important work was written by Sr. Galo Plaza, former President of Ecuador and now Secretary General of the Organization of American States.

I ask unanimous consent that an article on Father Thorning, published in the Catholic Review, official organ of the historic Archdiocese of Baltimore, be printed in the RECORD.

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

CHURCH WAS BUILT ON CARROLL'S LAND

(By Constance Stapleton)

BUCKEYESTOWN.—To some, St. Joseph's-on-Carrollton Manor is a contradiction.

It is the only placename on the Declaration of Independence. Yet, when Charles Carroll of Carrollton placed its name in history, Catholics were not allowed to vote in Maryland.

Integrated since its inception, the altar was a gift of a Negro parishioner, John Belt. The magnificent painting of the crucifixion above was a gift of Emily Harper, a Protestant.

In the cemetery to the rear, gravestones bearing the names of distinguished Marylanders stand next to the unmarked graves

of Irish laborers from the C & O Canal, victims of the cholera epidemic of 1832.

Land for St. Joseph's—together with a contribution to start building—was donated by Charles Carroll. Situated nearly at the geographical center of the original 10,000 acre estate, the first limestone church was completed in 1832 by Father Meleve, a Jesuit priest of Russian birth. It then faced the Catoctin Mountains to the west.

When Father Gaffney rebuilt it in 1861, preserving much of the original stone, its length became the present width, and now faces north toward Frederick. Five thousand of the $7,000 needed for the new building was donated by the great-granddaughter of Charles Carroll, the Marchioness of Wellesley.

Route 15, as it winds northward from the Virginia hunt country toward Frederick, trickles down into the village of Buckeyestown.

There, proudly standing at attention for all to see is the marker proclaiming this to be Carrollton, patented by Charles and Daniel Carroll, Mary and Ellinor, in 1724. Daniel Carroll was brother to John Carroll, the first Archbishop of Baltimore.

Two miles west, on Manor Woods Road is St. Joseph's-on-Carrollton Manor. Secure in its harbor of trees, the proud stone church with its majestic steeple seems to be from another time. One step inside the rectory door tells you differently.

Its unpretentious exterior belies its inner wealth. Crowding the walls are citations from the countries of the Western Hemisphere and Europe. Perched on tables are personal photos of world renowned celebrities. Neighbors on the mantel are pictures of Pope John and Charles Carroll.

The firm handclasp of the pastor brings one back to the present. The Rev. Dr. Joseph F. Thorning, known as the "friend of presidents," is known in Frederick County as a friend to all.

This Padre of the Americas has, since 1944, offered the invocation in Congress on official celebration of Pan American Day. Holder of degrees from five universities including Oxford, listed by *Who's Who* as educator, author, lecturer, Father Thorning was born in Milwaukee in 1896. His tall energetic frame and enthusiastic response deny his 71 years.

His writing and merit as historian came into prominence during the Spanish Civil War when as special correspondent, he reported for the National Catholic Welfare Conference.

His capabilities as linguist brought acclaim to *The New York Times* during the Eucharistic Congress in Budapest, 1938, when he made simultaneous translations from Latin to English.

He then translated the series of articles into Hungarian, German, French and Spanish.

He is also a scholar of Greek and Hebrew. In 1947, he helped with translations of the Polyglot, Missal, forerunner of today's vernacular Mass text.

Author of the best-selling biography, *Miranda: World Citizen*, and numerous treatises on religion and social justice, Father Thorning writes book reviews for Fordham University and Georgetown, as well as discussing papal encyclicals on radio forums. Elected to the Gallery of Living American Authors, he contributes to Catholic journals and national newspapers.

He was the first priest to be appointed by the White House to serve on special diplomatic missions to South America, Central America and the Caribbean.

He was a member of the official delegation to the presidential inauguration in Brazil. In 1931 he became the first Jesuit to earn a doctorate at the Catholic University of America.

Former dean of the Graduate School at Georgetown and professor of Sociology and Social History at Mt. St. Mary's Seminary, Emmitsburg, this amazing priest is an internationally recognized freedom fighter.

In 1956, shortly after the Hungarian revolt, it was announced Tito would visit the U.S. Father Thorning, believing this was an affront to Cardinal Stepinac being held in a Yugoslav jail, contacted 92 of 96 Senators, asking the invitation be withdrawn. A resulting speech by Senator Kenneth B. Keating deploring the visit evoked such protest that Tito remained in Belgrade.

In his work at St. Joseph's, and his mission churches of Urbana and Point of Rocks, Father Thorning is assisted by Msgr. Don J. Reagan, Catholic University, and Joseph F. Curran, S.J.

Former pastors include the Rt. Rev. Monsignor John H. Eckenrode, Fr. Philip L. Farrell, Fr. William M. Canning, Fr. Michael J. Finnerty, Fr. Thaddeus I. Skrzynski, Fr. J. Gilbert Hann, Fr. Joseph L. Weidenhan, and Fr. John Czyz.

The 110 families of the church were the first parish outside metropolitan Baltimore to meet its quota in pledges to The Cardinal's Campaign.

The major parish money-maker after the royalties from Father Thorning's books, is the parish picnic held on the third Wednesday of July.

Father Thorning was recently chosen by the citizens of the community as spokesman in their battle to preserve the historic values of the area. A proposed aluminum plant has optioned 1,400 acres completely surrounding the church's six acres.

AN EFFECTIVE TOOL FOR INDUSTRIAL DEVELOPMENT

Mr. SYMINGTON. Mr. President, one of the most effective tools for industrial development, particularly useful in the smaller cities in Missouri and throughout some 40 other States, will be taken from these communities if the Internal Revenue Service carries out its announced intention to repeal the tax exemption on municipal industrial revenue bonds.

That intention was first announced by the Treasury in a press announcement given to the news media late Tuesday night, March 5, for release the following morning. I ask unanimous consent that the text of the release be printed in the RECORD at this point.

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

U.S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE, PUBLIC INFORMATION DIVISION,
March 6, 1968.

The Treasury Department today announced that it is reconsidering its position on the tax exempt status, under section 103 of the Internal Revenue Code, of interest paid on so-called industrial development bonds.

Generally, the bonds are issued by a municipality or other political subdivision; however, the debtor, in reality is the private corporation which will use the facility constructed with the proceeds of the bond issue.

The present position is set forth in Revenue Ruling 54–106, C.B. 1954–1, 28, Revenue Ruling 57–187, C.B. 1957–1, 65, and Revenue Ruling 63–20, C.B. 1963–1, 24.

On or about March 15, 1968, a proposed regulation concerning so-called industrial development bonds will be published in the Federal Register. Interested parties will be afforded an opportunity to submit written comments and a public hearing will be held.

The proposed regulations, when issued, will provide that such bonds will not be considered to be obligations of a State, a territory, or possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia within the meaning of section 103(a)(1) of the Internal Revenue Code.

These regulations will only apply to such bonds sold after March 15, 1968. In applying the March 15 effective date, bonds will be considered sold on the date on which a buyer or underwriter enters into a binding contract with the issuer to purchase the bonds at a fixed price.

Accordingly, the Internal Revenue Service will publish a Revenue Ruling revoking Revenue Rulings 54–106 and 57—187, effective with respect to so-called industrial development bonds sold after March 15, 1968. In addition, it will appropriately modify Revenue Ruling 63–20 with respect to such bonds sold after March 15, 1968.

The principles contained in Revenue Rulings 54–106, 57–187 and 63–20 will apply to so-called industrial development bonds sold on or before March 15, 1968. However, these Revenue Rulings do not take into account the effect of provisions making the redemption of such bonds mandatory in the event that legislation is enacted, a regulation is promulgated, or a Revenue Ruling is issued affecting the tax exempt status of interest paid on such bonds.

The Revenue Service announced that it is now studying the effect of mandatory provisions of this general nature on the tax exempt status of interest paid on such bonds under section 103 of the Code and the Revenue Rulings thereunder.

The Revenue Service also announced today that it will no longer issue ruling letters with respect to so-called industrial development bonds. However, ruling requests received before the close of business on March 6, 1968, will be processed. Where such requests involve mandatory redemption provisions, favorable rulings will not be issued.

Mr. SYMINGTON. Mr. President, there was considerable discussion of this matter Monday in connection with the amendment proposed by the senior Senator from Oklahoma [Mr. MONRONEY] to the supplemental appropriations bill. That amendment would have provided $25,000 for the Treasury Department to continue to process applications for statements of tax exemption of this type of bond; but it would have done much more, it would have put this body on record in support of the principle involved.

As the record will show, I voted for the Monroney amendment, but questions were raised by the chairman of the Committee on Finance that this was not the proper procedure to follow, and I am sure that that contention was a significant factor in the defeat of the Monroney amendment, 42 to 38.

It is encouraging that there has been further consideration of this proposed change at the meetings of the Senate Finance Committee this week during the hearings on the Tax Adjustment Act, H.R. 15414. The matter is so important to a great many communities and businesses that it deserves this attention.

Articles in the business and financial press in the last week clearly present that this proposed rule change is of concern not only to the smaller communities in Missouri and other States, but also, to quote from an editorial in the Daily Bond Buyer of Monday, March 11, "raises some timely questions for the

market—questions that would seem to transcend the partisan positions of both supporters and opponents of this type of financing." I ask unanimous consent that the editorial, entitled "There Must Be a Better Way," be printed at this point in the RECORD.

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

THERE MUST BE A BETTER WAY

The Treasury Department's announcement that it will move administratively to end the practice of tax-free industrial development financing raises some timely questions for the market—questions that would seem to transcend the partisan positions of both supporters and opponents of this type of financing.

Consider.

If industrial financing is authorized by a state legislature, ratified by the state's electorate, and constitutionally validated by the state's highest court, can that determination be summarily refuted by an arbitrary judgment rendered by an arm of the executive branch of the Federal Government?

Is the traditional and highly heralded concept of state sovereignty no more than a feeble fiction to be exposed at will by a whim of an administrative branch of government?

Hopefully not!

Yet this would seem to be the Treasury's intention. Still, one can only wonder whether it is a state's prerogative to determine, for itself, whether it is the best judge of its own needs, or whether that determination should be handed down ex cathedra by the Federal Government.

Is the term "public purpose" as it relates to the state level to be defined definitively by an agency on the national level?

Once again, hopefully not.

Is it not a state's sovereign right to determine what best serves its own interests, to decline in its own way the question of public purpose? And if a state's actions should militate against the best interests of its sister states, as a whole, or the best interests of the Federal government, is this not a matter to be taken up by the legislative branch of the Federal Government?

The Treasury itself has acknowledged that the question should be resolved by the Congress. Stanley S. Surrey, Assistant Secretary of the Treasury for Tax Matters, in a letter to Wilbur Mills, chairman of the House Ways and Means Committee, urged legislative rather than administrative action.

The letter, dated January 23, 1968, stated: "Although this question is under study by the Treasury Department, clearly a legislative solution to this problem would avoid any future misunderstanding and render the question moot." The question alluded to here is whether the Treasury, through the Internal Revenue Service, has been incorrectly interpreting Section 103 of the Internal Revenue Code insofar as industrial revenue bonds are concerned.

The Bond Buyer agrees, despite its historic opposition to the principle of industrial financing, that this is a matter to be resolved by the Congress and not by the arbitrary decision of an administrative branch of government.

Mr. SYMINGTON. Mr. President, before action is taken by the executive branch to revoke the tax-exempt status of interest on municipal revenue bonds, a practice that has now been in effect since 1954, the Ways and Means Committee of the House, the Finance Committee of the Senate, and both bodies of the Congress should have the opportunity to consider the proposal and the Congress should then set the policy.

In setting the policy, we should consider carefully the benefits already derived from the municipal bond authority exercised by hundreds of cities in some 40 of our States. After that consideration, if it were then the decision by the Congress to revoke or limit this tax exemption, then allowance should be provided for completion of arrangements already initiated between communities and industries for plant expansion and new construction.

As evidence of the effectiveness of this tool in Missouri, I ask unanimous consent to have printed in the RECORD a memorandum prepared at my request by the Missouri Division of Commerce and Industrial Development on the municipal industrial revenue bonds issued and sold in Missouri from 1961 up to January 5, 1968.

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

MISSOURI MUNICIPAL INDUSTRIAL BONDS ISSUED AND SOLD, JAN. 5, 1968

City	Date CID approved	Vote count	Company and home office	Number of jobs	Amount	Type	Rate of interest
Annapolis (new)	Aug. 21, 1963	227 to 0	Ruberoid Co., New York, N.Y.	65	$5,000,000	Revenue	3.98.
Bethany (new)	July 28, 1967	1,049 to 34 1,017 to 33	Calhoun Manufacturing Co., Inc., Cedar Falls, Iowa.	60	150,000 75,000	General obligations Revenue	5.25. 6.
Boonville (expanding)	June 26, 1964	2,615 to 17	Boben Manufacturing Co., Boonville, Mo.	150	375,000	do	4.75.
Brookfield (expanding)	Apr. 17, 1964	1,975 to 8	Brown Shoe, New York, N.Y.	500	600,000	do	3.80.
Brookfield (new)	Nov. 21, 1966	1,736 to 5	Whitaker Cable Corp., North Kansas City, Mo.	250	600,000	General obligations	4.25.
California (new)	Oct. 9, 1963	453 to 89	Ralston Purina Co., St. Louis, Mo.	800	3,000,000	Revenue	3.8.
California (expanding)	June 23, 1964	126 to 51	do	None	425,000	do	3.80.
Carl Junction (new)	Sept. 4, 1964	426 to 4	Hinkley Beverages, Inc., Fort Scott, Kans.	30	80,000	do	5.
Caruthersville (new)	Mar. 30, 1962	2,929 to 9	L. A. Darling Co., Bronson, Mich.	120	425,000	General obligations	3.5.
Chaffee (expanding)	Jan. 8, 1965	554 to 67	Chaffee Manufacturing Co., Inc., Chaffee, Mo.	83	150,000	do	4.
Centralia (expanding)	Apr. 5, 1967	912 to 13	A. B. Chance Co., Centralia, Mo.	100	1,000,000	Revenue	4.25 to 5.
Chillicothe (expanding)	Mar. 14, 1966	753 to 70	Donaldson Co., Inc., Minneapolis, Minn.	168	750,000	do	3.9 to 4.
Clarksville (expanding)	Sept. 6, 1962	298 to 13	Kamp-Togs Corp., St. Louis, Mo.	160	300,000	do	5.5.
Crane (new)	Jan. 14, 1966	432 to 52	Pamco Shoes, Inc., Knob Noster, Mo.	120	116,000	General obligations	4.
Dexter (expanding)	Aug. 16, 1965	555 to 21	Elder Manufacturing Co., St. Louis, Mo.	200	85,000	do	3.75.
Do	Nov. 21, 1966	249 to 47	International Hat Co., St. Louis, Mo.	100	250,000	do	3.60.
Eldorado Springs (expanding)	Mar. 30, 1962	500 to 97	Witt Printing Co., Eldorado Springs, Mo.	60	60,000	do	4.
Do	Mar. 10, 1965	497 to 52	Dunhill Shirt Co., Lexington, Mo.	40	60,000	do	4.
Excelsior Springs (new)	Sept. 30, 1964	1,684 to 410 1,736 to 469	Whitaker Cable, North Kansas City, Mo.	150	425,000 255,000	do Revenue	3.875. 4.4.
Festus (expanding)	July 6, 1962	1,047 to 24	Co-Ed Garment Co., Festus, Mo.	156	200,000	General obligations	4.
Fredericktown (new)	Apr. 15, 1965	908 to 33	S.M.P. Ind., Inc., Marquand, Mo.	50	90,000	do	3.32.
Gerald (expanding)	June 30, 1967	105 to 5	Bull Moose Tube Co., Gerald, Mo.	20	335,000	Revenue	5.5.
Glasgow (expanding)	May 6, 1966	354 to 48 357 to 44	Monnig Iron Works, Inc., Kansas City, Mo.	40	150,000 60,000	General obligations Revenue	4.5. 5.5.
Hannibal (new)	May 20, 1965	2,225 to 32	Atlantic Steel, Atlanta, Ga.	150	750,000	General obligations	3.247.
Do	Aug. 16, 1965	897 to 5	Hawthorn Co., division of Kellwood Co., Chicago, Ill.	12	350,000	Revenue	4.0972.
Jackson (expanding)	Jan. 24, 1964	1,648 to 41 1,651 to 30	Lee-Rowan Co., St. Louis, Mo.	200	275,000 200,000	General obligations Revenue	3.375. 5.625.
Jefferson City (new)	Sept. 13, 1965	5,336 to 108 5,323 to 105	Chesebrough-Pond's, Inc., New York, N.Y.	600	3,500,000 2,000,000	General obligations Revenue	3.5. 3.75.
Do	May 20, 1966	2,732 to 86	Interco Inc., St. Louis, Mo.	250	8,500,000	do	4.875.
Jefferson City (expanding)	Dec. 2, 1966	2,756 to 75	Von Hoffmann Press, Inc., St. Louis, Mo.	150	3,000,000	do	5.5 and 5.75 to 6.
Joplin (new)	Oct. 31, 1963	5,719 to 39	American Fixture, Inc., St. Louis, Mo.	400	1,450,000	General obligations	3.1469.
Do	Aug. 23, 1965	2,107 to 118	Autotronics, Florissant, Mo.	100	550,000	do	3.625.
Kirksville (new)	Aug. 12, 1966	2,340 to 59	Donaldson Co., Inc., Minneapolis, Minn.	150	1,250,000	do	4.24.
Lebanon (expanding)	June 29, 1965	1,546 to 34	H. D. Lee, Kansas City, Mo.	600	550,000	Revenue	4.25 and 4.
Liberty (new)	Sept. 1, 1967	1,690 to 146 1,682 to 137	Guy's Foods, Inc., Kansas City, Mo.	50	1,200,000 300,000	General obligations Revenue	4.5. 5.5.
Marceline (new)	Jan. 14, 1966	1,208 to 8 do	DaVal Manufacturing Co., Kansas City, Mo.	100	40,000 70,000	General obligations Revenue	4. 5.
Monett (new)	May 27, 1964	1,382 to 43	Wells Aluminum Co., North Liberty, Ind.	195	525,000	General obligations	3.75.
Mountain View (expanding)	May 24, 1965	462 to 17	Angelica Uniform Co., St. Louis, Mo.	150	120,000	do	4.
New Haven (expanding)	June 2, 1966	252 to 17 246 to 17	Kellwood Co., Chicago, Ill.	50	100,000 100,000	Revenue General obligations	5. 4.25.
Pierce City (expanding)	May 14, 1965	406 to 16	Sarajo Manufacturing Co., subsidiary of Jay-Zee, Inc., Brockton, Mass.	60	100,000	do	4.
Plattsburg (new)	Sept. 4, 1964	290 to 30	Plattsburg Garment Corp., Kansas City, Mo.	100	80,000	Revenue	4.
Poplar Bluff (expanding)	Apr. 11, 1966	814 to 17	H. W. Gossard Co., Chicago, Ill.	100	250,000	General obligations	4.2195.
Potosi (expanding)	Apr. 12, 1963	703 to 9	Brown Shoe Co., St. Louis, Mo.	150	500,000	Revenue	4.
Richland (expanding)	Oct. 20, 1965	300 to 28	Richland Manufacturing Co., Richland, Mo.	34	100,000	General obligations	3.75.
St. James (expanding)	Feb. 18, 1966	447 to 23	Page Sportswear, Inc., St. Louis, Mo.	75	150,000	do	4.5 and 4.75.
Salisbury (expanding)	Aug. 17, 1962	387 to 7	Salisbury Co., subsidiary of Tipton Manufacturing Co., St. Louis, Mo.	100	140,000	Revenue	3.

MISSOURI MUNICIPAL INDUSTRIAL BONDS ISSUED AND SOLD, JAN. 5, 1968—Continued

City	Date CID approved	Vote count	Company and home office	Number of jobs	Amount	Type	Rate of interest
Sedalia (expanding)	Oct. 11, 1967	3,227 to 270	Rival Manufacturing Co., Kansas City, Mo.	150	$750,000	General obligations	4.4.
Shelbina (new)	May 20, 1963	388 to 27	Pfister Aluminum Co., Allendale, N.J.	60	150,000	do	3.75.
Shelbina (expanding)	June 16, 1964	195 to 17	do	60	90,000	do	3.75.
Do	Feb. 25, 1966	491 to 116 388 to 27	Shelbina Investment Co., Shelbina, Mo.	40	400,000 221,000	Revenue General obligations	5.5. 4.
Springfield (new)	Aug. 25, 1964	8,537 to 4,207	Fasco Ind., Inc., Rochester, N.Y.	300	1,800,000	do	3.0947.
Do	Apr. 20, 1966	13,021 to 3,017	Minnesota Mining & Manufacturing, St. Paul, Minn.	200	6,000,000	do	3.8341.
Springfield (expanding)	June 14, 1967	3,833 to 2,598	Hoerner-Waldorf Corp., St. Paul, Minn.	100	2,500,000	Revenue	5.1220.
Stanberry (expanding)	Nov. 23, 1966	399 to 16 389 to 17	Stanberry Manufacturing Co., Kansas City, Mo.	50	117,000 67,000	General obligations Revenue	5. 5.
Union (new)	Jan. 14, 1966	109 to 16 112 to 13	Permaneer Corp., St. Louis, Mo.	200	150,000 200,000	General obligations Revenue	4.5 to 4.7. 4 to 4.25.
Warsaw (new)	Dec. 27, 1965	526 to 6	Unitog Co., Inc., Kansas City, Mo.	125	150,000	General obligations	4.25.
West Plains (new)	Mar. 9, 1965	445 to 27	Amyx Industries, West Plains, Mo.	100	260,000	do	3.25.
Joplin (expanding)	Aug. 28, 1967	2,114 to 970	Work Wear Corp., Cleveland, Ohio.	105	500,000	Revenue	5.75 and 6.
Joplin (new)	Aug. 29, 1967	2,128 to 946 2,102 to 976	Wallace Products, Inc., Philadelphia, Pa.	100	125,000 275,000	do General obligations	6. 5.25.
Willow Springs (expanding)	Oct. 11, 1967	284 to 30	Willow Walnut Co., Inc., St. Louis, Mo.	50	65,000	do	5 to 5.2.
Excelsior Springs (expanding)	Nov. 27, 1967	297 to 24	Whitaker Cable Corp., North Kansas City, Mo.	100	600,000	Revenue	5 to 5.75.
Union (expanding)	do	86 to 16 do	Permaneer Corp., St. Louis, Mo.	150	175,000 75,000	General obligations Revenue	4.75. 5.75.
Salisbury (expanding)	Mar. 1, 1967	259 to 11	Salisbury Engineering & Manufacturing Co., Inc., Salisbury, Mo.	50	160,000	do	4.5.
Washington (expanding)	Aug. 24, 1967	593 to 38	Wonder Maid, Inc., St. Louis, Mo.	200	200,000	General obligations	4.3472.
Total				9,338	56,196,000		

Mr. SYMINGTON. Mr. President, as evidence of the deep concern in Missouri about the adverse effect of this proposed rule on industrial development, I also ask unanimous consent to have printed at this point in the RECORD telegrams from the Honorable Randall Ramsey, Mayor, Parma, Mo.; Mr. Howard Bush, chairman, Industrial Committee, Chamber of Commerce, Neosho, Mo.; Mr. David M. Lacy, manager, Chamber of Commerce, Hannibal, Mo.; Mr. Jada M. McGuire, manager, Chamber of Commerce, Joplin, Mo., and Mr. Morris Gaines, president, Chamber of Commerce, Charleston, Mo.; letters from Mr. Harlo J. Dunn, executive vice president, Chamber of Commerce, Poplar Bluff, Mo.; Mr. Orland Yates, president, Hannibal Industrial Council, Hannibal, Mo.; Mr. William H. Hall, director, Department of Industrial Development, Sedalia, Mo.; and a copy of a letter to the Secretary of the Treasury from Mr. Norman R. Hoeft, executive vice president, Chamber of Commerce, Springfield, Mo.

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

PARMA, MO.,
March 8, 1968.

Senator STUART SYMINGTON
Senate Office Building, Washington, D.C.:

The citizens of Parma protest the IRS ruling concerning tax exempt industrial revenue bonds. We are now negotiating with our existing factory for a $500,000 expansion bond issue. This will create 400 jobs for our community and surrounding area. The IRS ruling has seriously jeopardized this project.

RANDALL RAMSEY,
Mayor of Parma.

NEOSHO, MO.,
March 11, 1968.

Senator STUART SYMINGTON
Senate Office Building, Washington, D.C.:

Urge your wholehearted opposition to IRS edict removing industrial revenue bonds from tax exemption. This is one of small communities' best methods of inducing industry to recentralize from crowded, labor-short metropolitan centers. Neosho likely to lose two industries for sure, possibly others on which we've put much work, if this becomes law.

HOWARD BUSH,
Chairman, Neosho Chamber's Industrial Committee.

HANNIBAL, MO.,
March 8, 1968.

Hon. STUART SYMINGTON,
Senate Office Building, Washington, D.C.:

The Hannibal Chamber of Commerce solicits your support to do what is necessary to have IRS rescind latest ruling removing tax exemption feature of municipal industrial bonds. We have application pending before State CID for approval to issue $600,000 GO industrial bonds which will provide in excess of 400 jobs which this community needs to sustain economic growth.

DAVID M. LACY,
Manager,
Hannibal Chamber of Commerce.

JOPLIN, MO.,
March 9, 1968.

Hon. STUART SYMINGTON,
Senate Office Building, Washington, D.C.:

Presently negotiating with a major industrial firm to locate in Joplin would mean 450 highly skilled jobs. If Treasury Department removes tax exempt features of industrial revenue bonds we are stymied. Urge you do everything possible to prevent this action.

JADA M. MCGUIRE,
General Manager,
Joplin Chamber of Commerce.

CHARLESTON, MO.,
March 12, 1968.

Sen. STUART SYMINGTON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR SYMINGTON: The Charleston Chamber of Commerce urges that you exert every effort to secure the repeal by legislative action and/or application of persuasion, the Treasury Department ruling ending the tax exempt status of industrial revenue bonds issued by municipalities after March 15.

The Board of Directors emphasizes the following points for your consideration:

1. The concentration of unemployed persons in the cities and prevalence of poverty in rural areas will proceed at a rising rate unless rural America can be rejuvenated by means of industrialization.

2. Many industries which have been attracted to rural Missouri by the availability of low-interest revenue bonds will be forced to reconsider their plans giving the communities which have been promised new industry a severe setback.

3. Communities which have not yet been successful in the hunt for industry will be hampered in their efforts to attract new jobs if the ruling is allowed to stand.

4. While the Treasury Department will gain an immediate tax return advantage, the long-term results will be negative.

If a specific law is necessary to spell out the intent of Congress in this matter for the Internal Revenue Service, then we urge that you sponsor and work for passage of such legislation.

Respectfully,

MORRIS GAINES,
President, Charleston Chamber of Commerce.

CHAMBER OF COMMERCE,
Poplar Bluff, Mo., March 8, 1968.

Hon. STUART SYMINGTON,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: We, in Poplar Bluff, are very much disturbed over an article that appeared in the Wall Street Journal this morning which indicated the Internal Revenue Service was ruling as of March 15 all municipal industrial bonds would be taxable.

At the present time, we have an application pending before the Missouri Division of Commerce and Industrial Development for permission to issue both general obligation and revenue bonds to construct two plants which will mean 300 primary jobs and an untold number of spin-off jobs.

We, in the Poplar Bluff Chamber of Commerce, will appreciate all you can do to have this Internal Revenue Service order rescinded.

May I have your comments

Very sincerely yours,

HARLO J. DUNN,
Executive Vice-President.

HANNIBAL INDUSTRIAL COUNCIL,
Hannibal, Mo., March 8, 1968.

Hon. STUART SYMINGTON,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR SYMINGTON: The following information is in confirmation of phone conversation this afternoon:

We are quite concerned with the I.R.S. ruling eliminating the tax exempt feature on interest on Industrial Revenue bonds. The article in the Wall Street Journal says "Industrial Revenue Bonds" and we were wondering if the intent of the ruling also covered Industrial G.O. bonds.

As I told you, we are in the process of filing an application with the Missouri Division of Commerce and Industrial Development for industrial bonding in the amount of $600,000.00 for the construction of a plant to employ some 250 to 300 persons. This many new jobs would create another 100 jobs in our community in retail, wholesale and service facilities.

We realize, of course, that the conception of industrial bonding has been abused, but this ruling has certainly caught us in Hannibal and other Missouri communities at a very inopportune time. Any information regarding this ruling, and both the Byrnes Bill in the House and the Ribicoff Bill in the Senate, would be greatly appreciated. Also, any efforts you may be able to extend that we may see our local industrial bonding to a successful conclusion would be appreciated.

Sincerely,

ORLAND YATES,
President.

DEPARTMENT OF
INDUSTRIAL DEVELOPMENT,
Sedalia, Mo., March 6, 1968.

Re: H.R. bill 11645 and S.B. 2635.
Hon. STUART SYMINGTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SYMINGTON: I have just attempted to reach you by telephone and have talked with Mr. Fike relative to a problem that faces not only us here in Sedalia, but the entire State of Missouri and some forty other states in the United States.

It would seem that Representative Byrnes and Senator Ribicoff have introduced into the House and Senate (even though presently it is bogged down in committee) proposed legislation that would seriously hamper, and perhaps in some cases completely destroy, the economic base of rural communities throughout the United States.

I have discussed this situation with professional industrial development people throughout the State of Missouri, as well as other members of the American Industrial Development Council. All are agreed that our Congressmen and Senators should be apprised of the seriousness of such shortsighted legislation being introduced into the Congress of the United States. It has also come to my attention that you have been in touch with other people in the State of Missouri, and especially the Division of Commerce and Industrial Development, concerning this legislation. We are optimistic that it would die in committee, however at the present time the cloud still hangs over proposed industrial projects.

We have just this week announced that Town and Country Shoes, Inc. plans to build a new manufacturing facility here in Sedalia to replace the old and inefficient operation we now have. The present operation will be moved into the new facility and the old building used strictly for warehousing. This is being done under the Missouri Plan for industrial development through the use of $1,050,000 in industrial general obligation bonds. It will create one hundred new job opportunities at the beginning, and probably more over the next few years.

We feel that some action on the part of the Internal Revenue Service and Mr. Byrnes and Mr. Ribicoff has clouded many of the issues since the first of the year. It has had a serious effect on industrial bonding in many of the states.

Therefore, I plead with you to do everything possible to destroy this legislation, either by a defeat on the House floor or Senate floor, or by assurances that it will die in committee.

As Director of the Department of Industrial Development for the City of Sedalia, as well as being Chairman of the newly formed Missouri Industrial Development Society, composed of professional industrial developers here in the state, I am quite concerned that this means of financing new and expanding industries in the state is being shaken.

I recently watched a live television broadcast of Vice President Humphrey who made the statement that this country must encourage our industries to move to the rural areas to help slow down the migration of people into the greater metropolitan areas. Any number of other statements have been forthcoming from the Administration concerning the possibility of better industrial complexes in the rural areas, and yet they allow, and even suggest, legislation such as H.B. 11645 and S.B. 2635 to be introduced into the Congress of the United States. These two items of proposed legislation have had such an adverse effect on bonding programs that bonding attorneys in Kansas City strongly hesitate to give legal opinions on bond issues.

I am optimistic enough, Senator, to think that our Senators and our Congressmen in the United States Congress would vigorously fight any proposal that would jeopardize the industrial development in their home state. I am sure you are aware of our problems and I offer this letter and its contained information as one who is a professional in the field of industrial development, working for the betterment of the State of Missouri and the community I represent.

Thank you for your kind attention to this matter.

Kindest personal regards.

Sincerely,

WILLIAM H. HALL,
Director.

DEPARTMENT OF
INDUSTRIAL DEVELOPMENT,
Sedalia, Mo., March 8, 1968.

Hon. STUART SYMINGTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SYMINGTON: After having talked to Mr. Fike on March 6 concerning S.B. 2635 and H.B. 11645 regarding the industrial financing problems we are having here in the State of Missouri, I have received additional information.

I am quite confident you are well aware of the problems facing the State of Missouri relative to industrial financing as a result of the Internal Revenue's attempts at taking legislative powers in their own hands. I am in receipt of thermofax copies of wire releases dated March 5 and March 7 that have been furnished me by Mr. Norman Lewis of Perry, Adams & Lewis in Kansas City.

It would appear that the Treasury Department is making every effort to make a ruling that "will state officially within a few days that because industrial aid financing has become such a major issue, a redefinition of rules governing all tax exempt bonds is now required". Senator, I am sure you recognize the problems this creates not only for Sedalia, possibly, but for at least two other major industrial complexes in the state—one at the Village of Champ and one at New Madrid; the difference being, however, that the other two issues are industrial revenue issues and the one here in Sedalia is an industrial general obligation issue for Town & Country Shoes, Inc. As you know, we are most concerned about the House and Senate bills in the event they should ever be passed. We feel confident that you have the wherewithal with your colleagues to defeat such a bill, were it to come to the floor, however we would be happy to see it die in committee. Our most pressing problem, though, is the fact that the Treasury Department has assumed legislative responsibility by going ahead with a redefinition of rules governing tax exempt bonds inasmuch as they do not think that it accurately reflects the intention of Congress in the 1954 tax code.

Our problem, in essence, is this. Will the new Treasury regulation effect only industrial revenue bonds or will it cover both industrial revenue bonds and industrial obligation bonds? As a layman and not an attorney I can foresee this problem arise should it cover industrial obligation bonds. G.O. bonds for industrial purposes in the State of Missouri are the same as any other G.O. bonds, with the exception that the lease payments on the industrial complex are enough to cover the city's cost of principal and interest on the bonds. Should the tax exemption on this type of bond be overruled, then it would only be a matter of time until the tax exemption on any other type of municipal bond would be overruled, virtually obliterating the credit of every city and community in the nation. As you know, there are some forty states that have industrial revenue bonds authorized and only four or five that have both revenue and G.O. bonds authorized, one of which is Missouri.

We believe that the Congress should take action by legislative means to restrict the Treasury Department from creating their own legislation by "Treasury Regulation." It would seem that the purpose of the Treasury announcement is to "put the market and issuers on notice" that a firm cut-off date is forthcoming. The Treasury indicates that the statement of policy will contain no hard details beyond this, "but a subsequent ruling by the Internal Revenue Service will fill in all gaps." Subsequent wire releases have established that the cut-off date for tax exemption privileges for local government bonds sold mainly to benefit private business is March 15, 1968.

As you see, we are asking you to do everything within your power, as I am sure you are already doing, to alleviate this situation and remove the cloud hanging over industrial development practices in some forty states.

Kindest personal regards.

Sincerely,

WILLIAM H. HALL,
Director.

SPRINGFIELD CHAMBER OF COMMERCE,
Springfield, Mo., March 8, 1968.

Hon. HENRY H. FOWLER,
Secretary of the Treasury,
Washington, D.C.

DEAR SECRETARY FOWLER: The announcement of March 7, by the Treasury Department, contained in technical information release 972, limiting in effect the issuance of industrial revenue bonds for the construction of industrial projects, has been long expected by members of the business community engaged in industrial procurement.

The principles and philosophy attached to the use of said bonds for industrial purposes is not the subject of this letter. Compelling arguments can be advanced for the use of said bonds, in advancing the economic development of communities, and equally valid arguments can be advanced limiting the use of municipal bonds for those purposes historically considered the province of municipalities in the way of capital public improvements.

The subject of this letter is addressed to a circumstance, which the Chamber of Commerce of Springfield, Missouri feels deserves recognition, under the theory that due process of law is a hallmark of our society.

In July, 1967, Zenith Radio Corporation entered into discussions with the Chamber of Commerce, as to the possibilities of issuance of industrial bonds for the purchase of a major industrial plant in Springfield, which operation would yield a fallout of in excess of $24 million annually in payroll to the citizens of our metropolitan area. In September, 1967, Zenith Radio Corporation, the Chamber of Commerce, and City Government, reached substantive agreement as to the desirability of said bond issue. Continuous discussions through the fall of 1967 as to lease terms continued, and on January 2, 1968, the City Council of Springfield, Missouri agreed to submit to the voters as of February 6, 1968, a bond proposal in the amount of $7 million, which proceedings would be applied to the purchase of the site, and the completed plant, with Zenith Radio Corporation providing at Zenith's expense all machinery and equipment essential to the operation of a 715,000 sq. ft. facility.

The election was held as of February 6, and the citizens of Springfield by an overwhelming margin of approximately 80%, approved the issuance of said bonds and endorsed the proposal of Zenith for the financing of this major addition to Springfield's economy.

As of February 5, 1968, Zenith Radio Corporation, in anticipation of a favorable vote entered into a contract with the A. G. Becker Company of Chicago and New York, to serve as financial consultants as to the preparation of the necessary prospectus, and to advise Zenith as to the marketability of said bonds. As of February 9, 1968, Zenith Radio Corporation established the date of February 19, 1968 for conferences with representatives of the City, and bond counsel for discussions of the necessary proceedings required to issue said bonds. As of that date, the date of March 12, 1968 was established for an adjourned meeting of the City Council, for the purpose of adopting all proceedings required to advertise and sell the bonds the week of March 25, 1968.

In effect, commitments were made by Zenith Radio Corporation and the community in good faith to issue the bonds necessary for the addition of this major facility to Springfield's industrial future. These commitments followed due process, and a sequence of time, without hesitation or delay.

The position of the Chamber of Commerce is that the authorization to issue the bonds, the rational sequence of steps subsequent to the authorization, and the ultimate issuance of said bonds is one that should be honored as to the covenants between the community and the firm.

We earnestly solicit, that in the hearings addressed to a final ruling, that consideration, recognizing that bonds, authorized in good faith prior to March 7, receive the necessary letters of the Internal Revenue Service as to the exemption of interest from federal income taxes, where the sequence may be identified indicating that the procedure following authorization was prosecuted with dispatch and with the intention of selling said bonds.

Cordially,

NORMAN R. HOEFT,
Executive Vice President.

Mr. SYMINGTON. Mr. President, we all know that it is becoming more and more difficult for this administration to obtain the money necessary to continue this major war on the mainland of Asia. This announcement by Treasury of plans to end tax exemptions on these municipal industrial revenue bonds is just one further illustration of that fact.

But this pressure should not result in ill-considered, hasty action that could in turn postpone industrial development in a great many of our States and would take away from our smaller communities one of the most useful tools they have for creating new jobs for the unemployed and underemployed people.

BALANCE OF PAYMENTS IN PERSPECTIVE

Mr. RIBICOFF. Mr. President, as we are all aware, there was a most serious deterioration in the balance of payments during the fourth quarter of 1967—a deficit equal to an annual deficit of $7.5 billion. As a result, we faced a run on gold during November and December which cost us over $1 billion of our dwindling reserves. At this very time there is another run on the dollar which reports suggest has cost us another $450 million in gold. Clearly, there is a crisis in the money markets of the world.

Deficits in our balance of payments are nothing new. They actually began in 1950 and continued uninterruptedly until 1957 when exports of petroleum, stimulated by the Suez crisis, rose sufficiently to move us into a slight surplus. Most of the world welcomed those early deficits, in the view that they supplied the needed injections of capital to help finance the recovery and economic miracles of Europe and Japan. The United States did not mind those early deficits either, as they were small and did not drain off very much of our then sizable gold reserves.

Beginning in 1958, however, the deficits grew larger and caused more concern. After large deficits—over $3 billion a year—continued for 3 years, the first "run on gold" caused the price to rise to $40 an ounce on the London market in October 1960.

The immediate response to these large deficits under the Eisenhower administration was to tighten up a bit on the foreign aid program by curtailing offshore procurement in certain countries, and to order dependents of U.S. servicemen in Europe home.

Programs were initiated by President Kennedy, and intensified under President Johnson to, first, expand our exports; second, increase the number of foreign tourists visiting the United States; third, reduce private investments abroad; fourth, sell more military hardware to our allies and substantially tie foreign aid to U.S. goods and services; fifth, attract foreign investment in the United States; and, sixth, raise short term interest rates to keep capital from flowing abroad and to attract foreign capital here.

All these measures were taken hoping that the problem would be rectified.

But it was not. As one factor improved, another deteriorated. When our trade surplus improved to $6.7 billion in 1964, our capital outflows grew to almost that level; after we succeeded in arresting the flow of private capital, our trade account deteriorated badly. And, of course, Vietnam did not help either. So, here we are, 18 years after the first deficits appeared, and 10 years after the more sizable deficits came on the scene. We are no better off. In fact, we may even be worse off. We now have a host of controls over investments abroad in all forms, even though those investments are the geese that lay the golden eggs for our balance of payments. A stiff tax on the movement of people has also been proposed.

By adopting these controls, we are sacrificing ends to protect means. The purpose of the international monetary system—its end—is to facilitate the growth of world trade, investment, and the free movement of people between nations. Fixed exchange rates between currencies are the means to achieve these goals. But to protect fixed exchange rates we have moved to penalize and, in some cases, embargo, the free movement of capital. This is what I mean when I say it appears that we are sacrificing ends to protect means.

A DOLLAR DEVALUATION IS NO SOLUTION

It is clear that a dollar devaluation is no solution to the present problem. It would give a windfall to the gold-producing countries of South Africa and the Soviet Union. It would be a serious breach of confidence with our many allies who have chosen freely to hold dollars instead of that yellow metal. Canada, Japan, Australia, and a host of other nations hold huge amounts of dollars in their official coffers. To devalue these dollars would, in effect, decrease their reserves and put an end to the willingness of other countries to hold dollars. The growth of monetary reserves would thenceforth be dependent upon the vagaries of gold production and sales by the Soviet Union and South Africa. The trade of the free world would be subject to the political as well as economic machinations of gold producers.

Moreover, a dollar devaluation would be taken as a confession to the world that General de Gaulle was right after all. He has predicted, indeed encouraged, the downfall of the two reserve currencies: the dollar and the pound. The pound was unable to survive the pressures, and was devalued by 14.3 percent on November 18, of last year.

It is clear that if we devalued the dollar, other countries would feel compelled to devalue also, leaving us with no net advantage as far as our competitive position is concerned.

It would be the height of folly for other countries to force a dollar devaluation on us, as surely it would lead to a series of measures to restrict sharply their trade and could lead to a financial catastrophe for them. They should recognize that when the United States sneezes, the rest of the world will catch cold.

Other countries, particularly those in continental Western Europe, are schizophrenic about our balance of payments. They talk to us about financial responsibility and getting our house in order. But when we act to curtail our expenditures in Europe, be it through travel restraints or trade measures, they scream "retaliation." While they consider our troop strength in Europe as absolutely necessary for their defense, they balk at offsetting the foreign exchange drain which these commitments entail.

Short term palliatives will not solve a long term problem.

We must consider alternative courses of action.

MILITARY EXPENDITURES ABROAD

Our Government expenditures abroad, on a net basis, averaged $5.2 billion a year, between 1958 and 1960. By 1966, the figure had reached $6.2 billion, and the annual rate for the first three quarters of 1967 was $6.6 billion. These include repayments on Government credits and other Government capital account receipts, so that the gross figure is much higher. Our military expenditures abroad, on a net basis, averaged $2.9 billion in 1958–60, and $2.6 billion in 1966. During the first three quarters of 1967, the annual rate was $3.1 billion.

These expenditures abroad by the U.S. Government exceed—in fact, are about double—the amount of our total deficits.

If one were to add up all the private transactions involving foreign exchange expenditures and receipts—including exports and imports, tourism, capital investments abroad, and the income earned thereon, and all other nongovernmental transactions—one would find a surplus. Without the huge government expenditures abroad there would be no balance-of-payments problem.

This does not lead to the conclusion that we must sacrifice our essential commitments for balance-of-payments reasons. But it does indicate that if we are to achieve a sustainable balance in our international accounts, we must curtail the foreign exchange costs of our Government programs abroad.

In this context, it is extremely difficult to accept anything less than a complete neutralization of our military expenditures in Europe. At the present time, our balance-of-payments expenditures in Europe are running at a billion and a half dollars, or at about the same level as in Asia. The basic offset to these expenditures is the sale of military equipment and medium term U.S. securities to our allies, particularly the Federal Republic of Germany.

Most of the military sales would have taken place anyway, as we have a commanding advantage in military technology and weapons systems. The sale of U.S. securities is, in effect, borrowing from our allies to pay for our troop expenditures. Those securities mature in 4 years, and must be repaid with interest. Must we borrow money from Germany to pay for the costs of U.S. troops in Germany?

The time has come to reexamine our troop commitments in Europe—and to reduce the number of troops on the continent. For those troops that must remain, it seems fair that our allies pay the full cost of maintaining these troops.

Our European allies have huge dollar reserves. It is not unreasonable that they pay us the dollars needed to maintain our troops there out of their overabundant supply of dollars, which they have accumulated during the past 18 years at our expense. This issue, I believe, should be a matter of first priority.

FOREIGN AID

Another area for belt-tightening is in foreign aid. Our total foreign aid expenditures increased from $3.2 billion during the 1958–60 period to an annual rate of $5.2 billion during the first 9 months of 1967. It is claimed that much of our foreign aid is tied to U.S. goods and services. However, the U.S. Treasury admits that this, in itself, is not enough to reduce the impact of foreign aid programs on the balance of payments. In fact, our aid-financed exports have substituted for U.S. commercial exports.

The best way of effectively tying our aid is to give it only for specific worthwhile projects. Most of our aid is now financing general imports of underdeveloped countries. Such general import assistance leads to the kind of substitution of government-financed exports for commercial sales that the Treasury is trying to stop.

I also believe that we should reexamine thoroughly the foundations of our aid program to make sure that we are providing money for the essential prerequisites for economic development, which, in my view, revolve around educational projects to train the human resources of a recipient country. I do not believe that simply building steel plants, chemical plants, and the like are always the wisest form of investment for a less-developed country. Many of those plants which we have built with American money are now sending to our market cheap, low-cost products, instead of selling them at home. This not only hurts domestic industries and employees, but also adds to our balance-of-payments woes.

THE TOURIST GAP

Now we come to the so-called travel gap.

Last year, when Expo '67 increased our normal tourist deficit by $350 million, the deficit approached $2 billion.

The President has urged that Americans restrain themselves on their travel, or even postpone travel plans, if possible, to West European countries. I think many Americans will respond favorably to that plea. However, the expenditure tax proposals submitted by the Secretary of the Treasury before the House Ways and Means Committee are short-term crisis measures unsuited to solving a long-term problem.

Many countries—Ireland, Italy, Spain, and Israel to name a few—depend, to a substantial degree, on our travel for their own balance of payments. They have been willing holders of dollars, and, in fact, have not contributed at all to our balance-of-payments problem.

In this regard, only last October, the executive branch testified before the Senate Finance Committee that import quotas would harm our foreign relations and lead to retaliation. It seems patently inconsistent to argue that a moderation of imports of steel, textiles, and other products would lead to retaliation and unforeseen political consequences, but a tourist tax, an embargo on investments in Europe, and forced repatriation of foreign earnings would not involve these same consequences.

There are alternatives in the travel area, which should have been explored a long time ago. The Treasury Department itself has listed many of these in their recent publication on "Maintaining the Strength of the U.S. Dollar in a Strong Free World Economy." These would include a larger promotional program through the U.S. Travel Service, use of counterpart funds held by the U.S. Treasury, directional air fares, use of vacant university facilities during vacation periods, and no less than 23 other steps outlined in the Treasury publication.

The U.S. Travel Service budget of $3 million is less than the comparable budgets for Canada, Spain, Mexico, France, Greece, and a host of other countries and should be increased. I believe that all the positive alternatives to attract tourists to the United States should be given the highest priority.

TRADE

Another area which needs urgent attention involves improving our trade account. The so-called favorable balance of trade has dwindled from a level of $6.7 billion in 1964 to about $4 billion last year.

If one excluded from our export figures the concessional sales under our foreign aid programs, the surplus dwindles further to only $1 billion. Moreover, if our imports included the cost of insurance and freight, the surplus completely disappears, and we have, in fact, a $1 billion trade deficit. There are three ways basically in improving our trade situation.

KEEPING THE ECONOMY ON AN EVEN KEEL

The first involves keeping our own economy competitive by avoiding inflation. We were successful in this regard until our participation in the Vietnam war began to put serious pressures on our economy and resulted in substantial price increases over the past 2½ years. The need for expenditure restraint, especially in nonessential domestic and space expenditures is obvious. What will it profit a nation to get to the moon, if it loses its purchasing power in the process?

ECONOMIC GROWTH ABROAD

The second area which can improve our trade account involves actions by other countries to increase their economic growth through any expansionary, monetary, and fiscal policies. Unfortunately, some of the European countries, which have called for discipline in the United States, have so disciplined their own economies as to offset any action we may take to improve our own balance of payments. For example, in Germany last year there was an actual decline in the gross national product, and the German trade surplus ballooned to $4 billion—an enormous figure for a country whose GNP is only about one-seventh of ours.

NONTARIFF BARRIERS

Another area needing attention, and one which the President pointed out in his January 1 message, is in eliminating the nontariff barriers which discriminate against U.S. commerce. The President stated:

> American commerce is at a disadvantage because of the tax systems of some of our trading partners. Some nations give across-the-board tax rebates on exports, which leave their ports and impose special border tax charges on our goods entering their country.

The President went on to say that we were discussing this problem with our trading partners, and, in the light of those discussions, legislative measures will be prepared. It is about time that we put American products on an equal basis with those of our trading partners.

The distinguished chairman of the Senate Finance Committee, Senator LONG, has continually stated that Yankee traders, if given an equal opportunity, will stand head and shoulders above their counterparts abroad. But, as he has so eloquently pointed out on several occasions, and as the President has confirmed in his January 1 statement, our trade is disadvantaged by the so-called nontariff barriers which other countries have erected.

It is a shame that, after 5 years of tariffs and nontariff negotiations, U.S. trade should be so disadvantaged. One wonders about the kind of reciprocity we got in those negotiations. Instead of berating the past, however, let us tear down these

barriers. But if the Europeans are not willing to alter their border taxes, variable levies, procurement policies, and quota systems, then, I think, we will have to take unilateral action to offset the discrimination.

One response would be to impose our own system of border taxes and export rebates, so that we at least maintain the same rules of competition that our trading partners maintain. The Senate Finance Committee will, I am sure, examine this question in detail.

IMPORT QUOTAS

Another alternative is import quotas. Article XII of the General Agreements on Tariffs and Trade states:

Notwithstanding the provisions of paragraph 1 of Article XI (eliminating quantitative restrictions) any contracting party, in order to safeguard its external financial position and its balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.

Paragraph 2 of article XII states in part:

Import restrictions, instituted, maintained or intensified by a contracting party under this Article, shall not exceed those necessary:

(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or

(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Certainly, the United States has had a serious decline in its international reserves, and would, therefore, have the right to establish quotas on balance-of-payments grounds under article XII of the GATT. This right may have to be invoked unless our trade situation improves substantially during this year.

These measures in the military, aid and trade fields can help us get back to that thing called "equilibrium" without restricting the freedoms of Americans. But, the problem is still deeper.

THE GOLD PROBLEM

The balance-of-payments problem of the United States is inextricably linked to a sharp decline in its monetary reserves. Those claims now exceed $30 billion against a gold stock of less than $12 billion. It is generally agreed that increasing the price of gold will not solve our problem, and I agree with that for the reasons stated above. However, the United States through its own psychological attachment to gold, continues to feed substantial speculation that the price of gold will increase. We have borrowed to keep our troops abroad, and begged countries not to buy our gold. Most countries have heeded our request, but our efforts to protect this gold stock have given rise to speculators' beliefs that we cannot do it. A banker who is afraid of a run will often precipitate such a run.

There are huge private markets of gold in London, Paris, Zurich, and in the Far and Near East. In the case of the London gold market, the United States provides 59 percent of the resources—that is, gold—needed to stem the speculation and maintain the gold price at $35 an ounce. This is where most of our gold was lost during November and December. In effect, therefore, the United States is selling its gold stock to private hoarders and speculators who are banking on only one thing: an increase in the price.

In addition to carrying an unfair share of maintaining that London gold market, I think the wisdom of supporting the speculators' thirst for gold should be called into question. By supporting the floor price on gold, the central bankers have given the speculators a one-way option.

But, if the U.S. Government made it very clear that under no circumstances would we buy the gold back for more than $35 an ounce, and hint that, in fact, we may not be willing to buy it back at all, I am sure that the gold would come pouring out of the hands of speculators and end up in monetary reserves. This is urgently needed, as in the last 2 years, more than the total world's gold production has gone into private hands, and the amount of official gold reserves held by monetary authorities has actually declined.

In the long run, gold will have to be removed from its central position in the international monetary system. We have spent years negotiating for international monetary reform, but the role of gold seems to be more important than ever.

It would be a cruel fate if, after all the negotiations to improve the international monetary system by the creation of a new reserve unit—which culminated in last year's agreement at the Monetary Fund's meeting in Rio—the world should find itself in the tight grip of gold speculators.

To avoid this unpleasant possibility, a concerted attack against gold speculation must begin. A rethinking of the support operations in the London Gold Pool is a first step.

Finally, there is the area of exchange rates which need a fresh, new look.

EXCHANGE RATES

The "fathers" at Bretton Woods, where the International Monetary Fund was born, intended that exchange rates be reasonably stable, but not frozen. According to article IV, section 5, of the Fund Charter, a member "shall not propose to change in the par value of its currency except to correct a fundamental disequilibrium." If a country is in "fundamental disequilibrium" it may change its par value by 10 percent without the need of concurrence by the Fund. In practice, countries have devalued by far more than 10 percent without concerning themselves with Fund approval. The Fund has no choice but to accept a de facto devaluation by a major country.

I am not advocating a dollar devaluation. I think we are right in rejecting that and my only criticism is that our rejecting has not been convincing enough, because of our attachment to gold.

It seems to me, however, that consideration should be given by the Fund members to allow more flexibility in exchange rates. At present, currencies can fluctuate vis-a-vis each other by 1 percent on either side of par. If this were to be widened gradually over a period of years to 5 percent, the economies of the free world would be better able to adjust to each other. The basic virtues of fixed exchange rates would remain, but they would be fixed within wider limits, allowing market forces to be reflected in the exchange rate movements. This would make balance-of-payments adjustment easier for both deficit and surplus countries and obviate the need for these proliferating controls—multicurrency practices, if you will—which are now upon us.

CONCLUSION

Mr. President, the unresolved balance-of-payments problem is the Achilles heel of the U.S. economy. For years we have attacked it as though it were a short-term problem that would disappear. By now it is painfully obvious that the problem is long term, and that the short-term palliatives we have applied have failed. History has demonstrated dramatically how one control leads to another.

We cannot deal with this problem on a piecemeal basis forever. If we do, the strings we have tied to our investors, bankers, and tourists, will end up tying us to an unbearable international financing world—a world where one control begets another, and one action leads to counteraction. In the end, we could lose our freedoms and the concept of the marketplace which is the key to our competitive economic system. This is the real danger in the unresolved balance-of-payments problem.

SOME THOUGHT-PROVOKING COMMENTS FROM A YOUNG NEW MEXICAN

Mr. MONTOYA. Mr. President, more often than not we are confronted with a sensationalist-oriented view of our young people. Once in a while, however, we receive an indication that the overwhelming majority of them are anything but wild-eyed seekers after new sensations. One of them, a young constituent of mine, has come out with some of the most thought-provoking comments I have seen in a long time from anyone, young or old.

This young woman, Terry Wallace, had a story written about her and her memorable speech which I have offered. She wrote the speech herself, and it came to the attention of the Curry County Times, which published it. I ask unanimous consent that it be printed in the RECORD.

I hope that it will be of interest to other Members of this body.

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

[From the Curry County Times, Jan. 6, 1968]

TERRY WALLACE PRESENTS THOUGHT-PROVOKING SPEECH

Terry Wallace, junior at Clovis High School and president of the Student Council, has these past several months, been a guest at various organizations' meetings. This young lady, daughter of Mrs. Charline Wallace, has presented a speech which she wrote herself, entitled, "The Nation: Ours to Defend."

Outstanding in many scholastic activities, Terry has also received the honor of being selected by the National Association of Student Councils to participate in the 1958

NASC European Tour for International Understanding. Terry will represent New Mexico on the tour which includes visits to London, Holland, West Germany, Austria, Italy, Switzerland, France and Yugoslavia. She will be briefed for the trip next July 18, at the NEA headquarters in Washington, D.C. She will be among less than 100 students from throughout the nation to make the trip.

THE NATION: OURS TO DEFEND

Do you take pride in the heritage of our nation? We, today, reflect our nation and what it has been for almost 200 years. We portray the men who made our country and the goals they died for. But do we portray them truthfully and fairly?

We say that we are defenders of world peace. How can we expect to convince other nations of this when there is much unrest within our own boundaries? What is to become of our nation with all the riots, draft dodgers and Communist infiltration?

We must defend our nation and her policies, because as Abe Lincoln said in his Gettysburg Address, "It is a nation of the people, by the people and for the people."

If she is to successfully defend us, we must defend her democracy, and the certain unalienable rights secured for us by our forefathers.

No thoughtful person will fail to see that our ultimate success as defenders of democracy can result only in an active faith in the superiority of our political system and its institutions. The struggle we face will be long and hard because many of the peoples of the world will constantly compare to the Promises of the Soviet Union to the Practices of the United States.

We Americans have to be constantly aware that there is abroad much anti-American feeling. This feeling grows out of resentment and the envy of our place as a Great Power. It also comes from the idea that we have sometimes disregarded the interests or the feelings of other peoples.

The United States did not plan that the second World War should end with the world divided into two camps. We did not foresee that our country would be the only democracy with sufficient material strength to stand up to Communist imperialism. However, we must take our role hopefully and responsibly.

It is often said that we, the youth, are the most important resource for the future. We need training in patriotism, morals, ideals, the value of hard work, and the pride in a job well done. Much of this training comes through such organizations as the Student Council, Girls' and Boys' State, and the YMCA Youth and Government Program.

The Communist countries look to our youth for hope. For if they train the youth in their doctrines they know that they will have an eventual takeover without a nuclear war.

Our country is lacking in patriotism. Patriotism isn't simply marching behind a band or displaying fireworks one day of the year, and it isn't found in the cheering of a crowd or jubilant flag waving.

Patriotism is the sum of three cardinal virtues; faith, hope and charity. Faith in the principles of our government; hope in the future of our country; and charity toward all and malice toward none. Patriotism is loving one's country and respecting its traditions. It is honoring its people whether high or low, rich or poor. Most important, it's standing firm and unselfish for the right, common-good, peace and well-being of all. It means sacrificing self, if need be, and unafraid against all oppositions.

We need courage. That of the kind for which our countrymen have long been famous and the undiminished faith that in the end free men are always triumphant. We need courage to look far into the future to find a right path over the obstacles and around the pitfalls that lie before us because we have no sure signposts.

Nevertheless, we may always turn with pride to our own stirring history for reassurance. A story of incomparable achievement. It is one of the glorious chapters of mankind's experience. It can be the beacon by which we travel over unknown roads in our relentless pursuit of democracy's endless goals.

Through the annals of our history, there have been many heroic, patriotic men and women. It is hard to visualize the courage possessed by such people to mold and shape such a nation as we have today.

Imagine the insight and intellect they must have had to write such great documents of freedom as the Declaration of Independence and our Constitution. Documents that have withstood the changes of each generation. I would like to do a monologue entitled "I am the nation." Think about what these men have done for our country and remember what John F. Kennedy said, "Ask not what your country can do for you; ask what you can do for your country."

I AM THE NATION

I was born on July 4, 1776, and the Declaration of Independence is my birth certificate. The bloodline of the world runs in my veins, because I offered freedom to the oppressed. I am many things and many people. I am the Nation.

I am 195 million living souls and the ghost of millions who have lived and died for me. I am Nathan Hale and Paul Revere. I stood at Lexington and fired the shot heard around the world. I am Washington, Jefferson and Patrick Henry. I am John Paul Jones, the Green Mountain Boys, Davy Crockett.

I am Lee and Grant and Abe Lincoln. I remember the Alamo, the Maine and Pearl Harbor. When freedom was called I answered and stayed until it was over, over there. I left my heroic dead in Flanders Field, on the Rock of Corregidor, on the bleak slopes of Korea and in the steaming jungles of Vietnam.

I am the Brooklyn Bridge, the wheat lands of Kansas, and the granite hills of Vermont. I am the coalfields of the Virginias and Pennsylvania, the fertile lands of the West, the Golden Gate, and the Grand Canyon. I am Independence Hall, the Monitor and the Merrimac.

I am big. I spread from the Atlantic to the Pacific . . . my arms reach out to embrace Alaska and Hawaii . . . three million square miles throbbing with industry. I am more than five million farms. I am forest, field, mountain and desert. I am quiet villages and cities that never sleep.

You can look at me and see Ben Franklin walking down the street of Philadelphia with his bread loaf under his arm. You can see Betsy Ross with her needle. You can see the lights of Christmas and hear the strain of "Auld Lang Syne" as the calendar turns. I am Babe Ruth and the World Series. I am 130,000 schools and colleges. I am 320,000 churches where my people worship God as they think best.

I am a ballot dropping box. The roar of a crowd in a stadium and the voices of a choir in a cathedral. I am an editorial in a newspaper and a letter to a Congressman. I am Albert Einstein and Billy Graham. I am Eli Whitney and Stephen Foster and Tom Edison. I am Horace Greely, Will Rogers and the Wright Brothers. I am George Washington Carver, Daniel Webster and Jonas Salk.

I am Longfellow, Harriet Beecher Stowe, Walt Whitman and Thomas Paine.

Yes, I am the nation and these are the things that I am. I was conceived in freedom and, God willing, in freedom I will spend the rest of my days.

May I possess always, the integrity, the courage and the strength to keep myself unshackled and remain a citadel of freedom and a beacon of hope to the world.

This is my wish, my goal, my prayer in this year of 1967—one hundred and ninety-one years after I was born.

DEATH OF HARVEY BROOME, KNOXVILLE, TENN.

Mr. BAKER. Mr. President, death has claimed one of Tennessee's most distinguished citizens, Mr. Harvey Broome. Mr. Broome died at his home in Knoxville, Tenn., typically while at work outdoors. I say "typically" because Mr. Broome loved the outdoors. His love of nature was the hallmark of his life, and it was so deep and so abiding that it won him national prominence.

Mr. Broome, a quiet, retiring man who served as law clerk to U.S. District Judge Robert L. Taylor, fought unceasingly for the preservation of America's natural beauties. He was a founder and president of the National Wilderness Society.

Last August marked Harvey Broome's 50th year of hiking the Great Smoky Mountains National Park.

A native of Knoxville, Harvey Broome was a graduate of Harvard Law School. Prior to that he earned a liberal arts degree from the University of Tennessee. He practiced law in Knoxville and Oak Ridge and had worked with Judge Taylor since 1958.

America has lost a great citizen with the passing of Harvey Broome. The Washington Post, in an editorial published this morning, summed up his attributes very eloquently. 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:

HARVEY BROOME

The death of Harvey Broome in Knoxville the other day is a severe blow to the cause of saving the American wilderness. A gentle and cultivated man and a graduate of Harvard Law School, Mr. Broome nevertheless had the call of the wild in his blood. He knew the trails of this variable continent, its mountains, lakes and woods. His wide circle of friends seemed to include the myriads of creatures that may be found in the wilds that he loved so much.

The Washington area owes him thanks for his participation in the tow-path hike which centered national attention on the Chesapeake and Ohio Canal some years ago and led to its designation as a national monument. Conservationists and naturalists all over the country owe him a debt of gratitude for his work as president of the National Wilderness Society. Yet Mr. Broome would probably say that what he did was primarily for himself. For he found relaxation and renewal of the inner spirit in the beauty of a forest, the gleam of a glacier, the song of a bird and the quiet whisper of the teeming wilderness. These are the values he helped to preserve for America.

PRESIDENT SUBMITS A BOLD AND IMAGINATIVE MESSAGE TO KEEP PROGRESS IN THE DISTRICT

Mr. BIBLE. Mr. President, President Johnson's message today on the needs of the District of Columbia continues the impressive record of achievement compiled by this administration in modernizing the Nation's Capital.

The record shows that President Johnson has succeeded in providing a modern, efficient, and effective District gov-

ernment that is off to a most promising start.

And the record must show further that today President Johnson has made clear his determination to keep progress flowing into the District—especially in areas of the greatest need.

The President's proposals focus on the high crime rate in the District and recommend steps to help lower this rate and bring crime firmly under control.

The Congress took a major step toward crime control in the District in the anticrime bill enacted during the first session of this Congress, and I applaud the Presdent's further recommendations to improve the efficiency of law enforcement in Washington, and his recommended studies to improve the judicial system.

I join with him in urging the Senate to undertake new steps to provide more jobs, better housing, and a modern educational system for the District.

These are programs that will go a long way toward determining the kind of future Washington will experience.

We have learned the high cost inherent in delay or retreat from our commitment to meeting the people's needs.

Let us not make this mistake in the District.

I commend the President for an excellent message.

SECRETARY RUSK'S APPEARANCE BEFORE THE FOREIGN RELATIONS COMMITTEE

Mr. McGEE. Mr. President, much has been written and much has been said about the appearance of Secretary Rusk this week before the Committee on Foreign Relations. Among those who have commented wisely upon these grueling hearings is David Lawrence, who wrote in the Evening Star Wednesday that it is doubtful that these televised hearings proved very elucidating for the public. Indeed, Mr. President, they probably proved confusing, and Mr. Lawrence's observation that some of the Senators "appeared to be not so much interested in Rusk's answers as they were in expounding the views which they thought would be pleasing to their constituents back home who would like to forget the Vietnam war altogether," appears to hit the nail pretty much on the head. I ask unanimous consent that David Lawrence's column from yesterday's Evening Star appear in the RECORD.

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

A COMPLEX WAR IS DEBATED ON TV

(By David Lawrence)

For eleven hours Secretary of State Rusk answered questions about foreign aid and the Vietnam war at public hearings of the Senate Foreign Relations Committee on Monday and yesterday. Parts of the proceedings were televised, but it is doubtful whether any substantial proportion of the listeners across the country really understood the dialogue on foreign policy. Indeed, it seemed at times that some of the senators themselves didn't have enough background on the intricacy of America's problems abroad to ask meaningful questions.

Yet this conference of members of the Senate with the Secretary of State was supposed to be an example of how the executive and legislative branches of the government deal with a subject as complex as the Vietnam war.

An analysis of the interrogation shows clearly that several senators believe the United States should not participate in any wars overseas and that it doesn't have the responsibility to repel aggression except when the territory of the United States is directly attacked. Some of the points raised by the senators reflected protests and discontent of their constituents, so many of whom are reported as believing that, no matter how humiliating it may be, the United States should withdraw its armed forces and "mind its own business."

As Rusk explained, international life has changed since World War I began, and all nations, large and small, are supposed to have become partners in the humanitarian effort to preserve the peace. Many Americans have forgotten that both world wars were the direct result of a misguided pacifism and isolationism. Even the outbreak of the Korean war in 1950 was based on an assumption that the United States would not come to the rescue if the Communists moved against South Korea.

Today, with the Communists active in Africa, Latin America, Europe and Asia, in efforts to subvert free governments and infiltrate many countries, there are still those Americans who believe that all this can be regarded as a "myth" or an "illusion."

Rusk was very skillful and dignified in replying to the questions. He tried to explain the difficulties which confront diplomats in trying to make peace with a Communist-controlled government like that in North Vietnam. Some of the senators appeared to be not so much interested in Rusk's answers, as they were in expounding the views which they thought would be pleasing to their constituents back home who would like to forget the Vietnam war altogether.

The implication was that the State and Defense Departments should take orders from Congress, and that military commanders should conduct their strategy in conformity with principles laid down by a Senate committee.

Rusk declared that the Communists would be able to read every word spoken at the public hearings. For that reason, he declined to go into details about how the United States would conduct a peace negotiation. He said that, even if the United States ceased bombing, the North Vietnamese would not consider themselves obligated to stop their infiltration into South Vietnam and their continued attacks in the South.

The United States Government is committed, according to Rusk, to continue the war and force the North Vietnamese to go back across their borders. It is apparent, however, that, even if a truce agreement was was drawn up and each side withdrew to its own jurisdiction, there would be no assurance of peace. The United States and its allies will have to organize a collective-defense force to make sure that peace is maintained.

The critics who expressed themselves at the hearings seem to feel that Congress should be consulted about the details of military operations as well as diplomatic maneuvers, and before important decisions are made. But, as Rusk argued, the executive branch of the government can point to plenty of precedents and to the basic principles of the Constitution itself for the right to operate independently of congressional supervision once the use of armed forces has been authorized.

TEMPEST IN BRAZILIAN COFFEEPOT

Mr. TYDINGS. Mr. President, on March 6, the New York Times carried a story indicating that U.S. Ambassador to Brazil, John W. Tuthill, has come under severe criticism from some elements of the Brazilian Government and from some Brazilian newspapers, particularly O Globo, for meeting with Mr. Carlos Lacerda, a vocal opponent of President Costa e Silva's regime. I believe this criticism of Ambassador Tuthill is unwarranted. This meeting in no way disparages the regime of President Silva. But if our embassies throughout the world were to limit themselves only to discourse with governmental officials and rule out contacts with opposition leaders, our ability to understand political currents in foreign lands and to formulate an intelligent foreign policy would be severely undermined.

I am both proud and happy to see that Ambassador Tuthill has shown willingness to talk to Mr. Lacerda. During my recent visit to Rio, I spent many hours with Brazilian Government leaders. I also had the opportunity to talk to Mr. Lacerda. My discussion with Mr. Lacerda was extremely informative. Knowledge of his views is helpful to a complete understanding of the potential and problems of both Brazil and of Latin America. In my opinion, the meeting of Ambassador Tuthill with Mr. Lacerda will add to our understanding of Brazil and will strengthen the ties of friendship between the people of Brazil and the United States, regardless of present criticism of our Ambassador's conduct.

A correct analysis of Brazilian reaction to the Tuthill-Lacerda meeting was supplied by an editorial, "The Silly Season in Brazil," in the Washington Star of March 13. The Star correctly asks:

What do they think an ambassador is for if it is not to keep in touch with what is going on in the politics of the nation to which he is accredited?

Mr. President, I should also add that in January I had the opportunity to spend 7 days in Brazil and the opportunity to get a firsthand view of Ambassador Tuthill's operation. Our Embassy in Brazil and our Ambassador there were most impressive. The Embassy staff was alert and clearly equal to the task of representing our Government in this great nation of South America. Ambassador Tuthill is a dedicated, imaginative, and responsible servant of our Government. His work in Brazil deserves our wholehearted praise and support.

Mr. President, I ask unanimous consent that the story from the March 6 edition of the New York Times and an editorial from the Washington Star of March 13 be inserted in the RECORD at this point.

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

[From the New York Times, Mar. 6, 1968]

BRAZILIANS DECRY U.S. ENVOY'S MOVE—TUTHILL TALK WITH OPPOSITION LEADER STIRS CRITICISM

(By Paul L. Montgomery)

RIO DE JANEIRO, March 5.—The United States Ambassador, John W. Tuthill, has come under servere criticism from some sectors of the Brazilian Government for having met recently with the opposition leader Carlos Lacerda.

The story of the meetings, one in January at Mister Lacerda's home here and another a week ago in Petropolis, a mountain resort, was leaked to a political columnist for Jornal

do Brasil. It is believed that the encounters were considered by the embassy as normal diplomatic contacts. The criticism has surprised and worried United States officials.

A Senator from the National Renovating Alliance, the military-dominated party that controls the Government of President Arthur da Costa e Silva, called the meetings inadmissible. He added that "the American Ambassador did not seek out a political opponent of the President, but instead a man who preaches the overthrow of the regime and its institutions."

The newspaper O Globo, which supports the Government and is normally friendly toward the United States, assailed the meetings in a front-page editorial.

RUSSIAN IS THE "MODEL"

"According to a classical definition, diplomacy is communication between governments," it said. "Diplomacy is cooperation, not controversy. What would the Department of State say if Ambassador Vasco Leitão da Cunha were to become very friendly with Rap Brown and Stokely Carmichael?"

It also said that Sergel S. Mikhailov, the Soviet Ambassador, would not dream of meeting with Luis Carlos Prestes, the head of the Brazilian Communist party.

Mr. Mikhailov remarked jokingly to a friend that he was "happy to serve as a model for the diplomatic community."

Mr. Lacerda, one of the few important politicians in Brazil not silenced by the Government, has been trying for more than a year to unite opposition elements in a "broad front." He has been scathingly critical of the Government and its closeness to the United States. Conservative elements in the military have been pressing for the termination of his political rights.

It is understood that Mr. Lacerda, although in touch with some embassy aides, complained that he had had no opportunity to present his views on a high level. A luncheon was arranged on Jan. 23. The participants included Mr. Lacerda's son Sergio, Renato Archer, a federal Deputy who is close to Mr. Lacerda, and former President Juscelino Kubitschek.

INFORMAL GATHERING

The meeting in Petropolis, an informal gathering with mutual friends, occurred during the pre-Lenten Carnival.

According to embassy sources, the subjects were United States-Brazilian relations, particularly the dispute between the two countries over exports of instant coffee, and Brazil's position on the treaty to halt the proliferation of nuclear weapons. The sources said internal politics was not discussed.

Since President da Costa e Silva took office a year ago, most observers believe, relations with the United States have been touchy in places, although by no means weak. It is thought that the vehement nationalism espoused by Mr. Lacerda and others, which often takes anti-American forms, has become an increasingly important part of the nation's politics.

[From the Washington Star, Mar. 13, 1968]

THE SILLY SEASON IN BRAZIL

What might be called a storm in a coffee cup is raging in Brazil against U.S. Ambassador John W. Tuthill for having the temerity to conduct a conversation with opposition leader Carlos Lacerda.

Jack Tuthill has temerity, all right, but what he ought to have is a medal for accomplishment if he even succeeded in getting a word in with the voluble Lacerda. When Lacerda is in good voice, he could talk down the entire population of Rio de Janeiro.

Elements of the Brazilian government and press seem to think Tuthill committed some sort of crime by even entering the same room with Lacerda. What do they think an ambassador is for if it is not to keep in touch with what is going on in the politics of the nation to which he is accredited?

If the military-dominated government of Brazil does not want Lacerda at large (and talking to Americans) there is nothing to prevent the regime from deporting him, jailing him or taking away his political rights. This has already happened to a number of politicians since the revolution of 1964.

In any case, Lacerda is about as pro-American as H. Rap Brown. Once a vigorous young Communist, he is now a middle-aged conservative engaged simultaneously in trying to woo Brazil's labor force and the left-wing Goulartistas to help him make a comeback.

It is absurd for the Costa e Silva government to take part in the uproar over the Tuthill-Lacerda conversation. Tuthill was seeking information, not making a deal. He was doing his job, and Brazil would be well advised to cool off before Lacerda starts getting the idea the regime is afraid of him.

YOUTH AND POLITICS

Mr. McGEE. Mr. President, the strength of our American political system is apparently being grasped, at last, by a number of the younger generation who had seemed, up to now, to be simply bent on protest and disengagement. Some of them have discovered politics—good old-fashioned American partisan politics. They have discovered that it is a system that works. They have found that their voices can be heard when they are channeled through our political system with any sort of determination. If recent political events in Minnesota and New Hampshire tell us anything, Mr. President, it is that a good many of the younger generation—those who had been said to be separated from our political system by a gap a generation wide—have joined in to back their candidate. As Richard Wilson observed in last evening's Star, Mr. President, the frustrations of the alienated generation we have heard so much about have been channeled into something more than mere protest demonstration "and that is all to the good." We might, as Wilson suggests, "even get some future leaders out of this experience."

Mr. President, I ask unanimous consent that Richard Wilson's column appear in the RECORD.

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

YOUTH TAKES A REFRESHING DIP INTO POLITICS

(By Richard Wilson)

How do we measure what unquestionably is the worst condition of ferment this country has been in for many years? We measure it in terms of racial disorders, of deepening involvement in an unpopular war, and of the deepening estrangement of an entire generation from elder generations considered to have gotten the entire world into an irretrievable mess.

Consolation can be found, however, in the recent discovery of the estranged generation that a system which they do not like provides them with the means of changing it. The means of change is built into our political processes, and now that the alienated generation has discovered this it seems happier than before.

Love-ins, pot and LSD are not enough. The alienated generation is discovering that there is more excitement, fun and reward in the good, old-fashioned American political system where what you think can be made to count if you try hard enough.

The campus revolt has moved into politics. Vietniks, long hairs, students, professors, clergy of the Protestant, Jewish and Catholic faiths, and even some strong-minded nuns who understand the modern generation, have learned how to move in on the established political hierarchy.

They did so in recent Democratic-Farmer Labor caucuses in Minnesota, winning from one-fourth to one-third of that state's national convention delegates for their peace candidate, Sen. Eugene McCarthy.

This is not an isolated instance of effective political action by the New Left and the anti-war factions. California, Wisconsin, Massachusetts, New Hampshire and Connecticut are battlegrounds of greater or lesser degree in the political uprising of the estranged generation.

Democratic National Chairman John Bailey finds himself beleaguered in the relatively closed political system of his home state of Connecticut. He may have to give way to the peace factions in some degree.

Sen. Eugene McCarthy may win up to 100,000 votes in Massachusetts in the uncontested primary for control of that state's delegation to the Democratic National Convention. College students invaded New Hampshire to bring Senator McCarthy's vote as near as possible to a threatening level. Wisconsin will be the next scene of the New Left revolt as doves who have suddenly sprouted claws take advantage of the opening provided by the withdrawal of Gov. George Romney in the Republican primary.

Since there no longer is a serious contest in that primary with Richard M. Nixon, the Republican doves are free to fly into the Democratic primary and make their discontent felt with votes for McCarthy. The campus elements and the pacifistic clergy will be possibly more active in Wisconsin than in New Hampshire.

All this adds up to something new and refreshing in American politics. The revolt of youth and the youthful-minded seemed at first merely another manifestation of nihilism, a worship of nothingness which periodically emerges in one generation or another.

But as organized labor found at a much earlier date, political action is a better remedy for frustrations and disappointments than refuge in a drop-out cult.

This is the first heartening news we have had from the alienated generation in some time. Politics has more addicts and is probably headier than marijuana, and more fun than dressing up in old clothes with a flower in your hair.

There is this about it: Some of the political activists of the New Left merely wish to tear down the system. They have no idea with what to replace it. This knowledge may come to them as they range farther on the political scene. In the meantime their frustrations are being channeled into something more than mere protest demonstration and that is all to the good. We might even get some future leaders out of this experience.

THE "MADDOX" INCIDENT

Mr. MANSFIELD. Mr. President, at the request of the Senator from Arkansas [Mr. FULBRIGHT], I ask unanimous consent to have printed in the RECORD a statement by him and an article entitled "Remember the *Maddox*," written by David Wise and published in the April issue of Esquire magazine.

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

STATEMENT BY SENATOR FULBRIGHT

Mr. President, as you know the Committee on Foreign Relations recently took testimony from former Secretary of Defense McNamara on the Gulf of Tonkin incidents of August 1964.

The documents and other material used by the committee during this inquiry were provided by the Defense Department. The committee sought no testimony from the officers and men who took part in the Tonkin incidents. On the basis of the testimony given by former Secretary McNamara, I believe that if any reasonable person takes the time to read the published text of the hearings, he will conclude that the Congress in August of 1964 was deprived of information critical to a sound judgment on the merits of the so-called Tonkin resolution. Had I known then what I know now about the mission of the *Maddox* and the uncertainties surrounding the second incident of August 4, I would not have supported the Tonkin resolution.

I commend these hearings to my colleagues.

I also suggest that Senators read the recently published article on the Tonkin incidents by David Wise entitled "Remember the *Maddox*." This article appears in the April issue of Esquire magazine. I ask unanimous consent that this article be inserted in the RECORD. (See exhibit 1.)

Mr. Wise, who has the well-deserved reputation as one of our finest reporters on intelligence operations, has not used the same materials as the committee in the preparation of the Esquire article. While the committee restricted its inquiry to materials provided by the Defense Department, Mr. Wise conducted interviews with a number of the officers and men aboard the U.S.S. *Maddox* and U.S.S. *Turner Joy*, the ships involved in the Tonkin incidents. I consider the resulting article of critical importance to any understanding of the events in the Gulf of Tonkin in August of 1964. I urge Senators to read Mr. Wise's article carefully.

I also would urge Senators to have a look at the photographs printed in the Esquire article. Mr. Wise has published for the first time a picture of the entire damage done to the American warships during both incidents—one small bullet hole in the superstructure of the *Maddox*.

No one disputes that there was an attack on August 2; and the photograph of the bullet hole in the *Maddox* is proof that the North Vietnamese fired at the *Maddox*. It is the second incident that is highly questionable. Both Mr. Wise's article and the hearings of the Committee on Foreign Relations, I believe, throw new, and a disturbing light on the second incident.

Finally, I think Senators should consider as they look at this one bullet hole in the U.S.S. *Maddox* that it was in retaliation for this damage that the United States launched 64 air strikes against North Vietnam and sought successfully what Under Secretary of State Katzenbach has described as a "functional equivalent of a declaration of war."

I suspect that unless American history books have Mr. Wise's sense of irony, "Remember the *Maddox*" will not be included as the rallying cry for our present land war in Asia.

EXHIBIT 1

REMEMBER THE "MADDOX"

(By David Wise)

(NOTE.—That was the ship fired upon in the Tonkin Gulf Incident (which was the basis for a congressional resolution calling for retaliatory action, which in turn is the basis for escalating the war in Vietnam). Remember now? Or, in light of these facts, perhaps you'd prefer to forget.)

For most Americans, the war in Vietnam began in earnest with the incident in the Gulf of Tonkin at nine-thirty p.m. on August 4, 1964. Two U.S. destroyers, the Defense Department claims, were attacked by North Vietnamese P.T. boats in the dark of night. At this point, only one hundred sixty-three Americans had died in action in Vietnam, there were only sixteen thousand American troops in the country, they were still called "advisers," and they had not been assigned to combat. But after the nighttime attack (which North Vietnam says did not take place at all), President Johnson ordered an immediate retaliatory bombing of the North, the first of the air strikes. Three days later the President persuaded Congress to pass his Gulf of Tonkin Resolution authorizing the President to take "all necessary steps" to defend South Vietnam. He has since used this resolution as a blank check to escalate the conflict, and he has dared Congress to repeal it, knowing it will not. The resolution has been his single greatest trump card in prosecuting the war.

As the war progressively changed character, some Congressmen came to feel they may have been misled into passing the resolution. In particular, Senator J. William Fulbright has raised questions about what precisely went on in the middle of the Gulf. The Pentagon's version of the incident is open to question. The evidence is sometimes conflicting, and many assertions of the Defense Department at the time have since turned out to be incorrect. But there is one point about which there is no doubt—that the Tonkin Gulf Incident, murky, confused, much of it still classified, was consciously used by the Administration as the Pearl Harbor of the Vietnam war.

THE SECRET MISSION

The 2,200-ton destroyer *Maddox* left Long Beach, California, in March, 1964, for the Far East. On July 23 she sailed from Yokosuka, Japan, the big U.S. naval base south of Tokyo, on her fateful cruise. The *Maddox* was exactly twenty years old. She had seen proud service in the western Pacific in World War II, surviving a Japanese kamikaze attack that left seven officers dead and thirty-three men wounded. Her skipper two decades later was Commander Herbert L. Ogier, then forty-one, an Annapolis graduate and career officer from Baltimore. But Ogier was outranked by another officer aboard, Commodore John J. Herrick, forty-four, who commanded the destroyer division from the bridge of the *Maddox*. Herrick's classified orders were to put in first to the port of Keelung in northern Taiwan.

Although there are four destroyers in a division, on this mission the *Maddox* was alone. For twenty-three-year-old Radarman James A. Stankevitz of Stevens Point, Wisconsin, it was his first trip to Vietnam. "This whole thing was unusual," he said in a telephone conversation with this reporter late last year. "Starting out we had all kinds of scuttlebutt. When we left Japan it started spreading around the ship. We knew that we were going on a special exercise, but we didn't know what was coming up until we pulled into Keelung. That's when the scuttlebutt really started flying around the ship that we were going into the Gulf."

It was in Keelung that the *Maddox* picked up a "black box" (it was not literally black, but Navy grey). Stankevitz described it: "like a small moving van that sits up on the back of a two-and-a-half-ton truck, about the size of that." Stankevitz recalls the box was placed between the destroyer's stacks on the O-1 level, just above the main deck.

He could not remember how many technicians boarded the *Maddox* with their big box but "a couple of them were Marines." The men who worked in the box "kept to themselves. These people knew how to speak Vietnamese too, some of them did."

The Maddox *was . . . carrying out a routine patrol of the type we carry out all over the world at all times.*

—Secretary of Defense Robert S. McNamara, in a statement to the Senate, August 6, 1964.

In fact, the *Maddox*, when attacked on August 2, was in the Tonkin Gulf on a highly classified ELINT (electronic intelligence) mission to gather intelligence on North Vietnam's radar and electronic defenses, a process involving E.C.M. (electronic countermeasures). In all probability, the *Maddox* was performing this mission for the National Security Agency (N.S.A.), the supersecret arm of the government that makes and breaks codes of friend and foe. The *Maddox* was on a spy mission. But this was not revealed at the time to Congress or to the public.

Radarman Andrew M. Adamick, just twenty, now a drafting engineer in the Detroit suburb of St. Clair Shores, also remembers the two-day stop at Keelung, July 26–28. "We picked up a lot of civilians and some Marines," he told me. "We were on a secret mission." The men who boarded the *Maddox*, he said, were "C.T., communications technicians."

Adamick said, "Some of the technicians stood watches with us," and he talked to several of them. No, he did not know whether the team was from N.S.A. He described the box itself as fifteen by six feet and about six feet high, jammed with electronic equipment. Before leaving Taiwan, Adamick added, the crew had their cameras taken away.

Captain Ogier, unlike the two radarmen, is still in the Navy. All he would say about the mission of the *Maddox* into the Gulf is that it was "classified."

Commodore Herrick was more revealing when he submitted to a private interview a few months ago:

Q. I gather that in Taiwan a special communications team was picked up?

A. Well, the makeup of that team is classified, I couldn't, ah, we were briefed by personnel there; whether we picked anybody up or who they were . . . is classified information.

Q. You were briefed by personnel?

A. We were briefed by the staff that runs these, that had been running these patrols as routine patrols for a number of years . . . we merely used their shore facilities there for a briefing by staff intelligence officers.

Q. In Taiwan?

A. In Taiwan.

Q. You mean that these ELINT missions were routine?

A. Yes.

Asked whether it was a National Security Agency operation, he said: "I don't know. I can't commit myself."

Lieutenant Raymond Connell, weapons officer of the *Maddox*, also confirmed that the special team was picked up at Keelung. Asked by phone how he'd describe the *Maddox*'s mission, Lieutenant Connell said: "I can only add two and two and I expect you have to do the same thing. The nature of it was classified and, from what I understand, more or less still is. They keep saying it was a routine patrol, and if they want to keep saying it, that's fine with me."

ELINT missions are indeed highly classified and part of the continuing but little-known global electronic warfare waged between East and West. On a typical mission a ship will approach close to shore (or a ferret plane will skirt along a border) in an effort to simulate an attack and agitate enemy radar defenses. Then the ELINT team takes a "fingerprint" or "signature" of the enemy radar.

All this may be necessary, but it is also risky and can lead to international incidents, as in the case of the U–2, the RB–47, or the Tonkin Gulf. But to describe an ELINT mission close to the coast of North Vietnam as a "routine patrol," however routine it may be to the Navy or N.S.A., is totally misleading to the average American or even the average member of Congress. That the *Maddox* was on a spy mission when attacked was a vital piece of information not revealed even to the Senate Foreign Relations Committee when it met on August 6 to consider the Tonkin Gulf resolution. Needless to say, it was not revealed

to Congress as a whole, either. At the time, the attacks were repeatedly described as "unprovoked." If Congress might have desired to judge whether or not the attacks were in fact "unprovoked" in the light of the mission of the *Maddox*, to consider whether there might have been a relationship between the ELINT mission and the attack, it was not given the information on which to form such a judgment.

THE FIRST ATTACK

On the sunny afternoon of Sunday, August 2, the *Maddox*, according to Commodore Herrick, had picked up advance warning of a possible attack by Communist P.T. boats. "There was intelligence which we were receiving by normal means," he said. "However, I can't divulge the source."

Radarman Stankevitz, manning the surface-search radar in the Combat Information Center (C.I.C.) of the *Maddox*, remembers that the crew knew "something was coming up in the area." Captain Ogier "stuck his head in Combat and told us to keep a tight watch on the scope for P.T. boats."

The *Maddox* was well into the Gulf that afternoon, steaming slowly northward off the coast of North Vietnam. The official Defense Department chronology of the first incident, released by McNamara August 4 (which still stands today as the official chronology) says:

"Twelve-thirty p.m., August 2: *Maddox* reported that three torpedo boats were on a southerly course heading toward the ship at extreme range [over ten miles]. The *Maddox* at this point was about thirty miles from the coast."

Captain Ogier agrees that the *Maddox* was "well out from shore," but not that far: "I would guess when we first saw them, that is about twelve-thirty p.m., we were about fifteen miles or twenty, I believe, from shore."

Commodore Herrick says that the first attack "occurred about twenty miles off Hon Me."

At two-forty p.m., according to the Defense Department chronology, the *Maddox* reported "she was being approached by the highspeed [estimated forty-five to fifty knots] craft whose apparent intention was to conduct a torpedo attack and that she intended to open fire in self-defense if necessary."

Stankevitz saw the boats coming on his radar set. "I seen some contacts. There were about two-hundred-fifty contacts on the scope, small fishing junks. Out of the whole ball of wax I picked up some that didn't look, their movement wasn't correct, they looked out of the ordinary from how a junk would move. So we started tracking right away. When we start tracking, we start getting a speed of forty-five knots."

Up to this point, the *Maddox* had been heading north and the P.T. boats south along the coast on a parallel course. Now the *Maddox* changed course to the southeast. "As soon as we sighted them we turned tail," recalled Stankevitz. "We didn't want any trouble with them. We turned southeast after the sighting. They kept coming."

"General quarters, man your battle stations," the crew was told.

On the bridge, Lieutenant Connell, the weapons officer, and Captain Ogier watched the P.T. boats closing. Ogier requested and got permission from Commodore Herrick to open fire at ten thousand yards. Lieutenant Connell relayed the order. The *Maddox* has two forward twin-mount five-inch guns and one after five-inch mount.

The Defense Department chronology then reads:

"Three-eight p.m. August 2: *Maddox* reported she was being attacked by three P.T. craft. She opened fire with her five-inch battery after three warning shots failed to slow the attackers."

Captain Ogier said that he ordered that "warning shots" be fired. "We waited until they got into about eight thousand yards," he said. Ogier added that, at this point, the North Vietnamese P.T. boats "had not" fired any torpedoes, but were moving at high speed directly at the destroyer. Lieutenant Connell confirms that the P.T. boats had not fired torpedoes when the *Maddox* fired the first shots.

As Commodore Herrick puts it, "It was a possibility that they could release [torpedoes] at that range and therefore we felt that we couldn't wait any longer."

This is not what the Administration seemed to be telling Congress four days later in seeking approval of the President's Tonkin Gulf Resolution. At the Senate hearing, Senator Frank J. Lausche, Democrat of Ohio, questioned General Earle Wheeler, Chairman of the Joint Chiefs of Staff:

Senator Lausche: . . . According to your reports the torpedoes were set into motion and it was then that you began your firing.

General Wheeler: That is correct, sir.

That afternoon, Lausche arose in the Senate and declared: "It was not until the patrol boats fired upon the *Maddox* that the *Maddox* took any action. We waited; and no action was taken by our government until the torpedoes were set into motion."

Whether the first salvo fired by the *Maddox* amounted to "warning shots" is a subtle question of definition. When I asked Lieutenant Connell, whether "you were shooting to hit them if you could have" on the initial salvo, he replied, "We certainly were." But he explained that the chances of long-range naval guns hitting a target at that range with the first shot, before corrections are applied, is very slight.

Two of the three boats closed to five thousand yards, according to the official chronology, and fired two torpedoes: the *Maddox* swung around and the torpedoes passed a hundred to two hundred yards to starboard. "The torpedoes ran hot, straight and normal," Captain Ogier said.

Some two hundred miles to the south, jets from the aircraft carrier *Ticonderoga*, in the air for target practice, were diverted to aid the *Maddox*. Thirteen minutes after the first two torpedoes slid past the *Maddox*, her guns scored a direct hit on the third P.T. boat.

"*Ticonderoga* aircraft commenced attacking the P.T.'s," the Defense Department chronology said. "Zuni rocket runs and 20mm strafing attacks were directed against two of the P.T.'s and they were damaged. The third P.T. remained dead in the water after the direct hit by the *Maddox*. At three-twenty-nine p.m. the aircraft broke off the engagement and escorted the *Maddox* toward South Vietnam waters."

There were no casualties on the *Maddox*. One machine-gun bullet fired by a P.T. boat struck the pedestal of the after-gun director. The bullet was recovered and later Radarman Stankevitz took a picture of the bullet hole for a souvenir.

In Washington, the news of the battle came in the quiet predawn hours of a summer Sunday. (It was eleven hours later in the Gulf.) In midmorning, President Johnson summoned Rusk and other top advisers to the White House. The decision at first seemed to be to play down the incident. The Pentagon put out a brief statement describing the attack. "The other side got a sting out of this," said Rusk. "If they do it again, they'll get another sting."

On Monday morning, August 3, the President called in reporters and announced that he had ordered the *Turner Joy* to join the *Maddox* and that the two destroyers now had orders to shoot to kill if attacked. The State Department announced it took a serious view of the incident and would protest to Hanoi.

ENTER THE "TURNER JOY"

On July 22, 1964, the *Turner Joy* was in Subic Bay, the Philippines, under the command of Captain Robert C. Barnhart, then forty-three years old, a soft-spoken line officer from Johnstown, Pennsylvania, an Annapolis graduate and twenty-three-year Navy veteran. Because the ship had tied up outside of three other destroyers, she could not plug into dockside electric lines and had to keep her own boilers up to generate power. As a result, when orders came at two a.m. for a destroyer to "get under way at first light" to relieve a ship that had broken down at sea, the *Turner Joy* was nominated.

"Our orders," Captain Barnhart recalled, "were to proceed at best speed to relieve another destroyer at Yankee Station in the South China Sea. We left Subic so fast we had to leave laundry, pump parts and valves on the beach." Soon after the *Turner Joy* arrived on Yankee Station, south of the Gulf of Tonkin, she received orders to proceed to a point off Hainan to relieve the destroyer *Edson*, which had two cases of hepatitis aboard. By August 1, the *Turner Joy* was on station fifteen miles south of Hainan. Chance docking arrangements at Subic Bay and the ill-health of two sailors had brought Barnhart and his ship to a rendezvous with destiny. For the *Turner Joy* was about to enter the Tonkin Gulf and a disputed chapter in American history.

On the afternoon of August 2, the *Turner Joy* received word that the *Maddox* was under attack. Captain Barnhart was ordered to join her, and about six p.m., the two ships linked up in the Gulf of Tonkin. At that instant, Captain Barnhart and the *Turner Joy* fell under the command of Commodore Herrick aboard the *Maddox*.

Maddox's signal light blinked: "Consider situation not unlike war patrol and demanding of maximum alertness and readiness."

The *Turner Joy*, which had been steaming northwest, turned and followed the *Maddox* on a southeast course, a thousand yards astern, as dusk gathered.

The daylight hours of Tuesday, August 4, in the Gulf of Tonkin were, in the language of the Pentagon account, "uneventful." Tuesday night, Radarman Stankevitz said, was "darker than the hubs of hell. It was black out there. You couldn't see the hand in front of your face."

On the bridge of the *Turner Joy*, Captain Barnhart peered ahead into the darkness. "Usually you could see the silhouette of the other ship," he says. "It was so black that night I couldn't see the *Maddox* in front of me." The seas were choppy and a solid layer of black storm clouds completely masked the moon and stars.

During the day, Captain Barnhart says, the two ships had patrolled "no closer than fifteen to twenty miles from North Vietnam." At five-thirty p.m. "we ended the patrol and proceeded to the middle of the Gulf for night steaming." Then the plan was for the destroyers to move in squares of ten miles to each leg.

THE NIGHT ATTACK

It was the *Maddox* that first picked up radar contacts "thirty-two miles away" in the very steaming area for which the two destroyers were heading, Captain Barnhart said. Normally radar only goes to the horizon, twenty to twenty-five miles away, but that night, he said, the clouds caused a peculiar "ducting effect." The radar beams bounced off them, giving the *Maddox* greater range.

In the Combat Information Center of the *Maddox*, Stankevitz said he could see "contacts on the scope. They were definitely contacts and moving fast." But he, too, said the radar was "ducting" and playing tricks that night. "You'd have beautiful pips for a while and then they'd disappear," he said.

Captain Barnhart said: "We both turned southeast to see if they would follow us. They did. About seven-forty p.m. the attack was imminent."

On the *Maddox*, David E. Mallow, husky twenty-three-year-old sonarman who had

enlisted in the Navy two years before, was asleep when general quarters was sounded. He had time to put on his pants, shoes and T-shirt, but no shirt. He moved quickly to his sonar scope, which resembled a round TV screen about fourteen inches in diameter. He put on his earphone to listen to the hydrophones. In the next few hours, David Mallow was to become a very important man—in some ways perhaps the most important man on either destroyer.

The *Ticonderoga* was twenty-five minutes flying time to the south of the destroyers. The carrier launched eight planes to find out what was going on around the *Maddox* and *Turner Joy*, and to fly protective cover.

By nine-eight p.m., the chronology says, the carrier planes had arrived overhead but the *Maddox* reported now that "the surface vessels were remaining at a distance." By nine-thirty p.m. "additional vessels were observed on the *Maddox* radar and these vessels began to close rapidly."

It was decided, Captain Barnhart said, that the *Maddox* would open fire first with star shells to try to pierce the blackness. From the course and speed of the "skunks"—Navy shorthand for surface contacts—he said, "it was obvious they were coming at us. At eight thousand yards the *Maddox* opened fire with star shells. The star shells went right above the clouds and disappeared. We still couldn't see what was there."

Around four thousand yards, Captain Barnhart says, he gave the command, "Commence firing." The *Turner Joy's* five-inch guns began spewing about thirty rounds a minute at the unseen targets. The time was "around nine-thirty p.m.," Captain Barnhart says, and the ships were "sixty to sixty-five miles" out in the middle of the Gulf.

"Almost simultaneously—I can't really say whether it was seconds before or minutes afterward or what—I got a report from the *Maddox*: 'Torpedo in the water.' "

The *Maddox* swung to the right and Barnhart said he did the same. "The torpedo was heading from the port quarter at a forty-five degree angle."

This first reported torpedo is important because it is the only one that anyone actually claims to have seen during the four-hour action that night. Lieutenant John J. Barry III, then twenty-four, now an I.B.M. salesman living in Irwin, Pennsylvania, was in the highest point of the *Turner Joy*, the main gun director.

"It was one of the extremely dark nights when the water is very fluorescent," he recalls. "I looked down off our port side and I saw like a white streak, just coming right through the water, right at us, and fortunately we had started to turn. I grabbed the man next to me to show it to him. I just wanted to make sure I wasn't seeing things, and he verified it immediately. I was an anti-submarine officer at the time and I had seen many torpedoes fired from submarines during practice exercises. It was right under the surface of the water. . . . As we turned it just ran up our side." Barry added that the torpedo was "no more than a hundred feet away."

The seaman he grabbed was Larry O. Litton, who now lives in Alexandria, Virginia. "Mr. Barry saw it and pointed down and yelled, 'Look, there's a torpedo,' " Litton said. "There definitely was. I never want to see one that close again."

"He [Barry] asked me if I saw it and I said yes I did. It kinda looked like a porpoise going through the water. But it wasn't no porpoise. We watched it for four or five minutes. It was two hundred to four hundred feet from the ship, about two or three feet below the water . . . we turned to starboard and it went up our port side."

However, Litton was quoted by the Associated Press last year as saying the torpedo was fifty or sixty yards away (one hundred fifty to one hundred eighty feet). And the A.P. quoted Barry as saying he had not suggested the presence of a torpedo to Litton: "I didn't even say, 'Look at the torpedo.' I asked him what he saw."

Captain Barnhart says Barry saw the torpedo pass "two hundred yards" (six hundred feet) off the port beam.

The eyewitness accounts of the torpedo sighting, while significant, disagree in several respects. The torpedo was seen at either "a hundred feet" (Barry) or as much as "four hundred feet" (Litton) on a night when admittedly, "you couldn't see the hand in front of your face."

It was David Mallow, the young sonarman of the *Maddox*, who heard and reported all the "torpedoes" that night. "A total of twenty-one torpedoes were fired," Captain Barnhart said, "as reported to the *Turner Joy* from the *Maddox*."

Oddly, the *Turner Joy* did not get a single torpedo report on its own sonar gear that night, even the one that supposedly passed a hundred to six hundred feet away. The *Maddox*, Barnhart said, "had a different type of sonar. We were not getting any reports of torpedoes on our sonar."

As the McNamara chronology put it at the time: "Nine-fifty-two p.m., August 4: The destroyers reported that they were under continuous torpedo attack and were engaged in defensive counter fire."

THE SONAR GAP

The phrase "continuous torpedo attack" was repeated by the Defense Secretary when he testified before the Senate Committees in support of the resolution on August 6. Congress and the public had no reason to disbelieve this.

The facts appear to be quite different.

Former Lieutenant John M. Leeman, now a business executive in Los Angeles, was in charge of the sonar room that night. David Mallow was manning the hydrophones and sonar scope under his direction. Leeman said that Mallow was reporting "noise spokes" on the sonar gear. "They call them noise spokes because they emanate from the center of the sonar gear. They are usually caused by torpedoes in the water. However, there was some doubt as to whether they were, because we were operating at such high speeds and the noise emanating from the hull of the ship could impart the same noise. Whenever your rudder goes over you'll get a noise spoke at such a high rate of speed."

Leeman does not think that Mallow ever characterized what he was seeing on the scope or hearing on his phones as a "torpedo in the water."

"He would say noise spoke, bearing umptiump. He'd say it to me and into the P.A. system, and the P.A. system would go right to the bridge and the Captain would make his decision accordingly." He added: "I thought they were torpedoes but after three years away from it I have my doubts now. I just don't know."

Q. Do you think there were targets out there?

A. I don't know. I really don't know.

Like Lieutenant Leeman, Captain Ogier does not recall for sure whether Mallow was reporting "hydrophone effects" or "torpedoes." However, Lieutenant Connell, the weapons officer of the *Maddox*, said flatly: "He never reported torpedoes; he said 'hydrophone effects.' "

Captain Barnhart is just as certain the reports he got from the *Maddox* were of "torpedoes."

Commodore Herrick now says that while he feels some torpedoes were fired at the *Turner Joy*, and not at the *Maddox*, "doubts were generated by the fact that we picked up so many of these hydrophone effects as the thing went on."

"I'm certain some of them were both ships' propeller beats," Commodore Herrick says, or "our own wakes. I think we were picking up some of our own noises."

Lieutenant Connell explained that the *Maddox* was turning sharply in "torpedo-evasion" maneuvers. "Every time we did it, we'd get more hydrophone effects. We'd throw that rudder over three degress and sure enough, we'd get a report from sonar—hydrophone effects. This might have been it. That's what we concluded on the bridge. After that we just steadied up and kept a straight course. The hydrophone effects stopped."

Captain Ogier thinks the first two reports were torpedoes, but after that, "I felt like I'd more or less been tricked or something by myself." He said that all the subsequent sonar reports "resulted from our putting our rudder over, you see, and this was reflecting the sound of our own screws up toward our sonar, which wasn't going on during the first two. It was our propeller. The ship has two rudders, each rudder is behind a propeller and if you put the rudder over this provides a surface to echo reflect your own screw beats back toward the front of your ship where the sonar is . . . we were maneuvering and we were getting this effect from our own rudder." He said this effect would not occur with a rudder deflection of ten degrees, that the rudder would have to be hard over.

This, then, was the "continuous torpedo attack" on the basis of which Congress gave the President power to take "all necessary steps" in Vietnam.

THE RADAR GAP

Dodging twenty unseen "torpedoes" in the night, the *Turner Joy* was also blasting away at blips on its radar, which it assumed were P.T. boats. "Two we were shooting at went off the scope suddenly," Captain Barnhart said. "We can only assume they were sunk.

"At one point I saw a big, black column of smoke go up in the air," he added. He said he could see the smoke column about four thousand yards away by the light of "gun flashes in the distance."

"As I turned to see it, we picked up another contact two thousand yards astern. We opened fire again, the contact went off the scope. This was the second one that went off the scope." According to the Defense Department chronology, one boat was reported sunk at ten-fifteen p.m. and another at ten-forty-two p.m., as the destroyers "evaded additional torpedoes."

But on the *Maddox* a strange thing was happening. Although the two destroyers were never more than six miles apart during the night of August 4, the *Maddox*, unlike the *Turner Joy*, could find no targets to shoot at. Barry explains it by noting that the ships *were* six miles apart. Both Commodore Herrick and Captain Ogier confirm that the *Maddox* fire-control radar was not able to lock onto a single target. Ogier says this could have been caused by "the fact that our radar frequency was being affected more by the weather."

Lieutenant Connell, as weapons officer of the *Maddox*, was responsible for firing her guns. But, he says, "We could not hold a target long enough in our gun range to do any firing. In other words, there were blips on our radar and they were very faint. We'd no sooner get our directors, our fire-control radar, get on the bearing, and the target would then disappear. . . . We had nothing to shoot at.

"We had called in for air support, and we concluded that these were aircraft coming in, dodging through the periphery of our surface-search radar. They'd come in and leave a blip and then they'd go out again. We discovered that this was our own aircraft coming through."

Asked whether he thought there were P.T. boats attacking the *Maddox* on August 4, Lieutenant Connell replied: "I'm definitely convinced there were none there. Not in that gun range anyway. There might have been some outside of our gun range, but there were none around our ship." The maximum gun range of the *Maddox* is officially listed as 18,000 yards, or nine nautical miles.

With the *Turner Joy* firing away at targets that the *Maddox* could not see and the *Mad-*

dox reporting torpedoes that the *Turner Joy* could not hear, it was, obviously, a confusing night.

But one point in the official version would, if true, be extremely persuasive. At twelve-fifty-four a.m. on August 5, the chronology says, "The *Turner Joy* reported that during the engagement, in addition to the torpedo attack, she was fired upon by automatic weapons while being illuminated by searchlights."

Now, on a dark night, with visions of enemy P.T. boats all around, it might be possible to make a mistake about whether or not one had seen a torpedo wake. But searchlights and automatic weapons are another matter. The official version conjures up a Terry-and-the-Pirates image of P.T. boats firing away with machine guns while the destroyers try to dodge powerful Communist searchlights.

The trouble is, Captain Barnhart says that the *Turner Joy* was *not* fired upon by machine guns that night, by automatic weapons or by any guns at all.

Asked whether machine guns or any kind of guns were fired at the *Turner Joy* on August 4, Captain Barnhart replied: "Not to my knowledge." Asked whether it was possible he had reported any automatic weapons fired at the destroyer, he replied: "I don't remember that I did." Captain Ogier says no automatic weapons or other gunfire was directed at the *Maddox*, either, that night.

McNamara, in testifying to the Senators August 6, had no doubts, however. The following exchange took place:

Senator Symington: You say that, in addition to the torpedo attack on page four of your statement, Mr. Secretary, the *Turner Joy* was fired upon by automatic weapons? What is the definition of an automatic weapon?

Secretary McNamara: These were probably three-inch or something of that size on the *Swatow* and/or P.T.-4 boats.

Incredible as it may seem, the Secretary of Defense was telling the Senate that on the night of August 4, P.T. boats were lobbing three-inch shells at the *Turner Joy*, whose Captain says he was not even fired upon by machine guns, let alone three-inch shells.

As for "being illuminated by searchlights," Captain Barnhart says he did see a single searchlight "for five or ten seconds," but that it was not thrown on his ship to illuminate it. Rather, he said, it was "more like a Hollywood type of light" that went straight "up into the sky." He assumes it was a P.T. boat because he said he asked the *Maddox* immediately whether it had shown a light and the *Maddox* replied it had not.

Seaman Larry Litton of the *Turner Joy* also remembers lights. "We had a couple of searchlights thrown on us. Once off port side and once off starboard," he says.

Captain Barnhart said that on his ship "at least six enlisted men reported seeing P.T. boats." The Pentagon also claims there was "visual sighting of the attacking craft lit by aircraft flares and by shells fired during the engagement."

In the blackness above the ships, Commander Wesley L. McDonald, a dark-haired Navy flyer, searched for P.T. boats in his A–4 Skyhawk attack jet. Dropping below the overcast at seven thousand feet, he could find no targets to shoot at. "It was dark as hell," he recalls. "We saw the destroyers clearly several times by flare light and by their wakes. I never saw any other wakes. I never saw any P.T. boats." The *Turner Joy* tried to mark the targets with shells, he said, and he fired "two rocket pods" at the general area, but has "no way of knowing if we hit anything" and feels he did not. He said that there was "very damn little possibility" that a P.T. boat "would sink without burning." He adds that one pilot reported seeing a P.T. boat. After forty minutes, McDonald and the seven other planes ran low on fuel and returned to the *Ticonderoga*.

In retrospect, Captain Ogier, now a naval R.O.T.C. instructor at Rice University in Houston, says he personally believes that the destroyers were under attack August 4, although "none of this is conclusive. I mean I'm not saying I can prove they were there."

But Lieutenant Connell, who recalls staring at the radar on the bridge of the *Maddox*, says: "I couldn't understand why one ship was claiming targets and we weren't seeing anything." As for the *Turner Joy*, "Really, I don't know what their story is. And I know they claim all sorts of things. We claim nothing."

THE UNITED STATES RETALIATES

In Washington, a great deal was claimed. It was only midmorning August 4 in the capital when the night battle against phantom-like targets began in the Tonkin Gulf.

President Johnson met with the National Security Council at twelve-thirty p.m. and lunched with McNamara, Rusk and McGeorge Bundy. The decision was made to strike at North Vietnam. The President called a second N.S.C. meeting at six p.m. The Pentagon announced "a second deliberate attack" on American ships.

The *Ticonderoga* and the *Constellation* launched their jets against North Vietnam. The President stepped into the Fish Room at eleven-thirty-six p.m. "My fellow Americans," he began. "As President and Commander-in-Chief, it is my duty to the American people to report that renewed hostile actions against United States ships on the high seas in the Gulf of Tonkin have today required me to order the military forces of the United States to take action in reply. . . . That reply is being given as I speak to you tonight. Air action is now in execution against gunboats and certain supporting facilities in North Vietnam."

On the morning of August 5, McNamara reported that sixty-four attack sorties by U.S. jets had struck four North Vietnamese ports and an oil depot at Vinh, destroying or damaging twenty-five P.T. boats—more than half of North Vietnam's Navy. The same day, President Johnson sent his resolution to the Hill.

Although Commander Wesley McDonald himself had seen no P.T. boats on the night of August 4, the next day he found himself leading a retaliatory strike on Vinh under direct orders of the President of the United States. If it might have seemed a peculiar state of affairs, it was not the job of a professional military man to wonder why.

Two planes were lost on the air strike. Lieutenant Everett Alvarez Jr., twenty-six, of San Jose, California, was captured after bailing out over Hon Gay. Lieutenant Richard C. Sather, twenty-five, of Pomona, California, was killed.

After two days of floor debate, Congress, on August 7, passed the Tonkin Gulf Resolution, 416–0 in the House and 88–2 in the Senate, with only Senators Wayne Morse and Ernest Gruening voting against it.

As chairman of the Foreign Relations Committee, Senator Fulbright steered the resolution through Congress for the President. It was not until the following year that he broke with Johnson over Vietnam.

During the Senate debate, Senator Gaylord Nelson asked Fulbright how close to shore the U.S. ships had been patrolling. Fulbright replied: "It was testified that they went in at least eleven miles in order to show that we do not recognize a twelve-mile limit, which I believe North Vietnam has asserted." The reference to eleven miles is fascinating because the President and McNamara had emphasized that the attack took place in "international waters." The statements were misleading. While the ships were in international waters during the two incidents, the *Maddox*, on its ELINT mission, had sailed inside the twelve-mile limit *claimed* by North Vietnam as its territorial waters.

Fulbright apparently was referring to the Administration's testimony to the Senate committees on August 6. When the censored transcript was ultimately released on November 23, 1966, more than two years later, the reference to eleven miles had vanished. This is the way State Department censors left it:

Senator Morse: . . . how close do these ships come to the North Vietnam ports? . . .

Secretary Rusk: [Deleted] miles.

General Wheeler: [Deleted] miles is the answer.

Deleted as well from the transcript were Morse's questions about whether the *Maddox* was in the Tonkin Gulf to screen an attack by South Vietnamese naval vessels on the North Vietnamese coastal islands of Hon Me and Hon Ngu. A protest to the International Control Commission broadcast by Hanoi radio on August 1 said that "at 2340 hours on 30 July the Americans and their henchmen in South Vietnam sent two warships to bombard" the two islands. A Hanoi broadcast on August 5 claimed U.S. warships on several occasions had screened landings by South Vietnam of "spy-commandos for sabotage activities" in the north.

The Defense Department has declined to confirm or deny the shelling of the two islands on July 30–31 by South Vietnamese forces. Commodore Herrick said the *Maddox* had no part in any such operation and was a hundred fifty miles from Hon Me on July 31, although only twenty miles from Ho Me on August 2. Captain Ogier says the *Maddox* was "not close" to Ho Me on July 31.

Assistant Secretary of State for Far Eastern Affairs William P. Bundy said on an ABC program at the time that "assuming" the report of a bombardment of the islands by South Vietnamese forces was correct, the *Maddox* "had no part whatsoever in any such action." However, on August 6, McNamara revealed that the United States had financed the construction of five hundred armed junks for South Vietnam to stop coast infiltration from the north, and that in some cases the junks "have moved beyond" the 17th parallel in these operations. He denied that United States vessels provided cover for these missions.

However, in puzzling over the motive for the August 2 attack, Senator Richard B. Russell of Georgia, Chairman of the Armed Services Committee, had an interesting comment. "There have been naval operations in the Gulf of Tonkin by the South Vietnamese," he said, "and this could have confused the North Vietnamese."

North Vietnam has insisted that the second incident in the Gulf of Tonkin on August 4 was "fabricated" as a pretext for the bombing of North Vietnam.

RISING DOUBTS

Suspicion and Congressional resentment over President Johnson's actions at the time of the Tonkin Gulf crisis were slow to form, but grew steadily. Some members of the Senate Foreign Relations Committee felt that the resolution had been passed chiefly in order to back the President after U.S. ships had been attacked, and to express approval of the retaliatory air raid. They were chagrined three years later to find Johnson using the resolution as a broad approval to fight a major land war.

On May 9, 1966, during a committee hearing, Senator Fulbright noted that "there has come to my attention suggestions that the whole affair was very questionable as to the character of the attack upon our ships on the high seas."

At a closed hearing of the Foreign Relations Committee on May 26, 1966, John McNaughton, Assistant Secretary of Defense,

later to die in a plane crash, dramatically held up a single bullet—presumably recovered from the *Maddox* on August 2—as proof of the Tonkin Gulf attack. Fulbright was not impressed.

On September 20, 1966, William Bundy startled the committee by testifying in closed session that "prior to August, 1964," the Administration had "contingent drafts" ready of what became the Tonkin Gulf Resolution. The feeling began to grow in Congress that Tonkin Gulf might have been an incident waiting to happen.

Certainly it permitted President Johnson to demonstrate to Barry Goldwater, who had been nominated a little more than two weeks previously, that he could be tough on communism. In Saigon, for a time Tonkin Gulf breathed new life into the wobbly Khanh government, which was having great difficulty prosecuting the war and staying in power.

In July of 1967, the Associated Press moved a five-thousand-word story on Tonkin Gulf over its wires. The piece was the work of a five-man team headed by two talented young reporters, Tom Stewart and Harry F. Rosenthal, of A.P.'s Washington bureau. The team interviewed three dozen officers and crewmen of the two destroyers and their story raised important questions. But their effort was not published at the time by newspapers in the opinion centers where it counted—New York and Washington.

The following month, however, Fulbright's annoyance with the Tonkin Gulf Resolution came to a head when Under Secretary of State Nicholas Katzenbach aggressively informed the Foreign Relations Committee that President Johnson did not really need the resolution, but Congress had passed it and ought to have known what it was doing.

It was after this that Fulbright quietly asked the Defense Department to provide the committee with the logs of all the ships involved in the Tonkin Gulf Incident. At first the Pentagon balked, but in October after Fulbright said publicly that he had "reservations" about whether U.S. ships were fired upon, the logs suddenly materialized in his office.

Late last year, when stories appeared saying Fulbright might run a Congressional investigation, the Pentagon issued a formal statement: "Any suggestion that the August, 1964, attacks on U.S. destroyers in the Tonkin Gulf did not occur is contrary to the known facts." In effect, the White House was warning Fulbright that he would have a fight on his hands if he pursued the matter, which was political dynamite in an election year.

The ultimate answers to Tonkin Gulf, like the truth about any complex and confused event, may never be entirely known. It is certainly unlikely that the officers and crews of the two destroyers were making up stories. They undoubtedly believe the things they say they did, or did not, see and hear.

On the other hand, there is a natural predisposition on the part of many of the men of the *Maddox*, who were not shooting at targets on the night of August 3, to say that none were there. There is a perfectly natural predisposition on the part of the men of the *Turner Joy*, who were firing for several hours into the night, to say that something *was* there.

What is more to the point is that the Johnson Administration, for a variety of domestic political and foreign policy reasons, seized eagerly upon fragmentary, confused reports from the Tonkin Gulf and presented them to Congress and the public as accomplished facts. The Administration had its contingency drafts ready for just such an incident. And when many of those "facts" turned out to be erroneous, it would not concede this.

It is not plausible to believe that a great nation went to war because a twenty-three-year-old sonarman heard a buzzing in his ears, or because a seaman thought he saw something that wasn't no porpoise. The responsibility for such decisions lies in Washington.

And it was not simply a case of the government acting hastily on the basis of confused information from the field, instead of calmly after the facts were unscrambled. For the Administration also put out information that had nothing to do with the action at sea—it claimed, for example, that the *Maddox* was on "routine patrol" and implied it had never sailed in North Vietnamese waters.

It was a classic example of how government, by shaping and controlling information about a military event, can whip up popular emotion and bend Congress and the public to its will.

From all the interviews, somehow one remembers best the words of Captain Herbert Ogier of the *Maddox*, explaining that he believed there were P.T. boats attacking on the night of August 4, in part "because there was no question about their being there on the second of August, and we knew they had torpedo boats, but conclusive evidence of my own knowledge I can't give, which is the bad thing about the incident."

Is this how nations go to war?

And America did go to war after Tonkin Gulf—although there were no casualties or hits on either destroyer on the night of August 4. Remember the *Maddox!* will scarcely do as a slogan for the Vietnam war.

On August 5, 1964, President Johnson spoke in Syracuse, New York. His words have since taken on a deeper, although entirely unintended meaning.

"The Gulf of Tonkin may be distant," he said, "but none can be detached about what has happened there."

AMERICAN OVERSEAS AIR CARRIERS AND THE BALANCE OF PAYMENTS

Mr. FANNIN. Mr. President, the Nation's overseas air carriers have called to my attention a way in which the business community can help in overcoming the balance-of-payments problems.

They suggest, and I agree, that whenever possible, the business sector—which makes up about 25 percent of the flying public—fly on American-flag carriers.

I realize that our Nation is served by many fine foreign carriers and our carriers serve many people of other nations. However, it would seem to me that during the current crisis we should do all that we can to assist in the reduction of our balance-of-payments deficit. Meanwhile, I think the administration should move on its own to make cuts in its spending programs sending dollars overseas.

SENATOR SYMINGTON PRAISED BY ST. LOUIS POST-DISPATCH

Mr. McGOVERN. Mr. President, the St. Louis Post-Dispatch, on March 2, 1968, significantly acknowledged the incisive mind of the senior Senator from Missouri [Mr. SYMINGTON]. In a sensible editorial, the Post-Dispatch praises Senator Symington's statement regarding the global deployment of American fighting men.

We can see no possible military use—

The editorial states—

for 227,000 men in Europe or 40,000 for that matter.

In the Senator's words we can possibly be faced with a situation in America where "there will not be much more than a corporal's guard of trained men left in the United States to defend this country."

I commend this editorial to other Senators and ask unanimous consent that it be printed in the RECORD at this point.

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

TOO MANY TROOPS ABROAD

Senator Symington's position that any additional troops for Vietnam be drawn from Europe rather than from the United States is well taken, and we hope he can be effective in requiring Administration acceptance of his view. The Missouri Senator has been warning that the United States is overcommitted in foreign affairs, and he pointed out in a recent Senate speech that the U.S. economy is becoming mired in fiscal and monetary problems primarily because of the "backbreaking cost" of Vietnam.

Irrespective of extraneous considerations, it would make good sense for the United States to reduce its forces in Europe. Mr. Symington would limit these to about 40,000 men, rather than the 227,000 now deployed. This would leave about one full division, including supporting forces, in Europe. Mr. Symington says he will oppose funds to support more than that.

Mr. Symington rightly points out that if the troops in Europe are not utilized, and if things in Vietnam get worse, "there will not be much more than a corporal's guard of trained men left in the United States to defend this country." The Senator is concerned, and with cause, that such a situation might start a chain of events that could bring about a nuclear exchange.

We can see no possible military use for 227,000 men in Europe, or 40,000 for that matter. If the enemy is supposed to be the Soviet Union, what could the troops in Europe do against a Russian attack with the bulk of American military power hopelessly enmeshed in Vietnam? The United States maintains two divisions in South Korea. What did they do when the North Koreans seized an American ship? If the Russians should hit Europe or the Chinese strike Korea while the U.S. is glued to Vietnam, what would happen? Let us hope the question is hypothetical.

Neither the Russians nor the Chinese are fighting anywhere; only the United States is spending thousands of lives and 30 billion dollars a year in a foreign adventure. If worst should come to worst the United States would be left, as Mr. Symington implies, in an exceedingly perilous position. Getting our troops out of Europe is only part of the answer; the rest of it is getting them out of Vietnam (and Korea) and turning the national attention to the pursuit of policies that will put the true interests of the United States uppermost.

JAY R. BINGHAM: A TRUE WATER EXPERT

Mr. BENNETT. Mr. President, the Utah papers have just carried an announcement by the Western States Water Council that it has appointed Utah's Jay R. Bingham as its new executive director.

My very real regret in learning of Jay's resignation as executive director of the Utah State Department of Natural Resources is tempered by the announcement of his appointment to the council.

In his new position he will have an opportunity to work for the benefit of all the Western States, as well as Utah, in water matters. I also should add that the council will move its headquarters to Salt Lake City where we will at least

have the benefit to meet and see Jay whenever we can.

The council was created to find a constructive and cooperative approach to western water development so that the states can spend their energy and wealth in a joint effort to develop the resources of the West, rather than feuding among themselves for the limited resources available.

I am sure I would not be challenged if I were to cite Jay Bingham as one of the leading authorities on water in the West. He once headed the Southwest Water Council, has served on the Bear River Commission, the Upper Colorado River Commission and the Columbia Interstate Compact Commission. He was appointed to the Utah Water and Power Board in 1953 and served as director for 11 years. In July of 1967 he was named executive director of the State's department of natural resources.

During the years I have served in Washington, he has appeared many times before congressional committees in behalf of Utah's water interests. He is known, respected, and admired by members of both the House and Senate Interior Committees and I personally can attest to his thorough knowledge of all Utah's water activities. His advice and counsel have been invaluable to me, and will be sorely missed. However, I am very pleased that he is moving up to this demanding new post, where I am sure his skills as an administrator and his wide background will benefit water resources of the entire 11-State region.

I wish Jay well in his new position as he and the Western States Water Council seek solutions to the problems of the arid West.

I ask unanimous consent to insert in the RECORD an editorial and two articles concerning Mr. Bingham.

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

[From the Salt Lake City (Utah) Deseret News, Mar. 11, 1968]

JOB FOR A STATESMAN

With the resignation of Jay R. Bingham as executive director of the State Department of Natural Resources, Utah is losing one of its most competent public servants.

At the same time, however, Utah is gaining a strong voice for water importation in the Western States Water Council, where Mr. Bingham is becoming executive director.

Moreover, in transferring its headquarters from Portland, Oreg. to Salt Lake City, the Western States Water Council is putting itself in a better position to serve the 11 states it represents by placing the center of its operations in the geographic center of the West.

Without water importation, as Mr. Bingham has often observed, Utah's future growth will be severely limited. If Utah were to irrigate all its arable lands and fully meet expected public and industrial requirements, it would need more than 14 million acre-feet of water—more than double our present use. Even with the construction of planned reclamation projects, Utah still won't have nearly enough water.

If the needs of Utah and other water-short western states are to be met, water will have to be imported from elsewhere—and the Pacific Northwest is the most logical supplier, since it has considerably more water than it uses. Persuading water-wealthy states to cooperate instead of compete with water-poor states, however, is a job requiring enormous statesmanship and leadership.

As Jay Bingham prepares to take over his challenging new assignment, Utahans have compelling reasons for wishing him well. Much of the state's future rests on his shoulders.

[From the Salt Lake City (Utah) Deseret News, Mar. 9, 1968]

BINGHAM GETS TOP POST ON WATER BOARD

The Western States Water Council today announced the appointment of Utah's Jay R. Bingham as its new executive director and the transfer of its headquarters from Portland, Ore., to Salt Lake City.

Mr. Bingham, executive director of the Utah Department of Natural Resources, said his resignation from the state post may be effective in 30 days.

"This will be worked out with the governor and the coordinating council," Mr. Bingham said.

IMPROVE RESOURCES

The 11-state water council's mission is to improve the water resources of the entire region, exploiting areas of common interest, Mr. Bingham said.

Members of the council are governors' representatives from Washington, Oregon, California, Nevada, Idaho, Utah, Arizona, New Mexico, Colorado, Wyoming and Montana.

Raphael J. Moses of Colorado, the council president, said the appointment of Mr. Bingham "is a positive step toward accomplishing the purposes the organization was established for."

HEADED COUNCIL

Mr. Bingham once headed a predecessor group—the Southwest Water Council.

It lapsed when the Western States Water Council was established three years ago.

Texas has asked to join the council, and Alaska and Hawaii have been invited to join, Mr. Bingham said.

An engineer and graduate of Utah State University, Mr. Bingham worked for the U.S. Bureau of Reclamation on the Provo River Project and then in private construction.

Appointed to the Utah Water and Power Board in 1953, he served as director for 11 years. In July he was named executive director of the state's Department of Natural Resources.

During his employment with the state, he has been a frequent visitor to Washington for appearances before congressional committees in behalf of Utah's water interests.

Mr. Bingham said he is not yet certain when the transfer of the council's headquarters will be completed, and that a location for the offices has not yet been acquired.

[From the Salt Lake City (Utah) Tribune, Mar. 10, 1968]

GROUP TRANSFERS HEADQUARTERS: JAY BINGHAM QUITS STATE POST FOR WATER COUNCIL

Jay R. Bingham, Utah Department of Natural Resources executive director since July, Saturday accepted appointment as executive director of the Western States Water Council.

At the same time, council officials announced its headquarters will be transferred from Portland, Oreg., to Salt Lake City.

Mr. Bingham said he will submit his resignation from his present post to the governor and coordinating council and expressed hope it could become effective in 30 days to enable him to take over his new duties.

He expressed regret at leaving state employment, but noted that there are great opportunities in the council work to benefit both Utah and all western states.

Raphael J. Moses, Colorado representative on the council and its president, said "Mr. Bingham's appointment is a positive step toward accomplishing the purposes the organization was established for."

CITES ORGANIZATION'S AIMS

Mr. Bingham said the 11-state council seeks to accomplish effective cooperation among western states leading to integrated development of their water resources.

He, with Thorpe Waddingham, Delta, and Harry D. Pugsley, Salt Lake City, have been Utah representatives on the council for some time.

Representatives from Washington, Oregon, California, Nevada, Idaho, Utah, Arizona, New Mexico, Colorado, Wyoming and Montana comprise the council. In addition, Mr. Bingham said, Texas has asked to join and Alaska and Hawaii have been invited to join.

PREVIOUS DUTIES OUTLINED

Mr. Bingham once headed the council's predecessor, the Southwest Water Council. He also has served on the Bear River Commission, the Upper Colorado River Commission on the Columbia Interstate Compact Commission.

He was appointed to the Utah Water and Power Board in 1953 and served as director 11 years.

CONSUMER EFFORTS TO LOWER ELECTRIC RATES

Mr. KENNEDY of Massachusetts. Mr. President, in the last 12 months a strong consumer movement has grown up all across the country to seek a lowering in electric rates.

An article in the March 11 Wall Street Journal commented on this growing consumer movement. It is headlined "Fight Between Utilities and Critics Over Cost of Electricity Heats Up; Consumer Organizations Call Rates of Return Too High; Accounting Is Questioned."

The article points out that across the country consumers are beginning to ask hard questions about the price they pay for electricity. It states that:

In a number of states, consumers are banding together to press for lower rates. The Federal Power Commission, which has no direct authority over retail electricity rates but keeps close track of utility operations and rates of return, is getting more complaints. So are the state regulatory agencies that control rates. All the fuss has prompted lawmakers and regulators at both levels to take a more critical look at rates.

The article goes on to report:

Much of the protest is coming from the grass-roots level.

The article cites specific complaints from residential users of electricity, churches, and school systems, about the high cost of electric power in Virginia, Delaware, Pennsylvania, and South Dakota.

This agitation about the high cost of electricity is resulting in action at the Federal and State levels. The Senator from Montana [Mr. METCALF] has introduced a bill, S. 2933, which is aimed at improving the Federal regulatory process to better protect electric consumers. I am a cosponsor of that bill. The article cites action taken by the States, including legislation proposed in the Commonwealth of Massachusetts, and observes:

The protests of power users have paid off in some cases. Last fall, the Maryland Public Service Commission reduced by $1.3 million annually the electric rates of Baltimore Gas & Electric Co. The action was taken after the People's Counsel, a recently formed state agency that represents consumer interests, attacked the utility's rate as "excessive, unjust and unreasonable."

New York City is hoping its own protests can forestall a rate increase by Con. Ed. In hearings last year, the city strongly opposed tentative approval for a $32 million increase granted by the New York State Public Service Commission. The commission is expected to hand down a final decision shortly.

Mr. President, I believe that the Senate has a definite responsibility to give adequate support to Federal regulatory programs which help guard electric users against excessive rates. For instance, the Federal Power Commission has a vital role to play in this respect. Congress assigned to the FPC jurisdiction to deal with wholesale sales in interstate commerce, financial operations and books of account, and interconnection and coordination of public utilities.

Today, over 98 percent of the generating capacity of the electric utility industry is interconnected in a few large networks blanketing the United States. The largest of these networks covers the entire portion of the United States east of the Rocky Mountains, except Texas, plus several Canadian Provinces. Out of some 3,500 separate electric systems, there are only 257 systems which operate in electrical isolation. Power pool operations reflect neither State boundaries nor company ownerships. The special local character of the generation and transmission systems of the pool members is gone. As FPC Chairman Lee White pointed out to the members of the Senate Commerce Committee last year:

An effective regulatory body must have information about operations in many states just as the managers of the systems themselves daily and hourly collect and react to operating and cost information from all its constituent members.

It was recognized in 1935, when parts II and III of the Federal Power Act were approved by Congress, that the States can better carry on their regulatory work with the assistance of a strong Federal Power Commission performing its role in the interstate power sphere and aiding the States in fulfilling their regulatory responsibilities.

In the last few years, the Federal Power Commission has done an effective job in helping to eliminate excessive charges of private power companies. In the last 5 years, wholesale rate reductions filed with the Commission totaled more than $21.5 million, while rate increases amounted to less than $1.9 million. Many of these rate reductions were due to actions initiated by the Commission, including action to bring about flowthrough of savings following the reduction of the Federal income tax rate, and to reflect reduced costs to the companies as a result of improved operating efficiencies and other economies.

Mr. President, I ask unanimous consent that a table showing rate reductions and increases filed with FPC for the fiscal years 1960 through 1967 be included in the RECORD at this point in my remarks—table 1—together with a company-by-company breakdown for the period July 1, 1963, to July 1, 1967—table 2.

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

TABLE 1.—RATE FILING RECEIPTS AND COMPLETIONS

Fiscal year	Filings received	Filing matters completed		
		Number	Increases	Reductions
1960	894	(1)	$534,400	$106,300
1961	469	(1)	996,900	136,500
1962	477	576	2,030,900	127,000
1963	1,882	1,494	278,900	1,204,800
1964	1,295	1,323	395,200	1,448,100
1965	2,576	2,686	1,050,685	8,024,782
1966	2,649	2,796	55,928	6,564,927
1967	2,006	1,963	93,241	4,284,777

1 Not available.

TABLE 2.—RATES CHANGE ACCEPTED BY COMMISSION, JULY 1, 1963, TO JULY 1, 1967

REDUCTIONS

	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967
Alabama Power Co			$1,745		
Arizona Public Service Co			126,430	$56,359	
Arkansas-Missouri Power Co		$24,000			
Arkansas Power and Light Co		108,700	10,190	224,997	$175,418
Black Hills Power and Light Co		1,700			
Blackstone Valley Electric Co					32,422
Boston Edison Co			958,250	509,253	
Carolina Power and Light Co					601,072
Cambridge Electric Light Co			1,870	49,730	
Central Hudson G. & E. Corp		5,625	15,000		1,676
Central Illinois Light Co					79,127
Central Illinois Public Service Co				29,503	255,103
Central Maine Power Co				44,171	
Cincinnati Gas & Electric Co			670,000		
Columbus & Southern Ohio Electric Co					28,428
Commonwealth Edison Co			193,500	17,530	3,838
Dayton Power & Light Co			4,125	494	
Delmarva Power and Light Co	$177,641	14,600	77,600	1,747	102,795
Delmarva Power & Light Co. of Maryland	169,470		26,075	769	49,946
Delmarva Power & Light Co. of Virginia	28,840			119	
Duke Power Co			178,405	37,200	26,928
El Paso Electric Co			48,700		
Empire District Electric Co		67,550	1,800		
Fall River Electric Light Co		156,800			
Florida Power Corp				511,382	
Georgia Power Co		2,650	860	1,840	
Green Mountain Power Corp		43,800			
Gulf Power Co		74,000			
Gulf States Utilities Co	29,386	120,530	4,265		
Hartford Electric Light Co					107,791
Holyoke Power & Electric Co			26,725		
Holyoke Water Power Co			146,700		
Idaho Power Co	44,700				
Illinois Power Co			5,200		175,237
Indiana & Michigan Electric Co	27,000			121,400	132,491
Interstate Power Co			20,344	46,483	2,770
Iowa Electric Light & Power Co			6,670		16,446
Iowa-Illinois Gas & Electric Co					16,935
Iowa Power & Light Co			4,425	350	
Iowa Public Service Co			5,925		
Iowa Southern Utilities Co			1,725		6,866
Jersey Central Power & Light Co			59,625	109,730	
Kansas City Power & Light Co	6,000		4,608		20,718
Kansas Gas & Electric Co	19,000	79,300	1,225		
Kansas Power & Light Co			32,075		
Kentucky Power Co				$27,300	
Kentucky Utilities Co	$98,410	$145,600	$8,650	259,977	
Lake Superior District Power Co				5,938	$6,420
Massachusetts Electric Co		45,000	91,000	798,450	1,067
Michigan Gas & Electric Co					21,285
Metropolitan Edison Co			7,800	5,306	
Minnesota Power & Light Co			18,050	15,500	12,130
Mississippi Power Co	34,455	4,250	110,950		
Mississippi Power & Light Co	2,640	29,500	33,200		
Missouri Power & Light Co		6,300			
Monongahela Power Co			51,250	55,746	
Nevada Power Co				23,390	
New Bedford Gas & Edison Light Co				149,278	
New England Power Co	230,000	34,400	2,582,940	1,024,359	33,350
New Jersey Power & Light Co			33,050	6,671	
Newport Electric Corp				89,299	
New York State Electric & Gas Corp			740	837	
Niagara Mohawk Power Corp			41,470		
Northern States Power Co. (Minnesota)	270,000	32,300	254,565	272,944	21,612
Northern States Power Co. (Wisconsin)	1,200	18,400	20,990	1,021	
Ohio Edison Co				456,118	
Ohio Valley Electric Corp					570,696
Oklahoma Gas & Electric Co			31,475		
Orange & Rockland Utilities, Inc	35,000				
Otter Tail Power Co				31,873	
Pacific Gas & Electric Co		53,600			
Pennsylvania Electric Co	12,380			36,675	
Pennsylvania Power Co					44,031
Pennsylvania Power & Light Co		121,800	30,300	145,649	
Potomac Edison Co			151,000		
Potomac Edison Co. of Pennsylvania			5,350		
Potomac Edison Co. of Virginia			630		
Potomac Edison Co. of West Virginia			31,325		
Potomac Electric Power Co		91,770			
Public Service Co. of Indiana					3,466
Public Service Co. of New Hampshire		51,350		71,230	
Public Service Co. of New Mexico		7,150	6,500		
Public Service Co. of Oklahoma	400	10,300	43,535	176,871	7,082
Public Service Electric & Gas Corp			5,000	2,070	
Rockland Electric Co			15,390	35,642	8,144
San Diego Gas & Electric Co			3,600		
Sierra Pacific Power Co			20,700	2,187	102,627

TABLE 2.—RATE CHANGES ACCEPTED BY COMMISSION, JULY 1, 1963 TO JULY 1, 1967—Continued

REDUCTIONS

	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967
South Carolina Electric & Gas Co	$12,100	$36,500	$35,800	$3,775	
Southern California Edison Co			748,495		$22,500
Southern Indiana Gas & Electric Co					47,578
Southwestern Electric Power Co		22,950	63,750		
Southwestern Public Service Co	5,990	9,750		552,400	
Superior Water, Light & Power Co			67,405		
Union Electric Co			1,100	194,050	
Virginia Electric & Power Co			544,045	197,272	
Washington Water Power Co		28,000	114,825	69,219	
Western Colorado Power Co				$4,023	
Western Massachusetts Electric Co			$69,100		
Western Power & Gas Co., Inc				45,000	
West Penn Power Co			24,400		$8,353
West Texas Utilities Co			25,925		39,356
Wisconsin Electric Power Co			63,135		1,016,035
Wisconsin Michigan Power Co			7,400		83,170
Wisconsin Power & Light Co					243,824
Wisconsin Public Services Corp				42,800	
Total	1,204,792	1,448,175	8,018,902	6,546,927	4,284,777

INCREASES

Arizona Public Service Co				19,537	
Arkansas Power & Light Co			47,605	6,661	
Brazos River Authority	20,900			6,000	
Central Hudson Gas & Electricity Co			1,275	356	
Commonwealth Edison Co				279	
Consolidated Edison Co			4,000		
Duke Power Co					2,037
Mississippi Power Co		800			
Mississippi Power & Light Co	11,402	123,900	41,305	8,998	
Narragansett Electric Co				94,200	
Niagara Mohawk Power Corp				287,500	14,097 90,939
Pacific Gas & Electric Co	246,600	270,500	375,300		
Public Service Co. of Indiana, Inc					265
Utah Power & Light Co				13,600	
Wisconsin Michigan Power Co				185,900	
Total	278,902	395,200	1,050,685	55,928	93,241

Mr. KENNEDY of Massachusetts. Mr. President, from January 1, 1964, through June 30, 1967, the Commission issued decisions in 39 formal cases. Rate level issues were involved in 17 of these actions. Four cases involved restrictive provisions in power contracts. A number of complaints were settled by informal actions. I ask unanimous consent to place in the RECORD at this point material describing the formal cases—table 3—and the informal actions—table 4.

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

TABLE 3.—FORMAL ELECTRIC CASES DECIDED BY THE COMMISSION BETWEEN JAN. 1, 1964, AND JULY 1, 1967

A. RATE LEVEL

Name of company	Docket No.	Date of decision	Summary
Nevada Power Co	E-6832	Mar. 29, 1966	Supension of rate increase to Colorado River Commission of Nevada, California-Pacific Utilities Co., and Southern California Edison Co. Investigation terminated.
Southern California Edison Co	E-7019	Feb. 4, 1965	Supension of rate increase to city of Colton. Reduction made to company's standard rate.
Wisconsin Michigan Power Co	E-7026	June 9, 1964	Suspension of rate increase to 9 wholesale customers of $233,000. Increase reduced by about $50,000 and refund of $450,000 ordered.
Southwestern Public Service Co.	E-7038	Mar. 2, 1965	Suspension of rate reduction to cooperatives an investigation of all wholesale rates. Reducation to coops authorized and reduction of $552,000 to other wholesale customers ordered.
Potomac Edision Co	E-7104	July 31, 1964	Investigation of company's wholesale rates on Commission's own motion. Case settled by reduction to wholesale customers of $151,000 (5 percent).
Delaware Power & Light Co., Eastern Shore Public Service Co. of Maryland, and Eastern Shore Public Service Co. of Virginia.	E-7114 E-7117 E-7137 E-7175	May 13, 1964 Apr. 21, 1966	Complaints by St. Michaels municipal and Stockton Light & Power Co. that company was overcharging by refusing to bill on new lower tariff rate. Also, charge of discrimination in favor of REA cooperatives. Investigation, on Commission's own motion, of all wholesale rates. Overcharge issue determined in favor of customers by Commission opinion of May 13, 1964. Opinion of Apr. 21, 1966, found no undue discrimination and found further that no narrowing of the gap between rates to municipals and rates to REA cooperatives was warranted at this time.
Utah Power & Light Co	E-7127	Feb. 3, 1965	Suspension of proposed increase in rates and investigation of all wholesale rates. Case terminated when rates determined to not result in excessive return.
Northern States Power Co. (Minnesota).	E-7140	Sept. 20, 1965	Commission ordered an investigation of company's wholesale rates on Commission's own motion. Commission accepted settlement reduction of $254,468.
Narragansett Electric Co	E-7153	July 6, 1964	Suspension of $410,000 increase in transmission charges to New England Power Co. Increase of $94,000 authorized.
Kentucky Power Co	E-7184	Oct. 19, 1965	Vanceburg Electric Light, Heat & Power System of Vanceburg, Ky., filed a formal complaint on rate charged by company. Commission accepted settlement reduction of $19,000. Complaint withdrawn.
Otter Tail Power Co	E-7262	Apr. 21, 1966	Commission suspended notice of cancellation of agreement for transmission service to Minnesota Valley Cooperative. Case was terminated with Commission acceptance for filing of supplemental rate schedule under which company will continue to provide wheeling service until other facilities are completed.
Cleveland Electric Illuminating Co.	E-7233	Aug. 2, 1966	Petition by Shopping Centers Association of Northern Ohio for a Commission order requiring company to account for and refund to the petitioners all moneys collected in excess of the legally effective rates and charges as determined by the Commission. Case was terminated after petitioners disposed of their electrical facilities and rendered moot the issues presented in petition.
Illinois Power Co	E-7245	Dec. 1 .1966	Commission ordered an investigation of company's wholesale rates on Commission's own motion. Commission accepted settlement reduction of $43,360.
Carolina Power & Light Co	E-7256	Dec. 16, 1966	Complaint by city of Fayetteville, N.C., alleging that company's rates were excessive, unjust, and unreasonable. Commission accepted settlement reduction of $238,175. Complaint withdrawn. As part of the settlement agreement, company subsequently filed a reduction of $362,897 to its other wholesale customers.

B. RESTRICTIVE PROVISIONS

Georgia Power Co	E-7099 E-7193	Feb. 8, 1965 Mar. 30, 1965	Company ordered to show cause why dual rates and restrictive provisions in rates to cooperatives and municipals are not unjust and unreasonable. Settlement with cooperatives accepted Feb. 8, 1965, withdrawing dual rate and modifying restrictive clause. Order of Mar. 30, 1966 eliminates dual rate and restrictive provisions in municipal schedules.
Public Service Co of Oklahoma	E-7179 E-7196	Feb. 19, 1965	Suspension of proposed rate schedule to New Cordell, Okla., and investigation of rate schedule to Duncan and Altus, Okla., on ground that they may contain unduly restrictive termination clause. Case terminated when Commission found that company not seeking unfair advantage.

TABLE 3.—FORMAL ELECTRIC CASES DECIDED BY THE COMMISSION BETWEEN JAN. 1, 1964, AND JULY 1, 1967—Continued

C. INTERCONNECTIONS

Name of company	Docket No.	Date of decision	Summary
New England Power Co	E-7021	Feb. 27, 1964	Complaint by town of Shrewsbury seeking service by New England Power at lower rate rather than by Massachusetts Electric, a subsidiary. New England Power ordered to serve on its W-3 rate at annual reduction of $42,600.
Gulf States Utilities Co	E-7047	Jan. 29, 1954	Complaint by city of Liberty, Tex., that company refuses to sell it power on same terms as to others. Case terminated when company agreed to supply the power requirements of the city.
Central Vermont Public Service Corp. and Vermont Electric Power Co., Inc.	E-7205	Jan. 20, 1966	Complaint by Vermont Electric Cooperative, Inc., that companies refused to provide additional point of interconnection. Commission allowed withdrawal of complaint upon filing of schedule for new interconnection.
Florida Power & Light Co	E-7243	July 6, 1966	Complaint by city of Clewiston, Fla., seeking direct interconnection with company in lieu of higher cost indirect service via electric cooperative and industrial corporation. A multiparty settlement agreement was reached, and city withdrew its complaint. The cooperative reduced its rates to the city by $144,000.
Pacific Gas & Electric Co	E-7248	Mar. 27, 1967	Complaint by Truckee Public Utility District requesting Commission to direct Pacific Gas & Electric Co. to transmit and deliver to complainant, power and energy purchased from U.S. Bureau of Reclamation. Case terminated when Sierra Pacific Co., who had previously furnished all energy requirements to Truckee, agreed to a rate reduction approximating 20 percent. Complaint withdrawn.
Illinois Power Co., Central Illinois Public Service Co., Union Electric Co., and Central Illinois Light Co.	E-7250	Feb. 9, 1967	Complaint by city of Springfield, Ill., requesting that the Commission alternatively direct members of the Illinois-Missouri Pool, or Illinois Power Co. or Central Illinois Light Co. to establish connection of their transmission facilities and to sell or exchange energy with the city. Case terminated when Central Illinois Light Co. agreed to interconnect with the city.

D. PROPOSED MERGERS AND ACQUISITIONS

Name of company	Docket No.	Date of decision	Summary
Southern California Edison Co. and Desert Electric Cooperative.	E-7165	Apr. 5, 1965	Application of Edison to acquire electric facilities of the cooperative. Commission found that the acquisition would be in the public interest.
Western Power & Gas Co., Inc., and Western Light & Telephone Co., Inc.	E-7187	June 1, 1965	Application of companies to merge with the surviving company to be known as Western Power & Gas Co. with facilities in Kansas and Colorado. Commission approval conditioned on company's planning to interconnect the 2 systems.
Duke Power Co	E-7266	Aug. 9, 1966	Application by Duke Power Co. for a declaratory order that it did not need Commission approval of its acquisition of the distribution facilities of Clemson University. Commission ruled that the act requires FPC approval regarding acquisition of any electric facilities by jurisdictional utilities.

D. PROPOSED MERGERS AND ACQUISITIONS—Continued

Name of company	Docket No.	Date of decision	Summary
Commonwealth Edison Co. and Central Illinois Electric & Gas Co.	E-7275	Dec. 2, 1966	Joint application by Commonwealth Edison Co. and Central Illinois Electric & Gas Co. for Commission order authorizing a merger of the 2 companies. The Commission approved the merger but retained jurisdiction over the question of Commonwealth's continued operation of Central's noncontiguous divisions and its gas distribution facilities.

E. JURISDICTION

Name of company	Docket No.	Date of decision	Summary
Carolina Power & Light Co	E-7078	May 11, 1964	Company ordered to show cause why certain wholesale sales not subject to FPC jurisdidtion. Case terminated after company submitted all wholesale rate filings.
Indiana & Michigan Electric Co.	E-7089	Apr. 14, 1965	Company operating in Indiana and Michigan was ordered to show cause why wholesale sales to 16 municipals and 8 cooperative customers were not subject to Commission jurisdiction. Commission order found all wholesale sales to be jurisdictional.
Arkansas Power & Light Co	E-7090	Sept. 7, 1965	Company ordered to show cause why 23 wholesale sales were not subject to FPC jurisdiction. Order of Sept. 7, 1965, found jurisdiction over all wholesale sales.
Cincinnati Gas & Electric Co Union Light, Heat & Power Co	E-7125 E-7203	Jan. 27, 1965 Jan. 19, 1966	Commission ordered investigation of company's rate and directed company to show cause why rate schedules were not on file. Rate settlement accepted by Commission for reduction of $670,000 to Union Light, Heat & Power Co., an affiliate; and $80,560 to 5 municipals and another affiliate, West Harrison Gas & Electric Co., contingent upon a finding of jurisdiction over these sales. Order of Jan. 19, 1966 found jurisdiction over all wholesale sales.
Public Service Co. of Indiana, Inc.	E-7163	Dec. 22, 1965	Commission ordered an investigation and hearing to determine jurisdictional status of company's wholesale sales. Order of Dec. 22, 1965 found jurisdiction over all wholesale sales.
Dairyland Power Cooperative, Minnkota Power Cooperative, Inc., and South Central Rural Electric Cooperative, Inc.	E-7113	Jan. 5, 1967	The Commission issued an order directing respondents to show cause why they should not be required to comply with Commission reporting, accounting, and rate schedule filing requirements. The Commission held that cooperatives are not public utilities within the meaning of the Federal Power Act.
Florida Power & Light Co	E-7210	Mar. 20, 1967	The Commission initiated an investigation of the Florida Power & Light Co. to determine whether the company is a public utility subject to regulation under the Federal Power Act. The Commission held that the company was a public utility within the meaning of the act and ordered it to file original cost statements

[Table 4]

RECENT INFORMAL COMMISSION ACTIONS RESULTING IN SAVINGS TO CONSUMERS

ARKANSAS POWER & LIGHT CO.

Reduction of $59,452 (0.83%); effective date, 9/13/65: Reductions prompted, in part, by conferences between the Company and the staff on improper fuel clauses.

CAMBRIDGE ELECTRIC LIGHT CO.

Reduction of $49,730 (5.8%): effective date, 4/1/66: In accepting a change in the rate schedule for service to the Town of Belmont, the Commission noted that the rates charged might be unduly high and so advised the company by letter dated March 25, 1965. The staff, at the Commission's request, initiated an investigation of the rates to the town and the reduction was submitted during the course of the investigation.

COMMONWEALTH EDISON CO.

Reduction of $193,500 (6.9%): effective date, 6/1/64: Reductions to five municipal customers under FPC Electric Tariff as a result of Commission letter dated March 19, 1964 requesting the Company to pass on Federal income tax reductions. (Illinois).

THE EMPIRE DISTRICT ELECTRIC CO.

Reduction of $1,798 (4.1%): effective date, 4/1/65: Commission inquiries resulted in the company revising rates to the City of Chetopa, Kansas to conform with the rates offered to two other municipalities.

FLORIDA POWER CORP.

(1) Reduction of $509,492 (10.24%): effective Date, 11/1/65: A staff cost-of-service study indicated excess revenues from sales to 12 municipalities. The reductions resulted from a conference with company representatives concerning elimination of the excess revenues, revision of the fuel adjustment clause and elimination of the tax and commodity clauses.

(2) Reduction of $1,890 (4.2%); Effective Date, 11/20/65: Reduction to Southeastern Power Administration resulted from elimination of the commodity adjustment clause and revision of the fuel adjustment clause after negotiations with company representatives.

INTERSTATE POWER CO.

Reduction of $32,603 (6.22%); Effective Date, 1/1/66: Reductions to 14 municipalities are the result of an informal cost-of-service study conducted by the staff and subsequent conferences with representatives of the company to eliminate excess revenues. (Iowa, Minnesota, Illinois and South Dakota).

IOWA ELECTRIC LIGHT & POWER CO.

Reduction of $16,446: Reductions to 14 customers resulted when the company converted its filed rate schedules to a tariff at the staff's recommendations. The Company eliminated the fuel clause from its rates after having been advised by the staff that the fuel clause did not conform to the Commission's Regulations.

IOWA PUBLIC SERVICE CO.

Reduction of $5,929 (0.9%); Effective Date, 1/28/65: In response to the Commission's letter dated 12/2/64 inquiring as to the company's plans for passing on the Federal income tax reduction, the company submitted reductions to 15 municipal customers, two rural cooperatives and one utility.

IOWA SOUTHERN UTILITIES CO.

Reduction of $6,866: Reductions to five customers resulted when the company converted its filed rate schedules to a tariff at the staff's recommendations. Conferences were held between the staff and company representatives to discuss the form and content of the tariff. The tariff contained more uniform rates than had previously been applied.

KENTUCKY UTILITIES CO.

Reduction of $259,977 (6.21%); Effective Date, 9/1/65: Reductions to 12 wholesale customers are the result of the staff's informal office investigation which indicated excess revenues and subsequent discussions with the company.

LAKE SUPERIOR DISTRICT POWER CO.

(1) Reduction of $2,938 (0.38%): Reductions to five wholesale customers resulted from a Commission letter dated December 4, 1964 requesting the company to revise its fuel clause to reflect current operating conditions. (Wisconsin).

(2) Reduction of $6,420: Reductions to two customers resulted after completion of a staff study of the company's operations and costs. Several conferences were held with company representatives concerning uniform application of rate schedules and the possibility of excess revenues. (Wisconsin).

MINNESOTA POWER & LIGHT CO.

Reduction of $18,049 (0.77%); Effective Date, 8/30/64: As a result of the staff's request, the company submitted a revision which updated the fuel clause resulting in reductions to 12 cooperative customers.

MONONGAHELA POWER CO.

(1) Reduction of $51,248 (2.25%); Effective Date, 4/25/65: Reductions to seven customers are a result of the Commission's letter dated December 15, 1964 requesting the company to pass on Federal income tax reductions.

(2) Reduction of $55,746 (16.5%); Effective Date, 5/1/66: The company reduced its rates to retail customers in West Virginia effective January 1, 1966. Reductions to two municipalities and one cooperative were prompted by a Commission letter dated February 1, 1966 inquiring as to the company's plans to effect reductions to its resale customers.

NEW ENGLAND POWER CO.

(1) Reduction of $162,580; Effective Date, 1/1/65: Reductions to the Towns of Hingham and Hull, Massachusetts and Massachusetts Electric Company are the result of an informal complaint submitted by the towns and subsequent conferences between the staff and New England Electric System representatives.

(2) Reduction of $2,340 (0.4%); Effective Date, 1/1/65: The Town of North Attleboro, Massachusetts filed an informal complaint with the Commission concerning disputes over billing discounts between the town and the New England Electric System. A field investigation by the staff and conferences with the parties resulted in the reduction to the town.

(3) Reduction of $4,070 (3.9%); Effective Date, 6/1/65: Reduction to the Town of Paxton, Massachusetts is the result of continuing cost-of-service study and several conferences.

(4) Reduction of $879,409 (10.9%); Effective Date, 9/1/65: Reductions to 25 customers are the result of a staff cost-of-service study of the company's wholesale sales which indicated excess revenues and negotiations with officials of the New England Electric System. (Massachusetts).

OHIO EDISON CO.

Reduction of $456,118 (9.1%); Effective Date, 10/1/65: Reductions to 18 municipal customers resulted from a cost-of-service study, submitted by the company and reviewed and adjusted by the staff, and discussed at various meetings involving all parties.

OTTER TAIL POWER CO.

(1) Reduction of $14,821 (14.71%); Effective Date, 8/20/65: Reduction to the Village of Bagley, Minnesota is the result of a staff cost-of-service study which indicated excess revenues to the company from sales to the village.

(2) Reduction of $11,250 (34.2%); Effective Date, 2/1/66: Reduction to Cass County Electric Cooperative, Inc. is the result of a settlement of an informal complaint through negotiations among the staff, company and the cooperative.

PENNSYLVANIA POWER & LIGHT CO.

Reduction of $136,901 (7.0%): Reductions to 13 municipalities and one private company are the result of various conferences between the staff and company representatives concerning rate uniformity and a staff cost-of-service study which indicated excess revenues.

PENNSYLVANIA POWER CO.

Reduction of $44,031 (9.1%): A cost-of-service study prepared by the company and reviewed and adjusted by the staff indicated that the company was receiving excess revenues. Rate reductions to four municipalities followed several meetings between the staff and company representatives at which the study was discussed.

PUBLIC SERVICE CO. OF INDIANA, INC.

Reduction of $3,466; Effective Date, 1/16/67: Reductions to 67 wholesale customers were prompted by a Commission letter and staff inquiries at a conference with company representatives concerning improper fuel clauses.

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

Reduction of $71,230 (1.79%); Effective Date, 10/1/65: Reductions prompted by Commission letter dated March 20, 1964 requesting the company to advise as to how they proposed to reflect reductions in Federal income taxes.

PUBLIC SERVICE CO. OF OKLAHOMA

The following reductions were prompted by a Commission letter dated April 12, 1965 requesting the company to update the fuel clause and other provisions which did not reflect current operating situations.

SIERRA PACIFIC POWER CO.

Reduction of $102,627 (19.38%); Effective Date, 2/1/67: Reductions to three customers resulted after several conferences were held to work out a settlement of a complaint filed by Truckee Public Utility District against Pacific Gas and Electric Company. (California).

SOUTH CAROLINA ELECTRIC & GAS CO.

Reduction of $3,775 (2.94%); Effective Date, 4/1/64: Reduction to Town of Winnsboro, South Carolina is a result of the elimination of a dual rate after negotiations among the staff, company and Winnsboro.

VIRGINIA ELECTRIC & POWER CO.

(1) Reduction of $254,243 (4.75%): Cost-of-service studies by the staff indicated excess revenues. Conferences with company representatives resulted in the reduction to 19 municipalities and one private utility. (Virginia).

(2) Reduction of $8,522 (4.35%); Effective Date, 6/16/65: Reduction to Town of Manassas, Virginia, is a result of various conferences with company representatives based on the staff's cost-of-service study which indicated excess revenues.

(3) Reduction of $188,753 (3.8%): Reductions to 19 customers are the result of various conferences with company representatives following an earlier reduction obtained by the staff's efforts. The staff's office cost-of-service study indicated that the prior reduction was not sufficient to entirely eliminate the excess revenues being collected. (North Carolina, Virginia).

WESTERN POWER & GAS CO., INC.

Reduction of $44,450; Effective Dates, 4/1/65 and 5/30/66: Reduction of $3,953 is a result of the staff's effort to have the same fuel clause applied to the company's municipal customers as was applied to its cooperative customers. Further rate reduction of $40,497 is a result of a staff cost-of-service study which showed excess revenues from these customers.

WISCONSIN ELECTRIC POWER CO.

Reduction of $63,137 (3.86%); Effective Date, 4/1/65: Reduction to 10 Wisconsin municipalities was prompted partially by a Commission letter dated March 5, 1964, inquiring as to how the company proposed to reflect the FIT reduction in their wholesale rates.

WISCONSIN POWER & LIGHT CO.

Reduction of $222,675; Effective Dates, 7/1/66 and 10/1/66: A staff cost-of-service study indicated that the company was collecting excess revenues from its wholesale customers. Reductions resulted from the staff's study and a number of discussions between the staff and company representatives concerning the results of the study and the proper rate levels.

Mr. KENNEDY of Massachusetts. Mr. President, while the FPC deals only with wholesale rates, the Commission's actions in this area have had a significant impact on all electric rates. Perhaps the most convincing evidence of this fact has been the vigorous efforts of private power companies to escape FPC jurisdiction. Legislation is pending now before the Senate which would exempt certain private power companies and open a loophole for others to also slip out from under FPC scrutiny. I have testified in opposition to this legislation.

In the past, the committee has rejected similar legislation. I hope that it will continue to do so. The beneficiaries of opposition to the bill will be the consumers of America.

I ask unanimous consent that the Wall Street Journal article be printed in the RECORD.

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

RATE WRANGLE: FIGHT BETWEEN UTILITIES AND CRITICS OVER COST OF ELECTRICITY HEATS UP—CONSUMER ORGANIZATIONS CALL RATES OF RETURN TOO HIGH—ACCOUNTING IS QUESTIONED—FIRMS CITE COST PRESSURES

(By Elliot Carlson)

Electricity prices keep going down, down, down—and some buyers of power keep getting madder and madder.

The utilities can't understand why. The Edison Electric Institute says the average price per kilowatt hour of electricity supplied to residential customers was 2.16 cents in 1967. That compares with 2.37 cents five years before and 3.22 cents just after World War II.

What's more, says the institute, this decline has occurred while the overall cost of living has been increasing inexorably, to say nothing of the labor and materials costs of the utilities themselves.

But this cuts no ice with critics. They claim that the utilities still are reaping profits that exceed the returns on investments in plant and equipment approved by regulatory bodies, and they insist that the companies trim charges to customers further.

In a number of states, consumers are banding together to press for lower rates. The Federal Power Commission, which has no direct authority over retail electricity rates but keeps close track of utility operations and rates of return, is getting more complaints. So are the state regulatory agencies that control rates. All the fuss has prompted lawmakers and regulators at both levels to take a more critical look at rates.

A "SHOCKED" CUSTOMER

Much of the protest is coming from the grass-roots level. Consider Mrs. Elizabeth Keefer, a 28-year-old housewife from Leesburg, Va. She and her family moved to the Fairfax County community early last year. After living in their new all-electric house for 59 days, the Keefers got a $111 bill from Virginia Electric & Power Co. "We were shocked," she says "I decided something ought to be done about these outrageous rates."

So she joined The Committee of One Thousand, a recently formed consumer group that hopes to raise a modest $5,000 to finance a study of Virginia Electric's rates. The committee is nearly halfway to its goal.

The Church of the Ascension in Claymont, Del., is one of a number of churches that recently have complained of high rates to the FPC. The Episcopal church's bill nearly tripled after a wing was added; Philip F. Crossland, senior warden, says: "Our actual use of electricity increased much less than that." A few weeks ago the FPC agreed to study the rates charged churches and publish its findings for possible use by state regulatory agencies.

In Philadelphia, a new citizens group called Consumer Education and Protective Association is circulating petitions to residents and businessmen asking refund of an alleged $10.5 million overcharge by Philadelphia Electric Co. in 1965. In Box Elder, S.D., the Douglas Independent School District thinks the rates charged by Black Hills Power & Light Co. are too high; the district wants to link up with public power sources in the area. Robert S. Spelts, superintendent, thinks the district could save $25,000 a year by buying power this way.

HOW RATES ARE SET

Utility charges to customers are set in accordance with an overall rate of return allowed the company by regulators. This return is a percentage arrived at by dividing the utility's rate base (the value of its plant, equipment and other assets) into its net operating income.

The bigger a company's rate base and the smaller its operating net, the lower its rate of return will appear—and the more justification it will have for maintaining current charges, minimizing reductions or, in a few cases, actually boosting its charges to customers.

When a company does seek a rate increase, a full-scale hearing and investigation by state regulators is almost automatic. Even when retail rates stay level or decrease, state regulators are generally supposed to keep a constant surveillance on a utility to make sure it isn't drifting too far above its approved rate of return.

In practice, say critics, these agencies either don't perform their watchdog role adequately or tolerate accounting methods that make a utility's rate of return look lower than it really is. As a consequence, consumers pay more than they should, it's argued.

AREA OF DISAGREEMENT

The norm for rate of return observed by most state regulatory bodies is 6%. Sen. Lee Metcalf (D., Mont.), long a gadfly to the investor-owned utilities, also advocates 6% as a fair standard in Overcharge, a controversial book about utility rate practices he wrote with Victor Reinemer, an aide. It was published last year.

There is a great deal of disagreement, however, over what items a utility should be allowed to include or omit in calculating its rate base and net operating income. For example, in a number of cases companies have drawn heavy fire for reducing operating net by deducting charitable and other contributions that critics maintain aren't valid business expenses; presumably, consumers must underwrite these contributions in higher payments for electricity.

In testimony before New York State regulators last year, Arnold H. Hirsch, an attorney and a consultant on utilities operations, claimed that Consolidated Edison Co. had "improperly" charged to its customers "hundreds of thousands of dollars" in contributions to 164 organizations from July 1965 to June 1966. Con Ed replied that the payments, many of them made to chambers of commerce and various civic groups, were a necessary part of doing business in New York and therefore were properly a part of operating expenses.

Sen. Metcalf and other critics make the same charge against Virginia Electric that Mr. Hirsch does against Con Ed. J. Justin Moore, senior vice president of the utility, replies that a "utility has got to be a good citizen to the community it serves."

Failure to display such an attitude, he avers, might lay the utility open to "community hostility and the possibility of discriminatory taxes, and the consumer would be the first to suffer." Besides, says Virginia Electric, the donations are miniscule compared with the company's earnings; last year, says the utility, they amounted to only one-fourth of one percent of its net income before taxes.

State regulatory bodies are split in their handling of such write-offs. Roughly half of all state commissions, including Virginia's, consider donations to charities and civic groups as part of a utility's operating expenses. The rest do not.

There's even less agreement on how rate bases should be computed. Some states permit utilities to use the "fair value" method of giving a value to their plant and equipment—a value between what the assets cost when acquired or built and what it would cost to replace them today. Others will allow only original cost less depreciation. Still other states use different guidelines.

OVERCHARGE ALLEGED

There are additional complications. For example, Virginia regulators adhere to the "depreciated original cost" method, which is also followed by the FPC and is considered the most realistic by such critics of the utilities as Sen. Metcalf. But the state also allows Virginia Electric to include in its rate base the value of construction work in progress, an allowance not made by the FPC.

This practice swells the utility's rate base unreasonably, say critics. The Committee of One Thousand charges that Virginia Electric is overcharging its customers $9 million a year as a result—basing that figure on the difference between the "ideal" 6% rate of return and the "actual" rate of more than 7% as calculated with the FPC's method.

By its own accounting, Virginia Electric's 1967 rate of return (the FPC doesn't have its own version prepared yet) is only 6.09%. It would have been higher, says Mr. Moore, the executive vice president, if costs hadn't risen more than expected during the year. Because of rising costs of labor, fuel and interest on borrowings, many utilities maintain that they have to project rates of return somewhat above 6%, under systems of accounting allowable in their states, if they hope to wind up the year at that level.

For this and other reasons, utilities strongly resist being tied to a 6% rate of return when planning ahead. "How long can any utility go on fighting inflation before its rate of return sinks so low that investors will be too discouraged to buy its stock?" asks Mr. Moore. He and other utilities executives also feel that a fair actual rate of return would be 7% to 7½%.

Mr. Metcalf and other critics insist that the utilities are shedding crocodile tears. In his book, the Montana Senator claims the nation's electric utilities overcharged their customers $618 million in 1965—a figure based on the difference between the "ideal" 6% and the "actual" median of 7.39% for the 192 companies that reported to the FPC that year. Sen. Metcalf's claim is, of course, based on the conviction that the FPC's way of accounting is the right way, a conviction disputed by utilities executives and by many state regulators as well.

"BULGING" RATE BASES?

Sen. Metcalf, however, remains convinced that as a consequence of lax regulation by some state commissions, "rate bases tend to bulge with overpriced or unused equipment," causing the consumer to pay higher rates than he should. The Senator is also critical of utilities' alleged foot-dragging in providing rate-base information to Federal and state regulators.

Early last month he introduced a bill that would compel the companies to act faster. "It often takes months to find out how a utility has computed its rate base," says Mr. Reinemer, Sen. Metcalf's aide, "and consumers can lose millions of dollars while a case is being decided. Utilities often complain that they operate in a fishbowl. We want to make sure they do."

Some state legislators also are zeroing in on the utilities. In Massachusetts, for example, a strongly worded proposal is now before the leigslature; among other things, it would provide a "public counsel" to represent consumer interests before the state's Department of Public Utilities.

The protests of power users have paid off in some cases. Last fall, the Maryland Public Service Commission reduced by $1.3 million annually the electric rates of Baltimore Gas & Electric Co. The action was taken after the People's Counsel, a recently formed state agency that represents consumer interests, attacked the utility's rates as "excessive, unjust and unreasonable."

New York City is hoping its own protests can forestall a rate increase by Con Ed. In hearings last year, the city strongly opposed tentative approval for a $32 million increase granted by the New York State Public Service Commission. The commission is expected to hand down a final decision shortly.

NATIONAL BOTTLE CRISIS

Mr. FANNIN. Mr. President, it has come to my attention that we are faced with still another crisis in the Nation. May I quote from an item moving on the United Press International news wire this afternoon?

President Johnson may soon be forced to invoke the Taft-Hartley Act to avoid a national consumer crisis—canned liquor.

The report goes on to say that one of the Nation's famous whisky makers announced that it was running out of bottles and if the 6-week strike of the Glass Bottle Blowers Union does not come to an end soon they will be forced to shut down. He said:

It raises the prospect of either liquor in cans . . . or no liquor at all. Either way it's a crisis.

Now it seems strange to me, Mr. President, that we have here a situation where the Nation's liquor supply is threatened and here is a report the White House is considering jumping in after only 6 weeks. On the other hand we have a copper strike that will complete its eighth month tomorrow, it threatens the balance of payments, it imperils the defense effort and because of it people are starving and undergoing economic disaster and still the President does not see it as a national emergency.

The situation is almost ludicrous, Mr. President, and were it not that people's very lives and well-being were at stake. I would be tempted to make a joke. It is difficult to believe that the President is even considering taking such a drastic step as invoking the Taft-Hartley emergency powers in a possible bottle shortage when he has not demonstrated the same concern in the copper strike, where we have starving children, ruined families, and businesses, and letting a Nation run low on a critical war supply like copper in the midst of national conflict.

Mr. President, I ask unanimous consent that the UPI report to which I have referred, be printed in the RECORD at this point.

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

WASHINGTON.—President Johnson may soon be forced to invoke the Taft-Hartley Act to avoid a national consumer crisis—canned liquor.

Chances of presidential intervention increased today following industry rejection of a more than 7 percent-a-year wage demand to end the six-week strike by the Nation's glass bottle blowers.

The rejection came as one of the Nation's famous whisky makers—Jim Beam Distilling Co.—announced it was running out of bottles and may be forced to shut down if the strike does not end in the next few days.

The statement by a Jim Beam official added that "every liquor company is in the same boat."

One source close to the negotiations between the Glass Bottle Blowers Association and the container manufacturers jokingly speculated that the situation raised the prospect of either liquor in cans or, worse, no liquor at all.

"Either way it's a crisis," he said.

SOLID WASTE DISPOSAL

Mr. KENNEDY of Massachusetts. Mr. President, a series of articles published in the Lynn, Mass., Daily Evening Item, on the long-range solution to the solid waste disposal problems north of Boston, was last awarded the third annual journalism award presented by the National Society of Professional Engineers for the most significant writing on engineering in a daily or weekly newspaper in 1967.

The $1,000 award and bronze medal will be presented to Item Reporter Dwight Buell this spring at a convocation at Boston University. The 35-year-old Harvard University graduate wrote about the role of eastern Massachusetts engineers in finding solutions to the mounting refuse problem that has often been referred to as the "third pollution."

The winning series, started last November after North Shore residents picketed a dump in Saugus, Mass., emphasized that—

The solution to solid wastes disposal problems will require an unprecedented degree of cooperation between engineers and public administrators, supported by a committed citizenry that understands the technical problems involved.

Mr. Buell went on to say:

The United States has been called a nation standing knee-deep in refuse, hurling rockets to the moon. But growing concern over the solid waste disposal problem is replacing apathy, as evidenced by open discussion, controversy, research and experimentation with new techniques.

In one of Mr. Buell's articles, in which he discusses a regional incinerator for the towns of Wakefield, Stoneham, and Reading, he referred to the chairman of the regional planning commission as "part of a large mobile population of engineers living in an attractive residential town who derive satisfaction from taking part in public affairs and whose professional talents have found ready acceptance in both elective and appointive offices."

Mr. Buell grew up in Richmond, in western Massachusetts, and has been on the staff of the Lynn Evening Item for 11 years.

The National Society's Journalism Award winner was chosen by a panel of judges consisting of Ernest P. Mickel, Washington affairs editor, McGraw-Hill Publications; Stephen R. Woodzell, president, Potomac Electric Power Co.; Donald E. Marlowe, P.E., dean of the School of Engineering and Architecture, the Catholic University; and Joseph L. Gillman, P.E., noted consulting engineer and panel chairman.

The 1967 award competition brought some 100 entries from newspapers throughout the country on subjects ranging from coverage of space activities to pollution and mass transportation to careers in engineering and activities of engineers in industry.

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

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

REGIONAL PLANS NEEDED FOR FUTURE—SOLID WASTE DISPOSAL—I

(By Dwight Buell)

How would you like more than 500,000 people and 1,000 companies to dump a quarter of a million tons of refuse in your backyard each year? The residents of East Saugus didn't, and last summer, led by Acting Town Manager Stanley W. Day, a retired General Electric Co. electrical engineer, they rebelled.

The Saugus inhabitants picketed the 300-acre DeMatteo dump, protesting mounting piles of rubbish, odors, rodents, smoke, poisonous gases and water-polluting bacteria they said emanated from the area. The Saugus Board of Health closed the seven-year-old dump on the grounds it was a health-menace. But chaos resulted when many of the 14 metropolitan Boston cities and towns using the facility were left without alternative sites. As a result, the state intervened and kept it open on an emergency basis.

But sooner or later the DeMatteo dump will be closed or filled to capacity. What will happen then? In 1965, metropolitan Boston produced nearly three million tons of refuse of all kinds, including 80,000 junked automobiles. By 1990 the annual tonnage will have doubled. Statewide the problem will be comparable. Will the waste matter be dumped in somebody else's backyard? Or will a concerted, long-range effort be made to plan a sanitary, nuisance-free system of solid waste disposal that will make picket lines and "baby carriage brigades" obsolete?

Although the average person doesn't worry about where the more than 1,000 pounds of rubbish and garbage he generates a year ends up, sanitary engineers call the solid waste problem the "third pollution problem." They consider it as serious as water and air pollution. It is worsening with the use of throw-away containers.

The federal government two years ago indicated it was ready to accept its share of the national challenge with the passage of the Solid Waste Disposal Act. Wesley E. Gilbertson, first chief of the Office of Solid Wastes in the U.S. Public Health Service, says, "The very technological ingenuity that helped create our society and made it possible to produce and use things at an astonishingly rapid rate must now face the task of figuring out how to dispose of the fruits of our labor without endangering human health and well-being or drastically marring scenic beauty."

The solution will require an unprecedented degree of cooperation between engineers and public administrators, supported by a committed citizenry that understands the technical problems involved. Probably no one on the North Shore has broader experience in both the engineering and administrative fields than Ipswich Town Manager John O. Stinson, who until last May was town manager in Saugus.

From 1957 to 1962 Stinson was a civil engineer, building flood control, waterworks, highway, airport and incinerator projects. Then he was fired with the ambition to "build an organization." Some people believe engineers, who deal primarily with bricks and mortar, don't make good managers, who above all must know how to deal with people. But in his first governmental post Stinson served more than five years, longer than any other manager in the turbulent history of Plan E government in Saugus.

Stinson believes the solid waste disposal problem must be solved on a planned regional basis. He says, "We have relied too long on crude, makeshift solutions, which the DeMatteo dump crisis shows are no longer acceptable. As the volume of wastes is increasing, vacant land space for disposal services is rapidly decreasing. There are new and increasing demands for land for recreation and open space, housing, industry and industrial parks, shopping centers and transportation."

Stinson adds, that, although the cheapest method, open dumping is "an unsanitary and outmoded process, some Massachusetts communities spend only 10 cents per capita a year using this method. But the consideration of cost does not include the cost to the local fire department for putting out fires, the cost of the water used by the dump personnel for the same purpose and the cost of damage to tires, axles and springs of collection vehicles and fire trucks. Nor does it include the depreciation of real estate in the vicinity of the dump or the value of the comfort and convenience of that part of the population affected by the objectionable conditions created."

Stinson considers sanitary landfills, dumps in which the refuse is packed down thorough-

ly and covered promptly with layers of earth to exclude rats and vermin and prevent the escape of odors and the outbreak of fires, the most economical and effective solution. "It costs between $3 and $3.50 a ton to dump refuse in a sanitary landfill, compared to $7 to $10 a ton in an incinerator," he declares. But due to lack of space Stinson believes incineration—the process of reducing combustible waste to inert residue by high temperature burning—the answer for densely-populated urban, centers. Sanitary landfill operations should be employed in the lesser-developed outlying suburban areas, he says.

This is the basic concept of a bill under serious consideration in the state legislature after months of legislative indifference to the problem. Although Stinson favors regional systems operated by the communities themselves, the proposed bill calls for the state to supervise the program.

Says the 38-year-old Ipswich manager, "Larger tonnage handled at a regional disposal facility should result in cheaper costs to communities that could not afford modern methods on their own. Savings in manpower and equipment should result from larger operations because they eliminate duplication of efforts, and centralized management should allow economies through central purchasing and planning and the ability to cooperate with related agencies."

Even though incineration and landfill may be the two most practical methods of waste disposal today, a slew of new ideas and methods are either in the research or early-use stage. One is train-haul to take refuse out of the metropolitan center to where more land is available, but Stinson believes it will be difficult in Massachusetts for cities to persuade their country cousins to go along with the idea.

Incineration at sea is under study at Harvard University. Completed sanitary landfills have been developed as golf courses, recreation areas and parking lots with some success.

New high-heat disposal incinerators may be able to produce residues satisfactory for road fill. Another method known as composting turns the refuse into a soil conditioner resembling peat moss, but Stinson doubts whether there is an adequate market in this area to make the operation feasible.

Some areas are even experimenting with a method of combining incineration with the production of steam, electric power and desalinization of sea water.

"No one has all the answers," says Stinson, "and no solution will be perfect."

WEYMOUTH INCINERATOR SETS EXAMPLE—SOLID WASTE DISPOSAL—II

(By Dwight Buell)

In 1925 a $149,000 municipal incinerator was built off the Lynnway and hailed as the solution to Lynn's disposal problem. It was never used.

Several hundred tons of refuse are burned daily at the Somerville incinerator. At the completion of the operation about 60 per cent of the original volume remains as residue which must be conveyed to the DeMatteo dump in Saugus. Newspapers which come out of the Somerville burning chamber can still be read.

A national magazine declares that new methods of solid waste disposal must be found because "incinerators are inefficient." And few Greater Lynn residents would want to live next to one because of the black smoke and fly ash particles which sometimes pollute the air.

No wonder many are skeptical about proposed regional programs that rely on incinerators to solve the mounting metropolitan Boston refuse problem and might consign the refuse of Lynn and Saugus to such a facility. But many engineers insist the whole story has not been told. They say incineration is still one of the most effective means of disposing of solid waste.

John C. Collins, chief engineer for the State Department of Public Health, declares, "Incinerators can be designed and operated properly." Marblehead residents apparently believe they have gotten their money's worth out of their 11-year-old, 80-ton unit on Beacon Street. But the 53,000 residents of Weymouth, the second largest town in Massachusetts, are even more delighted with their new $1,356,000 facility, which was built two years ago and has a daily capacity of 300 tons. It is cited by engineers as one of the finest incinerators in the state.

"We're tremendously pleased and surprised at the lack of complaints," says John E. McCaffrey, chairman of the Weymouth Board of Public Works, an elected body.

It really doesn't matter whether his public works director, Arthur J. Bilodeau, or Francis A. Obert, the project manager for Metcalf & Eddy, Inc., of Boston, which designed the Weymouth plan, describes it. They're both well-qualified.

Bilodeau doesn't fit the old-fashioned concept of a public works superintendent as a laborer who worked his way up through the ranks with or without a high school diploma. He has a civil engineering degree from the University of Illinois, where he majored in sanitary engineering. Obert is a graduate of the Tufts University School of Engineering.

Before Weymouth built its incinerator, homeowners received two garbage collections a week and one rubbish pick-up every other week. At the time the town dump accepted only rubbish; garbage was sent to piggeries. Today, wrapped garbage is combined with rubbish in the same container and collected once a week in a single, more efficient operation.

"Mixing rubbish and garbage is the only way to justify the cost of an incinerator," says Bilodeau. He asserts that the cost to the homeowner is $9.31 a year for the weekly collection, in addition to $5.52 for its incineration, or a total of $14.83 a year for each of the town's 14,500 householders.

Unlike some other incinerators, the mouth of the Weymouth one is big enough to take large chairs and other pieces of furniture. But unburnable objects such as refrigerators and old stoves are disposed of differently. They are buried monthly in rubbish heaps. Nor is Weymouth—or any other incinerator in operation in this area today—able to accept the large number of junk cars disfiguring our landscape. But Metropolitan Area Planning Council officials say a recently constructed privately-operated shredding plant in Everett has sufficient capacity to grind up junk autos—as well as refrigerators, stoves and other appliances—for the metropolitan Boston area for the next 25 years.

Obert, now a vice president of Metcalf & Eddy, one of the leading engineering consulting firms in the country, was in charge of about 20 engineers and architects from the mechanical, electrical civil and structural departments of the gigantic firm who worked on the Weymouth incinerator. The firm has designed about 150 of them, and its latest, opened in Newton a few months ago, is reported to contain improvements on the Weymouth facility.

Obert says the problem of black smoke emerging from some incinerators is controlled by maintaining 1400-1800 degree temperatures which consume the smoke. "If the heat is too low, a crane operator inserts dry rubbish to increase the temperature; if it is too high, wet garbage is inserted to cool it down," he says. For a few minutes in the early morning when the fires are being heated, there is some smoke, but when the temperature rises all that comes out is a plume of steam.

The fly ash nuisance—caused by black and brown pieces of paper and leaves not completely burned—is curbed by a special $75,000 "scrubbing chamber" containing waterspraying baffles. "This is an obstacle course, a series of bricks on a dry wall with openings through which the gases pass. Water flows down the face of the bricks, intercepts the gases and washes the impurities out," Obert explains. A 185-foot chimney also helps to settle particles before they escape into open space.

Odors are controlled by spraying rubbish and garbage in storage pits with a disinfectant with a pleasant smell. There have been no costly breakdowns.

The Weymouth incinerator, designed to operate 25 years for a town with a potential population of 70,000, and a scarcity of land, is not located near any large housing development. But even if it was, noise would be no problem, according to Bilodeau.

The envy of other communities is Weymouth's low 18 per cent residue after the completion of the combustion process breakdown. Bilodeau explains, "If you have the proper time, stoke the furnaces well and keep the temperature hot between 1400 and 1800 degrees the incinerator will be effective. But an overworked, underdesigned furnace will have a much higher residue. A telephone book or Sears-Roebuck catalogue burns like wood. If the fires are not hot and the material is put through the machine at a faster rate than that for which it is designed, the pages will come out charred."

The incinerator residue is dumped in a low-lying area near the adjacent former town dump.

Obert sees nothing unusual about the Weymouth incinerator that can't be duplicated elsewhere. Some incinerators have a high residue rate through no fault of their own; it is due to the types of material they are forced to consume, he says. But the key to success of many incinerators is the personnel who run them.

Explains Obert: "A Cadillac is no good unless you change the grease and oil regularly. An excellent job is done in Weymouth by an eight-man crew under the direction of Frank Gallahue, superintendent of the sanitation division."

The handsome twin-furnace brick structure in Weymouth suggests that incineration can provide one reasonable solution to the current problem of solid waste disposal.

HAVERHILL SANITARY LANDFILL CLEAN—SOLID WASTE DISPOSAL—III

(By Dwight Buell)

Ask the average Greater Lynn resident whether he would mind living near a sanitary landfill and the chances are he would not know what you are talking about. Tell him it's "some kind of dump" and you'll raise his dander faster than a skunk at a lawn party. And no wonder.

For years a dump has connoted open and uncontrolled burning, heavy smoke, odors, lack of adequate supervision and equipment, rodent infestation and proximity to community water supply and recreational areas. These nuisances not only are common at open dumps, but reported at areas purported to be operated as sanitary landfills because of inadequate operations.

But chances are there will be at least one sanitary landfill on the North Shore under proposed legislation to create a state-wide system of solid waste disposal districts combining incineration and land fill operations.

State Department of Public Health sanitary engineer Thomas F. McLoughlin says a landfill simply consists of dumping refuse and packing it down thoroughly. Then it is covered daily with a layer of earth to exclude rats and vermin, prevent the escape of odors, and gases and stop the outbreak of fires by cutting off the supply of oxygen. McLoughlin is in charge of the northeastern district of the DPH Division of Sanitary Engineering which includes Greater Lynn.

Where 200 pounds of garbage and rubbish can fill a cubic yard in a conventional dump, 700 pounds per cubic yard can be compacted by a bulldozer in a landfill. According to State DPH engineers, the Japanese are experiment-

ing with the compaction of 1800–2000 pounds in a cubic yard. The result, they say, would be heavier than water, coated with plastic and sunk into the ocean.

But, as of now, many engineers believe that where space is available a sanitary landfill is the least costly, least objectionable and most positive approach to acceptable waste disposal since the land can be reclaimed for future use.

There are only six or seven bona fide sanitary landfills in the state, according to McLoughlin, and it's an eye-opening experience to visit one. It bears no resemblance to any dump you've ever seen.

In fact, a sanitary landfill can hardly be classified as a dump. Like composting or incineration, it is one of a variety of methods of disposing of the mounting volumes of solid waste rapidly becoming a major problem in this country, as typified by the controversy over the DeMatteo dump in Saugus.

The nearest landfill lies on the outskirts of the industrial city of Haverhill, 30 miles northwest of Lynn, McLoughlin says. At the age of 33 he is one of 40 sanitary engineers roaming the commonwealth, dealing with water and air pollution problems, inspecting housing, testing public swimming pools for bacteria, and assisting local boards of health with a multitude of environmental sanitary problems. Eighty per cent of them are registered engineers and 20 percent have two or more degrees.

For nearly two years McLoughlin has been advising Arthur T. Papachriston, director of health for the City of Haverhill, and James Grimes, owner of the Merrimack Paving Co., in the operation by the firm of a landfill for the city on a 24-acre site owned by the company. During the previous 25 years a nearby city-owned dump was plagued by mountains of rubbish, open burning, and papers blowing over the surrounding landscape. When the dump was filled, Grimes' 10-year-old company was awarded a contract at $37,500 a year to receive the city's rubbish on an interim basis until the city decides on a long-range means of solid waste disposal.

Although McLoughlin says garbage and rubbish may be combined in a properly-operated sanitary landfill, Haverhill garbage is still sent to piggeries, although some inevitably infiltrates the rubbish.

However, non-combustibles such as refrigerators are accepted, run over and fractured by a bulldozer. Says McLoughlin, "The Haverhill landfill is an excellent one. There have been no complaints and this has helped show people living near a permanent dump that it can be operated properly."

When you enter the Haverhill landfill, it is like walking onto a vast, flat, unseeded park, marred only by a cluster of papers dropped by a passing truck. You don't realize that beneath the clean, sandy surface lies 16 feet of rubbish accumulated over two years of continuous dumping, compacting and daily covering with fill in two 8-foot layers, or "lifts."

The operation lies 200 feet from the long-polluted Merrimack River, far enough to avoid adding further pollution to the river, McLoughlin says.

At the opposite end, work is beginning on the third and final lift to bring the site to the level of an adjacent road. Barrels are being crushed and piles of trash packed down in a continuous process by the caterpillar treads of a 17-ton bulldozer bobbing up and down like a riding horse. As the sun begins to set, the bulldozer blade goes into action, covering the sides and top of the day's 130 tons of refuse with a foot of sandy material excavated from a nearby knoll which in turn later on will be filled with rubbish and covered.

The next day the bulldozer will come in against the face of the previous day's "cell," compacting more rubbish and working back towards the entrance of the landfill.

Winter is approaching, and, although most landfills are enclosed by fences to prevent papers from fluttering off into the blue yonder, one has not been required in Haverhill. John MacLeod, consulting engineer to the firm, says the constant unloading process against the base of the previous day's cell has prevented papers from escaping the outer confines of the operation.

But he adds that a 16-foot-deep hole has been dug in one corner to receive rubbish during the winter as a precaution against the fierce March winds. Nearby is another excavation where the only burning on the site occurs. It is the final resting place for highly combustible lacquer used in local shoe factories. Once a month a local rat exterminator visits the grounds, but no rats have been found.

The final layer will be completed in another two years. Then the entire surface will be covered with two feet of fill obtained from adjacent property owned by the company and packed down by the omnipresent bulldozer. This is done, McLoughlin explains, to prevent air pollution, smells or unsightliness. Then the Merrimack Paving Co., sanitary landfill, once a useless, uneven wasteland, will be ready for seeding with grass and development as a marina, recreational area, or, if properly engineered, a factory site.

The difference between the DeMatteo dump in Saugus and the Haverhill operation is that while rubbish is compacted at both, no cover fill was provided at the DeMatteo dump to prevent the invasion of rodents, or the emanation of odors and outbreak of fires which are non-existent at the Merrimack Paving Co., landfill.

Why didn't DeMatteo use cover material? State engineers suspect it is because cover fill uses up the dump space faster and probably would be expensive because it would have to be trucked into Saugus, whereas it can be excavated on-site by the Merrimack Paving Co.

How much company equipment and manpower is required to achieve the remarkable Haverhill engineering feat? Says McLoughlin: "Just one bulldozer, one man to run it, and one supervisor to police the operation."

PRIVATE INDUSTRY MIGHT CUT REDTAPE—SOLID WASTE DISPOSAL—IV

(By Dwight Buell)

"Private industry could solve the solid waste disposal problem overnight."

The source of this statement is William P. Stickney, chairman of the Lynnfield Regional Incinerator Planning Committee formed in 1964 to investigate the possibility of building a regional incinerator with Wakefield, Stoneham and Reading.

Stickney, who has resided in Lynnfield for five years is a part of a large mobile population of engineers living in that attractive residential town. Many of them have derived satisfaction in taking part in public affairs. Their professional talents have found ready acceptance in both elective and appointive offices.

Stickney, an electrical engineer with a degree from Northeastern University, sells temperature-indicating controls to nuclear plants in the East. Although he is not directly involved as an engineer in the field of sanitation, he has studied the problem of waste disposal.

Ask the average engineer in the Route 128 electronics belt for his solution and he may well shrug his shoulders. Apathy about the solid waste problem has pervaded the engineering profession as well as public officialdom and the citizenry-at-large.

Under one bill filed in the legislature by the Metropolitan Area Planning Council, solid waste disposal facilities under the supervision of the Metropolitan District Commission could be operated either by the commission or by private firms under contract.

Stickney believes that private enterprise can do the job more effectively. "Too many people have to be consulted in politics," he declares, explaining. "In town government, for instance, the selectmen would have to go to the Town Meeting for an appropriation for an additional unit doubling the burning capacity of an incinerator which might add $50,000 to the initial $750,000 investment. Half the Town Meeting members might turn them down, while business executives could say 'yes' overnight."

Stickney says Lynnfield may act on its own if the state doesn't move soon because the town will have no place to dump in a few years. And he is typical of some officials of small towns who are fearful of losing their prerogatives under regional arrangements. He points to the skyrocketing costs of the Massachusetts Bay Transportation Authority. But although a wealthy town of 10,000 such as Lynnfield may be able to afford its own incinerator, most towns can't.

Paul Thurlow, a sales engineer for the General Waterworks Co., one of a number of nationwide concerns entering the solid waste disposal field in recent years, visited Saugus a year ago. He tried to interest the Saugus selectmen in investigating the feasibility of allowing his company to build and operate an incinerator in that town, but got nowhere.

However, Saugus' neighbor, Melrose, plans to let a private company do so on a piece of land near the Saugus-Malden line. Lynn and Saugus may be invited to use the incinerator to make the operation economically feasible. These communities would not be required to participate in state-sponsored regional disposal systems under proposed state legislation if they can solve their own disposal problems.

Thurlow points out the advantages to Melrose of letting private enterprise take over:

"The city is relieved of the headaches of floating a bond issue of $1.5 or $2 million dollars, maintaining and operating the incinerator, and defraying the cost of the bond issue. The company that receives the contract based on competitive bidding on the price per ton over a 20-year period will pay Melrose $5000 for rent of the city-owned land, and its building will be taxed.

"Private companies also receive tax incentives to install new parts which municipalities lack. And let's face it. The temptation is to pad the sanitation department payroll with politicians' friends. It's the graveyard for the least efficient employes with little incentive to do a good job at a time when sanitation is becoming a science." Thurlow adds.

Some may dismiss the views of men like Stickney and Thurlow because of their association with big business. But many public officials, elected and appointed, Republicans and Democrats, agree with them.

Former Saugus Town Manager John O. Stinson, an engineer who became a public administrator, and a Republican raised in New England, says, "The best incinerators are produced and operated by private companies."

His successor in Saugus, Paul H. Boucher, a trained public administrator who has acquired a working knowledge of many aspects of engineering on the job, points out that "municipalities usually are unable to keep skilled laborers to operate disposal systems because of low rates of pay." Boucher, a Democrat who grew up in the West, and Thurlow expect that eventually private waste disposal companies will be regulated by the government as public utilities.

What concerns Stinson and Boucher even more than the role of private enterprise is the preservation of home rule. Rather than let the Metropolitan District Commission or the State Department of Public Works extend their control to the solid waste disposal field, they would prefer to encourage individual communities to unite on a regional basis and do the job themselves.

Stinson points out that Swampscatt and Wakefield have complained about the lack of responsiveness of state agencies to local needs. "Unless the communities themselves supervise the work and control the operation, government can become isolated from the people using the services," he says, adding, "A town cannot even erect a stop sign or traffic light now without state approval. Communities can solve their problems more efficiently on their own because they understand their own problems and the closer government is to the people, the greater the concern for the costs."

State officials agree that a solid waste disposal system desirably is a municipal responsibility, and are well aware of the headaches involved in staffing a new division in either the MDC or DPW.

State engineers know that whoever handles the messy problem will receive more brickbats than bouquets.

Two years ago, the legislature passed an act encouraging communities to get together and build regional disposal facilities. None have done this, and state officials point out that state intervention would never have been necessary in the DeMatteo dump crisis had Saugus enforced its own regulations.

David Carpenter of Wakefield, a civil and sanitary engineer with Charles T. Main, Inc., of Boston, sums up the problem of local initiative succinctly. Carpenter was a member of the Wakefield committee investigating the practicality of building a regional incinerator with Lynnfield, Reading and Stoneham. Like Stickney he is trying to help shape society's goals, rather than limiting himself to the engineer's traditional role of providing the means.

Carpenter explains: "Three of the towns, Wakefield, Lynnfield and Stoneham were willing to go ahead with an incinerator, but Reading decided to go off on its own. We just couldn't get together."

ENGINEERS ENVISION UTOPIAN METHODS—SOLID WASTE DISPOSAL—V

(By Dwight Buell)

The United States has been called a nation standing knee-deep in refuse, hurling rockets at the moon. But growing concern over the solid waste disposal problem is replacing apathy, as evidenced by open discussion, controversy, research and experimentation with new techniques.

Many industries treat waste products at the source when they can be recovered profitably and before they become a public nuisance. New legislation is forcing companies to do so even when it is uneconomical, according to Harold R. Rafton, an Andover chemical engineer.

Rafton has spent most of his life in the paper industry developing processes for the recovery of waste products from the manufacture of pulp. Instead of being dumped into rivers, the waste products are now being reutilized in paper production.

Rafton believes that future reclamation plants will make possible the recovery and reuse of valuable materials and resources now being thrown away. "Anyone who has seen our Colorado mines knows our metal reserves are limited," he adds.

Rafton says a regional reclamation plan of the future would work this way:

Rubbish is dumped onto a conveyor belt. Metal, lumber, tires and other large objects are sorted by hand and sold to privately-operated shredding plants. There the metal pieces are disintegrated and sold as scrap to steel companies to be melted and reused as steel.

Large pieces of lumber are chipped up and used by the state as mulch to enrich the soil for state highway beautification projects. Tires are sold to scrap rubber reclaiming plants which separate the rubber, fabric, metal and wire components for reuse.

The remaining rubbish on the conveyor belt is torn apart in a grinding machine. Lighter portions are then dropped onto a second belt with holes in it. The lighter portions consist principally of shredded fibers of papers and cartons, and plastics. An air blast blows the segments through a ventilator into a tank.

Smaller metallic material, such as tin cans, would be withdrawn magnetically. Glass, bricks and cement junk material runs off the end into a container.

Rafton says that if the fiber and plastic materials blend, they can be used in wallboards. If not, the fibers can be disintegrated and screened from the plastics into a water-filled tank.

The shredded fibers are used as raw material for paper or imitation wood. The hard plastics are inserted into another grinding machine and blended with a solvent. Rafton says the result would be a heavy molasses-like dough, which would be squeezed through an outlet. It would emerge as crude but marketable plastic.

Smaller metal objects such as tin cans are torn up and melted into 100-pound pig iron slabs for use in making steel. Rafton's glass, brick and cement is crushed in another machine and used as a substitute for gravel in fill or as a road-building base.

Such a reclamation plant will not accept garbage. But a group of Massachusetts engineers is contemplating introduction of a new process from Western Europe in which garbage is used as a fuel to operate steam turbines.

Another new process already in operation in a pilot plant in Whitman features high-temperature incineration. Wesley S. Ehrenzeller, president of the American Design & Development Corp., which built the plant, turned to the problem of rubbish disposal after wide experience in heating, air-conditioning and allied engineering fields.

Nearly 10 years of research preceded the construction of the first model Melt-Zit Destructor, which is expected to be evaluated soon by the federal government. The facility operates at such a high temperature—at least 3000 degrees fahrenheit—that combustible materials, such as paper and garbage, are completely destroyed.

Non-combustible items not accepted by present-day incinerators, such as refrigerators, automobile engine blocks and washing machines, are melted and fused, Ehrenzeller explains. "The three to five per cent residue emerges from the furnace like a molten lava stream. It is cooled to a sterile metallic silicate resembling crushed cinders, instead of ending as ash in incinerators that aperate around 1600 degrees," Ehrenzeller says.

The residue from the Destructor can be used for shingles, fiberboard, road foundations or possibly as subsoils for gardens and recreation areas. Ehrenzeller claims a direct operating cost of a maximum of $3 per ton for rubbish disposal, much lower than other incinerators.

Ehrenzeller says heat from the Destructor is sufficient to purify thousands of gallons of salt or brackish water daily. Gases from the combustion process pass through a boiler and are converted to three pounds of steam for every pound of refuse. The steam passes through a conversion unit to purify the water for drinking or industrial use, he says.

The process is of significance at a time when the problem of finding new sources of water is acute.

The steam also can be applied to a non-condensing turbine to generate electricity which can be sold, used to augment municipal lighting supplies or heat the facility itself.

Wall-to-wall carpeting in company executive offices attached to the combustion chamber demonstrates the cleanliness of the operation. It has been suggested that some communities might combine their disposal unit with town executive offices or fire station to conserve taxable land.

The conversion of surplus World War II Liberty ships into offshore incinerators is being studied at the Harvard University School of Public Health by Dr. Melvin W. First, who holds an engineering degree from the Harvard Graduate School of Engineering.

Dr. First assumed direction of the project in 1966 on the death of Dr. Leslie Silverman, professor of engineering in environmental hygiene. Dr. Silverman was internationally-recognized as an expert concerned with the control of air pollution.

Dr. First explains that after dockside loading the ships will put to sea and anchor 10-12 miles offshore where the wastes would be burned. Non-floatable trash residue will be ejected 30 feet below the water into mile-wide valleys on the sea floor.

Dr. First hopes to make experimental deposits next summer and observe the effects on the sea and off-shore environment. The ability of air to absorb gaseous wastes without polluting the coastal air and the effect of incinerator residue on marine life will be particularly studied.

The possible advantages of utilizing such a disposal process include the elimination of any metropolitan air and water contamination contributed by waste disposal and the practically inexhaustible potential of the holes in the ocean floor. In addition, most of the population of metropolitan Boston resides within 10 miles of the sea coast.

And so, in the field and laboratory, work continues in an effort to solve the mounting problem of solid waste disposal. Not a very glamorous job, perhaps; but an interesting, difficult challenge to those who want to meet a vital human need. To the mother pushing a baby carriage at the DeMatteo dump in Saugus, protesting unsanitary conditions, the engineer dirtying his hands and racking his brains is as vital to her future health and happiness as the family physician.

NEIGHBORHOOD HEALTH CENTERS

Mr. KENNEDY of Massachusetts. Mr. President, the current issue of the Reporter magazine contains an article written by Judith Randal about neighborhood health centers. The title of this article, "The Bright Promise of Neighborhood Health Centers," is an apt description of its thrust.

As the Senator who submitted the amendment creating the neighborhood health center program 2 years ago, to me its successes are a source of great satisfaction. I know they are, too, to Drs. Count Gibson and Jack Geiger of Tufts University, who pioneered their efforts, and to Dr. Joseph English of OEO, who helped to formulate the program in its early days.

The article does contain one statement which I think deserves specific comment. The author says that the President "has recommended that $60 million of the OEO budget be spent on neighborhood health centers" this year.

In fact, it appears that only $28 million will be spent on NHC's this year. The Congress did not appropriate the full amount of the President's budget request for OEO, and this meant a downward adjustment to $45 million. Then, by an executive branch decision, only $33 million of the OEO appropriation was actually allocated to NHC's. To date, the Bureau of the Budget has released only $28 million. This will barely cover OEO's refunding obligations to existing centers, or centers nearly open.

For the next fiscal year, which begins this July 1, a number of experts have estimated OEO's needs for neighborhood health centers at $150 million. Early

indications are that expenditures for the Vietnam war will cause a reduction from this $150 million figure to about $90 million. This $90 million will just keep the existing centers operating, but will permit the opening only of those new ones for which commitments have already been made.

Mr. President, I think it unfortunate that we cannot go forward as vigorously as we should to keep the "bright promise," to use Miss Randal's phrase, of NHC's. The concept has proved workable and sound, beyond the hopes of any of us when we worked on the legislation 2 years ago. It has wide acceptance in the medical profession.

Miss Randal makes an astute observation at the end of her article:

Even this amount (50 centers) would be capable of helping only a small fraction of the poor—and the poor are not the only Americans whose health care could stand improvement. (In order to meet the needs of the poor alone, it is estimated that 850 health centers throughout the country would be needed.) Supporters of OEO are confident, however, that no matter how many centers are established, their numbers are less important than the chain reaction this social experiment will set off.

This is, to my mind, the importance of the centers. And it is the sorrow in the shortage of funds.

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

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

THE BRIGHT PROMISE OF NEIGHBORHOOD HEALTH CENTERS

(By Judith Randal)

Of all the innovations put forward by the Office of Economic Opportunity in its fight against poverty, the one that perhaps will eventually accomplish the most is its relatively recent Neighborhood Health Center program. If Project Head Start was the first to catch the public's fancy, the Health Center idea is likely to be of more direct benefit to the poor.

Medical reformers have been aware for some time that as medical discovery and technology have leaped ahead, the profession has become fragmented into isolated specialties with steadily costlier treatment often subordinate to research. Despite growing reliance on government-supported programs such as Medicaid and Medicare, medicine's ability to deliver care to the whole community has not kept pace with the high quality of service it can provide the relatively few. Obviously, no group suffers more from this than the poor. Statistics reveal that the poor have more heart disease, more rheumatoid arthritis, more unrehabilitated injury, more mental illness, more tuberculosis, more of almost every illness whether chronic or acute, and higher death rates in all age groups than do Americans at large. Yet the more that is known about the treatment of any disorder, the greater the likelihood that this knowledge is not benefiting the poor.

Illness—or even lack of well-being—and poverty go hand in hand. It is axiomatic that the poor get sicker and the sick get poorer. To break this cycle, since 1966 OEO has offered grants to Community Action agencies, hospitals, medical schools, health departments, medical societies, and other public or nonprofit agencies interested in setting up and operating neighborhood centers "for the development of comprehensive health services for the poor." OEO does not initiate or operate the projects; it selects from among many offered for its approval, provides money and administrative guidance, and sets up broad goals and specific standards. Beyond that, each center is left to make its own decisions and launch its own projects.

UNDER ONE ROOF

One major difference between OEO centers and existing clinics lies in the phrase "comprehensive health services." The patient is treated not only for specific illnesses; the idea is, as much as possible, to prevent illness and maintain a high degree of health. Another difference is that the OEO centers are run for the convenience of the patients rather than for that of the people who provide the care. There is no need for several members of a family to go from one special clinic to another—all facilities are under one roof. Members of the same family are treated in relation to one another, and patients' medical and other problems are considered and tackled together.

The emphasis is on finding those who need help rather than putting up barriers to help. Initially, care is provided without question. Emergency care is always provided. Whether or not a family is entitled to continuing free medical care is determined by the center's administrators and OEO's eligibility requirements. (Under the OEO poverty standard, an urban family of four must earn less than $3,200 a year.) In narrowing the choice from among many eligible families, the administrators depend heavily on the views of the Neighborhood Health Council, composed of representatives of those eligible for service and, in most cases, health professionals and other community leaders. Neighborhood workers actually seek out people who will not or cannot come on their own; if transportation or baby sitters are needed, they are supplied. In no case are patients forced through the humiliation of welfare investigations.

Instead of keeping only daytime hours, which mean sacrifices in time and money for many patients, Neighborhood Health Centers are open evenings and weekends; they offer appointments rather than endless waits. Whereas most public facilities are impersonal and dismal, with doctors seeing patients in turn and at random, Health Center patrons may choose a physician and see him regularly in "doctor's office" surroundings. Typically each family chooses the doctor, nurse, and other health worker whom it sees on every visit, although family members will see specialists when necessary.

No one center exactly resembles another. Physically, they range from Watts' brand-new $1.5 million building to Mound Bayou, Mississippi's, temporary quarters in an abandoned church, a movie theatre, two former stores, and a trailer. They differ considerably, too, in number of patients. The Columbia Point Center in Boston, the earliest, treats only the residents of one housing project; an OEO grant has been given to another center that will draw families from five counties in Michigan. All are staffed with at least an internist, an obstetrician, a pediatrician, and a dentist, supplemented by part-time specialists and supporting personnel including trained residents of the neighborhood.

All Health Centers, according to OEO ground rules, rely as much as possible on the poor themselves to perform a host of necessary tasks. They are trained for a wide variety of occupations, many of which are undermanned in the nation as a whole. Family health workers, home health and laboratory aides, physicians' and nurses' assistants—these are just a few of the categories destined to help the poor help themselves and others. Contact with doctors and other Health Center professionals, OEO officials think, may even encourage underprivileged young people to try for medical and other health careers.

Neighborhood Health Centers are equipped for emergencies but do not have hospital beds. Each center is allied with a local hospital and sends patients there for surgery or other in-hospital care. For this service, as for any other service provided eligible patients, the centers are reimbursed if a Federal, state, or private agency would normally foot the bill. If no such agency is involved, the center itself pays for care. Just as the family's chosen doctor assumes overall responsibility for his patients' health, the center attends to all the interagency red tape and paper work that must be coped with, relieving patients of tasks that are beyond them. The total average cost per patient is about $120 a year.

Centers are located in city neighborhoods or rural areas that doctors in private practice have found unrewarding. In Watts, for example, before the Health Center opened in the fall of 1967, there was one doctor for every 2,900 persons and the nearest hospital was twelve miles distant. In urban areas where the poor often flock to hospital emergency rooms with every kind of complaint rather than wait hours in special clinics, many hospitals have taken the initiative and sought OEO help in setting up Neighborhood Health Centers, lending staff members to the project. In rural areas, it has often been doctors in group practice who have initiated centers.

TWO APPROACHES, ONE PROBLEM

At the start of this year, thirteen centers, nine in the big cities and four in rural areas, were in full operation; nine others were offering services to a limited number of people, and nineteen more have been given grants but were not yet open. Two centers that were authorized simultaneously under the auspices of Tufts University Medical School—one at the Columbia Point public housing project in Dorchester, Massachusetts, the other in Mound Bayou, Mississippi—serve to illustrate the program.

The Columbia Point housing project is austere, cut off from the mainstream of Boston life. For 150 years the site was Boston's city dump. Since 1953 its dingy brick apartment buildings have been home to 1,500 families or a total of about six thousand people.

Superficially, it is entirely different from rural Mound Bayou, a community of 1,200 Negro sharecroppers in the heart of the Delta. But below the surface, Mound Bayou and the Negro slums of the North share a common background of misery. As machines and weed-killing chemicals have replaced black hands on Southern plantations, 200,000 Negroes have been moving north and west each year, bringing with them a melancholy inventory of want, ignorance, and disease. Although disadvantaged Negroes are not the only ones to benefit from the new health care—Columbia Point is not entirely Negro; poor whites in Appalachia, migrant workers of Mexican extraction, and Indians in Minnesota, are also receiving attention—Negroes are by far the most numerous and most typical of the program's beneficiaries.

In the development of their health programs, Columbia Point and Mound Bayou have followed disparate paths determined largely by local attitudes. From the time of its inception two years ago, the Dorchester project has had all the advantages in terms of support from government and professional groups. As a result, service was started six months after the OEO grant was awarded.

Of the six thousand residents in the Columbia Point housing project, 5,324 are patients of the center. Three family-care teams—internist, pediatrician, health workers and other supporting personnel—have been set up. The center has the most up-to-date equipment for ambulatory care, including a computerized record system. A neighborhood immunization program is almost complete. A particularly active health council has been created in a community where no organized activity existed before. It has not only taken an increasingly strong role in planning and administering health care but has gone on to initiate programs for

older people and youth groups and has helped to familiarize project residents with other community resources.

An initial survey based on the health records of fifty-four apparently typical Columbia Point families reveals that since they have been under the care of the center, hospitalization of family members has dropped eighty per cent. In part, this is due to the fact that health problems are often treated before they get serious enough to require hospitalization, and in part it is because home-care and neighborhood workers are able to make patients comfortable in their own homes.

At Mound Bayou, by contrast, establishment of a health-care center has been a long, uphill fight. Here the reaction of public officials and medical authorities ranged from indifference to outright hostility. The official line seemed—indeed at times was stated openly—to be that the Negroes of Bolivar County neither needed nor deserved medical attention and that the whole scheme was just more Yankee carpetbagging. Even the Negro fraternal burial societies slowed the efforts of the OEO.

According to a Department of Labor estimate, more than sixty per cent of Bolivar County's Negroes now have no work at all. Many get no relief payments and are too poor to buy the Federal food stamps that are worth twenty or thirty times their cash value in surplus food.

Malnutrition is a serious problem. Infant mortality is another. Ninety-eight per cent of white mothers are attended by a doctor at delivery; only fifty-five per cent of the Negroes are. For Bolivar County's 19,000 whites there are nineteen doctors; for 40,000 Negroes there are only three. The doctor-to-patient ratio in the county is half of Mississippi's average, which in turn is half the national average. The county has maintained a small but active health department. But with an annual budget of only $70,000 and just six public-health nurses (none Negro), it has offered only limited care and little doctor service. Tufts University expected and found an abundance of undetected neglected disease and a backlog of uncorrected birth defects and unrehabilitated injury among the poor of Bolivar County.

Two Negro beneficial groups the United Order of Friendship and the Knights & Daughters of Tabor, had built small "hospitals" at the end of the Second World War. They were utterly inadequate to the needs of Bolivar County Negroes; but they had been established after herculean efforts by their sponsors, and even though they were on the verge of bankruptcy, they were sold only reluctantly to the Mound Bayou Community Hospital Association through a separate grant arranged by OEO. The hospitals have been merged and are now being modernized.

Operating under the sponsorship of Tufts and the direction of Drs. Jack Geiger and Count Gibson, who had set up the Columbia Point center, the Mound Bayou center now has two pediatricians and three other doctors on its staff as well as the part-time services of Bolivar County's three Negro doctors. The Health Center's facilities are makeshift: one church serves as a clinic and another as staff offices, a movie theatre as a classroom for health-care trainees. (There were 982 applications for thirty trainee jobs when the center opened in November.) A prefabricated building will be set up this spring. By the time it is ready for use, the health center's present daily case load of sixty patients is expected to double or triple. OEO expects eventually that the center will serve 14,000 people.

In a county where 42,000 people come from families that live on less than $3,000 a year and where some are actually starving, the poor themselves decide who are the very neediest. It is also in such a situation that the comprehensiveness of the Health Center concept is shown at its sharpest. A half-starved child with pneumonia may need penicillin but he also needs food. Mound Bayou's doctors must provide both.

If the health benefits that accrue from the Mound Bayou center are obvious, certain other implications are not. The Health Center staff, with OEO assistance, will also try to help people in Bolivar County to improve their housing, to establish a co-operative to raise and can foods (a farmer has donated the use of a hundred acres of land), and perhaps to open a small factory. The center is running a formal part-time program whereby high-school and junior-college students may get preliminary medical training. The outcome of these efforts is uncertain, but on other scores, at least, two indications of progress are evident.

One is that skilled Southern-born Negro professionals have been willing to return, not merely, as Dr. Geiger said, to give service, but also to provide disheartened people with living examples of what might be possible even for them.

A second is that other Southern states that have been watching events in Bolivar County are displaying a willingness—even an eagerness—for home-grown comprehensive health services of the OEO sort. Lowndes County, Alabama, is a typical case. An area described as "virtually without medical resources," it has received a Neighborhood Health Center planning grant to be administered by the county board of health. The board, along with the state university medical school and the state health department, has begun the preliminaries necessary before services can be begun. So eager was Alabama to get started on this project that Governor Lurleen Wallace, away in Houston, Texas, for cancer treatment, had the necessary papers rushed to her hospital bedside for signature. A similar project is being considered in Montgomery, the state capital.

PRESCRIPTIONS FOR CHANGE

Many observers believe that Neighborhood Health Centers, if built in sufficient numbers throughout the country, might eventually effect a change in many aspects of the nation's system for delivery of medical care. Indeed, the National Advisory Commission on Health Manpower suggested in its report last November that the national health-care apparatus is more mishmash than system: ". . . a collection of bits and pieces [characterized by] overlapping, duplication, great gaps, high costs, and wasted effort." Daniel Zwick, an OEO official, states the problem in these simple terms: "With medicine one of the most highly organized segments of American society and poor consumers among the least, redressing the balance without scaring the doctors away is by no means an easy task."

Zwick sees in the Neighborhood Health Center a tool for making badly needed changes in the way of delivering health services. Many hospital administrators, he points out, are aware that their outpatient services—frequent targets of social criticism—are inadequate. These hospital managers have often been powerless to rearrange priorities so as to give more attention to the needs of outpatients. OEO may turn out to be just the sort of leverage they need. Dr. Paul Torrens, director of community medicine at St. Luke's Hospital Center in New York, three years ago saw money earmarked for a badly needed rehabilitation service snatched away to outfit an open-heart surgery suite, despite the fact that New York City was already oversupplied. Now Torrens has received a $939,402 grant to open a Neighborhood Health Center under St. Luke's auspices.

The OEO Health Centers are also forcing local medical societies and health departments into new professional and social patterns and causing them to accept roles they never would have considered in the past. One example is to be found in Atlanta, where the local Community Action agency, Economic Opportunity Atlanta, Inc., has turned over health-care programming to the Fulton County Medical Society and the Medical School of Emory University. Along similar lines, in the farming community of King City, California, the Monterey County Medical Society is directly involved in the provision of OEO-sponsored health care to indigent people of the area. And in Denver, the city Department of Health and Hospitals has assumed responsibility for two centers, one serving a predominantly Negro area on the east side, the other a Mexican-American west side neighborhood.

Perhaps more significant than any of these developments is the profound influence OEO's Health Center concept seems to be exerting on the nation's medical schools and on the direction of their graduates' careers. For years now, most of these institutions have almost deliberately isolated themselves from the community. Most young doctors have headed either for the research laboratory or the suburbs where a comfortable practice could be staked out in respectable surroundings. Working among the poor was not only frustrating financially but professionally as well. The cost and complication of scientific advances made it virtually impossible for individual practitioners to deliver modern medical care in the slums.

With the advent of OEO Health Centers and the involvement up to now of twenty medical schools in the experiment, both faculty and students have been undergoing a change of heart. The University of Southern California School of Medicine, for example, not only co-operated successfully with the Neighborhood Health Council of nearby Watts in setting up a center, but when Congress delayed in voting funds for the poverty program last fall, the USC medical school came voluntarily to the rescue. Without assurance that it would be repaid, the school advanced enough money to keep the Health Center going.

Other medical schools seem willing to run this sort of risk. About half of those in the country have participated in developing proposals for OEO funds, recognizing that comprehensive health programs not only do a great deal for the poor but also do something for doctors in training.

There is a widespread opinion in medical-education circles these days that the carefully selected cases seen by students in teaching hospitals are hardly typical of the spectrum of ills afflicting America. "Only in the community can a more random selection of health problems be found and early stages of illness studied and cared for . . . ," wrote Robert J. Haggerty, professor of pediatrics at the University of Rochester, in the January issue of the *New England Journal of Medicine*. "To achieve this goal of a realistic setting, a defined and known population is needed—a parish for which a clinical department or a university can be responsible, to know who its patients are and who does not now receive adequate care."

It is to be expected, of course, that not everyone shares the high-minded outlook of a medical academician like Haggerty, and indeed much discussion of the OEO program within the health profession has been couched in terms of whose ox is being gored. The pharmacists are often worried about competition, and at the recent AMA-sponsored National Conference on Health Care for the Poor, for example, there was concern for preserving the right of the underprivileged to "free choice of physician"—despite the fact that this choice is largely fictional. At the same conference, AMA President Milford Rouse cautioned the participants not to overlook the thousand health-care programs currently administered by 175 public and private agencies, and in effect warned OEO not to try to become the 176th—a warning hardly called for in light of the poverty agency's record of attempting to fill vacuums rather than engage in competition with existing health services.

Nonetheless, things are taking shape. President Johnson has recommended that $60 million of the OEO budget be spent on Neighborhood Health Centers. The goal is to have fifty centers going by the end of this year. Even this amount would be capable of helping only a small fraction of the poor—and the poor are not the only Americans whose health care could stand improvement. (In order to meet the needs of the poor alone, it is estimated that 850 health centers throughout the country would be needed.) Supporters of OEO are confident, however, that no matter how many centers are established, their numbers are less important than the chain reaction this social experiment will set off.

THE APPOINTMENT OF PROF. JAMES HURST OF UNIVERSITY OF WISCONSIN LAW SCHOOL TO HUMAN RIGHTS COMMISSION IS NOTEWORTHY STEP

Mr. PROXMIRE. Mr. President, I wish to express my pleasure over the appointment of Prof. James Willard Hurst of the University of Wisconsin to the President's Commission for the Observance of the Human Rights Year 1968.

Professor Hurst is one of the most able academic leaders at the university in my home State and is highly regarded for his activities and interest in the field of human rights.

The efforts of this Wisconsin law professor, I am certain, will contribute a great deal to the Commission which is assigned the task of focusing public attention on, and winning public support of human rights.

Selection of Professor Hurst by President Lyndon B. Johnson is most noteworthy and his addition to the other nine distinguished Americans on this Commission will help impress on the world the importance of establishing these conventions to uphold the dignity of man.

In 1942, Professor Hurst served as a member of the General Counsel's Office, Board of Economic Warfare, and from 1948 to 1952, he was a member of the board of directors, Social Science Research Council.

He became a professor of law at the University of Wisconsin in 1946.

I am tremendously pleased with Professor Hurst's appointment to this program for the observance of the International Human Rights Year which hopefully will lead to Senate ratification of the Human Rights Conventions.

CONCLUSION OF MORNING BUSINESS

Mr. BYRD of West Virginia. Mr. President, is there further morning business?

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

ELIMINATION OF RESERVE REQUIREMENTS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 989, H.R. 14743.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. Calendar No. 989, H.R. 14743, an act to eliminate the reserve requirements for Federal Reserve notes and for U.S. notes and Treasury notes of 1890.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The pending question is on agreeing to the amendment (No. 611) of the Senator from Iowa [Mr. MILLER].

Mr. SPARKMAN. Mr. President, I hope we may be able to move right along on this bill. I believe it is really important—much more important, I fear, than many of us think.

Yesterday when we started the consideration of this matter, I read a short excerpt from the Wall Street Journal. I just now picked up today's Wall Street Journal, because I was sure additional news was in it, as it was on the radio. The Wall Street Journal stated:

> Gold buying continued at a feverish pace, with dealings in London and Paris surging to record levels. Trading was accompanied by a spate of new and old rumors, which were either denied officially or treated with skepticism in financial quarters. Nevertheless, the rumors sparked new speculation about the possibility of a boost in the official price of gold.

That is merely an excerpt item out of the complete story, which appears on page 2 of today's Wall Street Journal. I shall not go into the details of the remainder of the story, but will rest with that short excerpt.

I have heard news commentators, in discussing the situation, attribute at least a part of this stepped-up, feverish anxiety and activity to the fact that we are hesitating to pass this measure to take away the gold cover and make all the gold held by this country available to back U.S. dollar holdings by foreign countries.

The purpose of the bill is to make our entire gold supply available to keep our pledge that we will take care of dollar credits presented to us for payment, in gold, at the rate of $35 an ounce.

It has been argued at length that the enactment of this measure is not sufficient. Nobody has claimed that it is sufficient to do the whole job; certainly, other steps must also be taken; but what we do claim, and what our committee has reported, is that this legislation is necessary as a first step, and that the other steps will have to follow.

Some Senators are holding back on the basis of the argument that all of it should be done at once. Mr. President, that simply cannot be done. But I wish to say that I feel very strongly the necessity of taking now this initial step; then we can work on getting the other steps taken, in order to bring the situation under control and protect the integrity of the American dollar in foreign central banks. That is where our pledge is—to the central banks of other countries that have dollar credits—that those credits will be redeemable in gold when they are properly presented.

As I say, this is merely the first step toward bringing about what we would like to see—absolute stability in the gold market and in the value of the dollar. I hope we can move along and get early votes on the pending amendment and other amendments that may be presented, and on the bill itself.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 56 Leg.]

Allott	Gruening	Monroney
Anderson	Hansen	Montoya
Baker	Hatfield	Moss
Bayh	Hayden	Murphy
Boggs	Hill	Randolph
Burdick	Holland	Russell
Byrd, Va.	Hollings	Sparkman
Byrd, W. Va.	Hruska	Tower
Church	Inouye	Tydings
Cotton	Jordan, Idaho	Williams, Del.
Dirksen	Long, La.	Yarborough
Gore	McGee	Young, N. Dak.
Griffin	Miller	Young, Ohio

Mr. BYRD of West Virginia. I announce that the Senator from Missouri [Mr. LONG] and the Senator from Oregon [Mr. MORSE] are absent on official business.

I also announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Michigan [Mr. HART], the Senator from Ohio [Mr. LAUSCHE], the Senator from Minnesota [Mr. MONDALE], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], the Senator from Georgia [Mr. TALMADGE], and the Senator from Washington [Mr. MAGNUSON] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). A quorum is not present.

Mr. BYRD of West Virginia. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Aiken	Fong	Mundt
Bartlett	Harris	Muskie
Bennett	Hartke	Pearson
Bible	Hickenlooper	Pell
Brewster	Jackson	Percy
Brooke	Javits	Proxmire
Cannon	Jordan, N.C.	Ribicoff
Case	Kennedy, Mass.	Scott
Clark	Kennedy, N.Y.	Smathers
Cooper	Mansfield	Smith
Curtis	McCarthy	Spong
Dodd	McClellan	Stennis
Dominick	McGovern	Symington
Ellender	McIntyre	Thurmond
Ervin	Metcalf	Williams, N.J.
Fannin	Morton	

The PRESIDING OFFICER. A quorum is present.

COMMITTEE MEETING DURING SENATE SESSION

Mr. BYRD of West Virginia. Mr. President, I understand this request has been cleared with the other side. Therefore,

I ask unanimous consent that the Committee on Finance be permitted to meet during the session of the Senate this afternoon.

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

ELIMINATION OF RESERVE REQUIREMENTS

The Senate resumed the consideration of the bill (H.R. 14743) to eliminate the reserve requirements for Federal Reserve notes and for U.S. notes and Treasury notes of 1890.

MODIFICATION OF AMENDMENT NO. 611

Mr. MILLER. Mr. President, I send to the desk a modification of the pending amendment and ask that it be stated.

The PRESIDING OFFICER. The modification will be stated.

The bill clerk read as follows:

Add the following sections at the end of the bill:

"SEC. 13. Except for increased costs (military and other) of the Vietnam war, other emergency defense needs, and increased interest on the public debt that may exceed estimates set forth therefor in the budget for 1969 (House Document 225), net aggregate expenditure of Federal funds (as shown on page 542 of House Document 225, part 1) during the fiscal year ending June 30, 1969, shall not exceed $139,400,000,000.

"SEC. 14. This Act shall take effect upon enactment by the Congress of a 10 per centum income tax surcharge."

Mr. MILLER. Mr. President, the purpose of my amendment is to provide assurance that if Congress repeals the gold cover, it will not be an empty gesture.

The only reason this bill is before us is to meet an emergency. During the last few years our supply of gold has fallen from $20 to $11.4 billion, as of last Monday. We need approximately $10.5 billion to back up our currency, so that we have less than $1 billion of "free gold" for use in meeting demands for foreign central banks holding our dollars or dollar credits. Only yesterday our gold stock was cut by $450 million by a transfer to the Exchange Stabilization Fund, through which dealings with other governments are channeled. Apparently this was in response to the rush to buy gold on Monday in Europe's bullion markets which, according to one newspaper, amounted to a "stampede."

According to today's newspapers the demand for gold soared to a record in London and Paris yesterday, running at 150 tons in London where the previous 1-day record was 100 tons. If this trend continues, it will not be long before the remaining amount of our "free gold" will be lost, and we will no longer be able to make good on our agreement to accept dollars for gold. No one knows what would happen then, but it could mean a loss in the value of the dollar in the world money market and a drastic change in the international monetary reserve system. This is the emergency.

The reason for the emergency is that foreign holders of U.S. dollars and dollar credits have lost confidence in the American dollar, because they have lost confidence in the Government of the United States. They do not believe those in control of our Government have the willpower to put a stop to the multibillion-dollar deficits which have run the purchasing power of our dollar down from 47 to 40 cents in just the last 7 years.

They are aware that the deficit against which the Federal Government must borrow money will likely be in the neighborhood of $20 billion for the fiscal year ending next June 30. They are aware that the $8 billion budget deficit estimate of the President for the coming fiscal year, ended June 30, 1969, understates the true deficit by $7.4 billion, because the trust fund account surpluses cannot be applied to reduce the regular operating budget. And they are further aware that the true deficit of $15.4 billion will be $12 billion worse if the Congress does not enact a tax increase. They realize there is an impasse between the President and the Congress, with the President asking for a tax increase and his leadership on Capitol Hill demanding a reduction in expenditures, and with the President apparently unwilling to recommend priorities in reducing expenditures.

It is this loss of confidence which has brought on the emergency. To simply repeal the gold cover to make more gold available to pay off dollar claims will not restore that confidence. Indeed, it may merely accelerate the speed of demand for gold. And it would be well to remember that there are potential claims of over $30 billion against our $11.4 billion gold stock—assuming it is all freed for this purpose by action on the pending bill. The only way to restore confidence is for the Government of the United States to take action to put a stop to its multibillion-dollar deficit spending. And the only way to do that is to cut the proposed increase in spending in the President's budget and enact a tax increase.

My amendment would, in effect, reduce the increases in the President's $147.4 billion spending budget by $8 billion. Or, another way to look at it, it would take the spending budget for the current fiscal year amounting to $137.2 billion, add an estimated increase of $900 million for interest on the increased national debt and an increase of $1.3 billion proposed for the war in Vietnam, and place a ceiling of $139.4 billion on spending for the fiscal year 1969.

The amendment provides that this ceiling would not affect increased costs of the Vietnam war—both military and nonmilitary—other emergency defense needs, or further increases in interest on the national debt. The $139.4 billion ceiling could be and probably would be, exceeded because of these items.

At the same time my amendment also provides that the provisions of the act—repealing the gold cover and establishing the expenditure ceiling—shall take effect upon enactment by the Congress of a 10-percent income tax surcharge. It does not say anything about the effective date for such surcharge or the exceptions, if any, that might be made to it. These are matters left up to the tax-writing committees of the Congress and to the Congress itself when such a tax surcharge is enacted.

Here, then, is an opportunity to not only enable our Government to meet claims against its gold stock, but, most importantly, to restore confidence in our dollar—to restore confidence in the willingness of our Government to put a stop to its deficits and the inflation which have brought on the emergency.

Action on this amendment will be followed very closely by economists and financial experts overseas. If the amendment is accepted, their confidence will be restored. If the amendment is rejected, they will continue to demand gold and it will only be a question of time before all of our free gold, including that freed by this bill, will have been dissipated. Meanwhile, acceptance of this amendment will be a decisive step toward putting a stop to the inflation which is causing increasing hardship to the people we represent and encouraging the gold speculators.

Such action should have been taken a long time ago, and if it had been, a great deal of hardship would have been avoided.

I certainly understand that holding domestic spending at current levels will not be a happy exercise by the Congress; nor will a 10-percent income tax surcharge be a happy pill for the taxpayers to swallow. But, painful as these steps may be, they are not nearly as painful as the continued and worsening inflation will be with its terrible economic and social consequences to our people.

As reported in yesterday's Wall Street Journal:

> Paris observers said more words won't halt the speculators. They stress the U.S. must take steps, however painful, to improve its balance of payments position and restore confidence in the dollar before speculators will become discouraged and possibly liquidate their gold holdings.

I ask unanimous consent to have printed in the RECORD an article entitled "U.S. Gold Stock Cut $450 Million in Latest Drain," published in the Wall Street Journal of Wednesday, March 13, 1968; an article entitled "Gold-Buying Spree Spreads as Dealers Call for Stringent Actions by United States To Stem It," published in the Wall Street Journal of March 13, 1968; and an article entitled "Demand for Gold Soars to Record in London and Paris," published in the Wall Street Journal of today, March 14, 1968.

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

[From the Wall Street Journal, Mar. 13, 1968]

U.S. GOLD STOCK CUT $450 MILLION IN LATEST DRAIN—SENATE MOVING TOWARD VOTE ON ELIMINATING 25 PERCENT COVER, CURRENCY BACKING AT 26.3 PERCENT—BALANCE DOWN TO $11.4 BILLION

WASHINGTON.—The Treasury's gold stock fell by another $450 million, adding urgency to the Senate's debate over a bill to free the full remaining amount for sale to foreigners.

It may be a day or two before the Senate takes a final vote on the House-passed bill that would end the requirement of 25% gold backing for Federal Reserve paper currency and thus free nearly $10.4 billion of gold set aside as such support. The Senate must work its way through several pending amendments. Among them are attempts to merely ease the gold cover requirement, instead of eliminating it. If all the proposed amendments are defeated, Senate approval of the bill would send the measure to the White House for signature.

A few Senators who have declared outright

opposition are deploring the proposal in speeches. Among them are some doves who believe that continuing to tie up gold for backing the currency would put more pressure on the Administration to reduce its military commitments in Vietnam and Europe. These commitments account for much of the U.S. balance-of-payments deficit, which occurs when foreigners acquire more dollars than they return in all transactions. The surplus dollars may be used by foreign governments and central banks to buy gold from the Treasury.

Other Senators believe it's essential to remove the gold cover. William McChesney Martin, chairman of the Federal Reserve Board, briefed Republican Senators yesterday on the need to remove the cover and on other matters. Following the meeting, Senate GOP leader Dirksen of Illinois told a news conference that "you couldn't hear what we heard today (from Mr. Martin) without concluding that we're in a real bad fix."

The $450 million transfer to the Exchange Stabilization Fund, through which dealings with other governments are channeled, was announced yesterday. It left the regular Treasury gold stock at about $11.4 billion, the skimpiest amount since 1936 and about $1.7 billion less than a year ago.

The transfer also brought the Government closer to the 25% peril point fixed by the gold cover law. The actual ratio fell as of yesterday to 26.3% from 27.5% last Thursday.

To keep the 25% rule from halting the dollar-popping sales to foreigners, the Federal Reserve Board is empowered to suspend it on an emergency basis. Officials want to avoid this, though, both because of the additional atmosphere of crisis it would create and because much reduction in the actual ratio below 25% would require the board to allow a boost in the system's discount rate on its loans to commercial banks.

Almost $10.4 billion of the remaining monetary stock is still tied up as domestic currency backing, leaving a little over $1 billion as "free gold" unquestionably available for sale to other governments and central banks at the fixed price of $35 an ounce. The figures are based on last week's data showing about $41.5 billion of Federal Reserve paper currency outstanding.

The gold switched to the Stabilization Fund, the Treasury said, is to cover the U.S. share of London "gold pool" sales last month, "anticipated settlements" for pool operations so far in March, direct purchase requests of central banks and "other contingencies." The U.S. provides 59% of the gold poured from the seven-nation pool onto the private market in London, with the aim of keeping the price from climbing above the monetary value fixed by the Treasury.

Since the Nov. 18 British devaluation caused waves of gold and currency speculation, the Treasury has transferred $1,475,000,000 of gold to the Stabilization Fund, for which net transactions are reported about 30 days after the end of each month.

[From the Wall Street Journal, Mar. 13, 1968]

GOLD-BUYING SPREE SPREADS AS DEALERS CALL FOR STRINGENT ACTIONS BY UNITED STATES TO STEM IT

The rush to buy gold continued yesterday in Europe's bullion markets, though the pace slackened a bit in London and Zurich.

"It appears the central bankers' latest pledge to maintain the gold price at $35 an ounce has completely failed so far to damp down the conviction of speculators and hoarders that eventually the price must go up," one London bullion dealer said.

In London, the largest bullion center, dealers reported heavy and persistent demand all day though buying slowed slightly late in the afternoon.

Meanwhile, total volume in Paris jumped to a high for the year. Trading was "very heavy" in Brussels and well above normal in Frankfurt Main. In Zurich, however, conditions were described as a "little calmer."

The continuing drain of gold into private hands from government reserves indicates speculators want more than verbal reassurances the price of bullion will be kept at $35 an ounce, dealers across Europe generally agreed. During the current scramble for bullion and in the speculative melee that followed devaluation of the pound last Nov. 18, the U.S. and other members of the international gold pool steadfastly pledged to stabilize bullion at $35 an ounce. This pledge was reiterated last weekend at the Bank for International Settlements meeting in Basel.

ACTION TERMED NECESSARY

One London dealer said: "These statements are like tranquilizers. They may do something for a little while and then the effect wears off."

Paris observers said more words won't halt the speculators. They stress the U.S. must take steps, however painful, to improve its balance-of-payments position and restore confidence in the dollar before speculators will become discouraged and possibly liquidate their gold holdings. The balance of payments is the difference between dollars obtained by foreigners and dollars returned to the U.S. in all transactions.

Some observers in London yesterday stressed that unless the current bullion rush can be stemmed, rumors that some members of the gold pool wish to defect are certain to be heard again.

Demand for gold on the London bullion market trailed off substantially yesterday afternoon following heavy trading at the morning fixing.

"We put through a sizable volume at the fixing—demand was slightly heavier than Monday," an official of Sharps & Pixley, bullion dealers, said. He declined to estimate actual turnover, but other sources put fixing trading at 12 tons to 15 tons, up from less than 10 tons Monday.

Trading continued brisk up until midafternoon, when buying interest eased and the market closed on the quiet side. Dealers said there were as many transactions yesterday as Monday, but the amounts of gold that changed hands were considerably smaller.

TOTAL TURNOVER FALLS

Total turnover yesterday probably reached 25 tons, dealers said, down from about 50 tons traded Monday. The dollar price at the fixing was $35.19⅝ an ounce, down ½ cent from Monday; the price range at the close was $35.20 to $35.23, the same as Monday.

The Bank of England, agent for the gold pool, satisfied all demands for the metal.

In Paris, volume rose to $12,443,800 from Monday's downward revised $10,805,000.

Brussels dealers noted a brisk revival of buying of gold coins, indicating that small speculators were moving into the market. Between $1 million and $2 million in bullion changed hands.

In Frankfurt, one banker said "it seems the continued strong buying in Paris and London has finally caught up with our speculators." Volume was higher than usual, traders said, though figures weren't disclosed.

The pound fluctuated widely in light trading in London yesterday before ending the day with a slight gain.

The spot, or two-day rate, opened higher at $2.3980 in relation to the dollar, touched a low point for the day of $2.3950 before rising to $2.3990. In afternoon transactions, the rate slipped to $2.3965, where it ended the day, up 9 points from Monday's official close of $2.3956.

GOLD SHARES POPULAR

Gold mining shares maintained their popularity with investors yesterday on the London stock exchange. The rest of the market drifted lower.

Tobaccos resisted the general market tone and edged higher. Electricals, breweries and banks lost ground.

Government bonds posted scattered losses in light trading. Dollar stocks declined.

The Financial Times' index of 30 industrial shares fell 1.0 to 399.5, Reuters' industrials 0.7 to 535.3, the government securities index 0.1 to 71.0. Kaffirs index of gold mining shares rose 1.6 to 83.3.

[From the Wall Street Journal, Mar. 14, 1968]

DEMAND FOR GOLD SOARS TO RECORD IN LONDON AND PARIS—ESTIMATED 150 TONS CHANGES HANDS IN BRITISH CAPITAL—SALES NEAR HIGH IN ZURICH—RUMORS FLY, FUEL PURCHASES

The world-wide scramble for gold continued at a feverish pitch yesterday with demand in London and Paris reaching records.

The stepped-up buying was generated against a backdrop of new and old rumors, ranging from reports of an imminent Italian defection from the international gold pool to suggestions that the U.S. might embargo exports of the metal.

Although such reports were either denied officially or treated with skepticism in financial quarters, they nonetheless sparked new speculation of a possible boost in the official gold price of $35 an ounce.

In London, the largest bullion trading center, dealers were swamped with the record inflow of buy orders. Sources close to the market estimated turnover at a staggering 150 tons.

The previous record of 100 tons was set last Dec. 15.

In Paris, speculators and hoarders bought up a record 15 tons of ingots and a large quantity of coins and other items made of gold valued at the equivalent of $19,364,000.

In Zurich and other European centers, demand hovered near record levels. One Zurich banker estimated sales in the first two hours yesterday surpassed all of last Friday's dealings, "which were the highest in many weeks."

Early trading throughout Europe was spurred by a report, originating in Zurich, that Italy was planning to defect from the gold pool, the seven-nation international group that is pledged to stabilize bullion at $35 an ounce. The reports said the U.S. would assume Italy's share of the pool, bringing Washington's contributions to 65.5% of the total from the present 59%, and putting further strains on U.S. reserves.

MODIFIED VERSION OF RUMOR

This rumor was later modified. Italy was prepared to continue as a member of the pool provided the U.S. would agree to return the full amount of Italian gold contributions by swapping dollars held in Rome's monetary reserves for gold from the U.S. Treasury.

A spokesman for the Italian treasury issued the first denial. The Bank of England followed: "Italy is still a member of the gold pool and still contributes to it. We aren't aware of any arrangements that might have been fixed up between the U.S. Treasury and the Italians."

In Washington, the Treasury flatly denied any agreement had been worked out with the Italians. "It isn't even a good rumor," a spokesman said. Reports attributed to Swiss banking circles that the U.S. soon would embargo sales of bullion also were dismissed as "more nonsense."

Another popular rumor, that South Africa might start selling its gold through Swiss markets instead of in London, was brushed aside by Zurich bankers. They said it was cheaper to buy gold through London than Johannesburg, so at the moment there wasn't any reason to change the present setup.

Belgium government officials quickly squelched reports that Belgium might pull out of the gold pool, noting the country has a strong balance-of-payments position and can easily continue to support pool operations. The balance of payments is the difference between the amount of Belgian francs acquired by foreigners and those returned to Belgium in all transactions.

The scale of buying across Europe yesterday certainly dashed any remaining hopes that last weekend's pronouncement at Basle would be sufficient to halt the gold rush. Even the U.S. Treasury announcement Tuesday that $450 million was being transferred from Fort Knox to meet the heavy demand was ignored and didn't impress the speculators.

Since the current rush for bullion started Feb. 29, conservative estimates put the volume in London at about 500 tons, including the 150 tons that changed hands yesterday. This compares with 1,200 tons to 1,400 tons that flowed from governmental reserves between roughly Nov. 15—three days before Britain devalued the pound—and Dec. 31.

LONDON DEALERS INUNDATED

Bullion dealers in London were overwhelmed. Volume at the morning fixing, and immediately afterwards, was "the heaviest of the year," traders said. Orders surged in "from all quarters."

The fixing price was $35.19¾ an ounce, up ⅛ cent from Tuesday. The Bank of England, acting for the gold pool, fully met all demand at the fixing and in subsequent trading.

Sources close to the market put the turnover at the fixing at "something in the region" of 40 tons, compared with total volume Tuesday of between 35 tons and 45 tons.

But the surge in buying in the hours after the fixing was almost unprecedented, dealers said. With rumors and counter-rumors buffeting the market—and official denials coming equally as fast—dealers pushed up and widened the dollar price in hopes of stemming demand.

The effect was negligible, some dealers conceded. Leading London firms at mid-afternoon were quoting a range of $35.20 to $35.25, but there was only a handful of reluctant buyers at the higher level. Late in the day, the range rose to $35.22 to $35.25, the highest since the gold pool was organized in 1961 and two cents above the effective ceiling for bullion. The U.S. Treasury will sell gold to authorized buyers for no more than $35.20 an ounce. The price includes insurance, handling costs and other fees.

In Paris, yesterday's volume of $19,364,000 topped the previous record of $17,000,000 posted Dec. 15. Buying throughout the day was "hectic" and the Bank of France sold bullion from its reserves in an effort to hold down prices.

Trading was "increasingly hectic" in Zurich yesterday as the session progressed. Bankers reluctantly released bullion to satisfy demand, presumably figuring a change in the price was imminent.

Mr. MILLER. Mr. President, I am happy either to yield for any questions Senators may have, or to yield the floor.

Mr. MURPHY. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield.

Mr. MURPHY. As I understand the Senator's statement, the basic cause of the entire problem is that our fiscal policy has led to the immediate panic in the gold markets abroad. Is the fact that we in the United States have not been willing, or have not seen fit to put our fiscal house in order, that we have been spending more than we have been taking in, brought us to the point that we are on the verge of a crisis? Is that a fair statement?

Mr. MILLER. The Senator has stated it very well. We are being told by the proponents of the bill that the bill is necessary to meet an emergency. But we can meet it and still not do anything about the causes of the emergency. We only prolong the eventful day. I do not know what will happen to us when gold goes out completely.

Mr. MURPHY. Has the Senator been more successful than I in finding out what period of time we would have, and what degree of stability the dollar would attain, if the gold cover were removed?

Mr. MILLER. That is a fair question. I might say to my good friend from California that I have asked that question of financial experts. I have asked how much time the repeal of the gold cover would give us to get our house in order. The answer has been that it could be all the way from 1 day on up.

The fact is that if we repeal the gold cover, we would have some $11 billion in free gold, but if it keeps dropping away at the rate of 150 tons, as it has in London, not to mention the rest of Europe, it will not be very long. It is going to continue that way, according to the best financial advisers I have heard unless we put our fiscal house in order.

Mr. MURPHY. It has been my experience, on several occasions, when there have been runs on banks—which is approximately what this is, a run on the bank on the international basis of currency—that one of two choices remain: Either we let the run continue and meet what obligations we can, or we close the banks for a period of time until conditions can be reassessed, or until the entire procedure can be changed so that the financial or fiscal stability is reestablished.

Would the Senator agree with me that this might be worthy of consideration along with the amendment which the Senator has offered? Let a courageous position be taken immediately by the President of the United States to declare an embargo on gold for a period of 30 days. Let us find out who is buying it. Let us find out for what purpose. In the meantime, we have, in case of an emergency, some gold left.

Would the Senator think that might be a proper suggestion?

Mr. MILLER. That certainly is a proper suggestion, but let me point out to my good friend from California that I sat through a good many sessions of the Joint Economic Committee, with the distinguished Senator from Wisconsin [Mr. PROXMIRE], who is the Senator in charge of the bill. Many of the outstanding economists of this country testified before the committee. I do not recall a single exception in which those economists did not ask the Congress to do two things: One, cut expenditures; and, two, enact a tax increase.

In the face of this unanimous opinion, it seems to me that we must do both. Even if we did have a temporary embargo, so that there should be some consultation, most of the economists who would be called for consultation would just repeat what has already been printed in the record of the Joint Economic Committee, to enact a tax increase and to cut spending—to do both.

Mr. MURPHY. But did any of these economists suggest that either of these things—the imposition of a tax increase or a cut in spending—done alone would solve the problem? In other words, if we remove the gold cover and do not do the other necessary things, will it accomplish the purpose?

Mr. MILLER. I cannot recall that the question was put to any of those witnesses in quite the same fashion as the Senator has suggested. I do recall that there were prepared statements in which an economist, for example, would recommend enactment of the 10-percent income tax surcharge. Then, upon questioning, he would state that he also recommended a reduction in expenditures.

I do know that studies have been made by some economists which indicate that if we are trying to put a stop to inflation, both of these approaches must be used, but that the reduction in expenditures will have a greater impact on inflation than a mere tax increase. There apparently is a longer delay in the impact of a tax increase with respect to inflation than there is from a reduction in expenditures. But I do not remember one of them who has not advocated both.

Mr. MURPHY. In other words, the reduction of expenditures would be immediate in its effect; the tax increase would have a delayed effect?

Mr. MILLER. May I add a footnote to that: A tax increase could in some cases be future. Furthermore, there is a very good possibility that just because somebody is paying a little more income tax, it does not necessarily mean he is going to stop his spending. He may go to the bank and take out some of his savings to make an expenditure that he had been planning to make. That is why there is a more delayed reaction from a tax increase, generally speaking, according to the economic experts, than there is from an expenditure reduction; but I want to emphasize that they have recommended both.

Mr. MURPHY. Would the Senator permit me to speak whether or not the distinguished Senator has seen the morning wires? One quotes Mr. William Davis, financial editor of the Manchester Guardian, one of the best recognized news sources in the British Empire, who said:

> It is doubtful Washington is willing to be really tough in an election year. Recent indications have hardly been encouraging.

That is one statement which will be carefully read in the international marketplace.

A second statement is a quotation from Samuel Brittan, economics editor of the Financial Times, who said:

> The real question is how far the Americans would really allow their gold stock to fall. Few people believe the U.S. would throw its last ounce of gold on the market to defend the dollar, whatever the law allows.

There is obviously a feeling and understanding on the international market about this crisis, and it is a crisis, and its gravity depends on exactly what we do here.

I agree most enthusiastically with my colleague that the first thing to reestablish confidence must be a final decision to spend within our means, balance our budget, and if need be, do away with some of the luxuries of the so-called affluent society. Americans have done it before. I do not think they have changed very much over the years, in spite of some of the doubts that some people

have expressed. This is the time for Americans to take a leadership role in the world community. I would recommend immediately that this leadership be reflected in a search for an answer to the question of whether it would be proper to have an embargo in order to throw off this panic condition, and let calm heads take over and find out where the pressures are.

Second, I recommend completely the amendment offered by my distinguished colleague because I believe, as he does, and as he has so capably stated, that unless we stop the ridiculous spending, we can never cure this terrific problem. If the country continues its present course we will have chaotic conditions which none of us wants and which may ruin the basic stability of and confidence in the great economic complex that we call the United States.

Mr. MILLER. I appreciate the gracious comments of the Senator from California. I would like to respond a little more on the question of an embargo on the present arrangement, whereby we turn over our gold upon demand by dollar credit holders. I asked the Secretary of the Treasury what would happen if we did not pass the gold cover bill, so that the extra $100 million in free gold we now have would be quickly dissolved and those holding dollar claims would find we are not going to pay gold. I asked, "What would happen, Mr. Secretary?" He suggested that there could be some difficulties in the international reserve system; that there would be a crisis; that there could be some difficulties in the foreign trade area.

Then I asked him, "Have you made a study in the Department of the Treasury as to what would happen?" He said he felt that they had. I asked him to supply it for the record. May I say that that was about a month ago, and it has not been supplied for the record yet.

I asked another very distinguished economist, Mr. Saulnier, who appeared before our committee, this question: "We are faced with a decision here in the Senate. If we vote 'No,' what is going to be the result? What is going to be the result if we, in effect, have put an embargo on our gold?" He said, "I really do not know."

But this could happen: We have never had a crisis like this—at least, not in my memory—and so what happens depends upon the psychology of the people—not upon the psychology of the people of the United States, I assure my colleague from California; it depends upon the psychology of the international money market and the speculators overseas; and nobody can forecast that.

Mr. MURPHY. Another question that arises from this discussion is that there may be another influence on our decision. We have heard a great deal of talk lately about the lack of the amount of gold necessary to continue international trade on the basis of its present rate of expansion and the resulting necessity of some new international monetary system based on paper.

It has occurred to the Senator from California that this situation might be part of that picture, and the international people who think in those terms might be hopeful of bringing about that condition as quickly as possible. Certainly, there is nothing I could think of that would bring it more quickly than the disappearance of the gold backing from American currency. Granted there are arguments on both sides, but today not only expert economists but bankers have assured me that in their opinion this would be the worst thing that could happen. It is worse, in my judgment, because it would affect the people of our country immediately.

That is why I endorse the amendment offered by the distinguished Senator from Iowa, and at the same time respectfully suggest the consideration of a temporary embargo, to give our Government at least a chance to inform our people of exactly the conditions that exist and what they may expect.

Mr. MILLER. Mr. President, I say to my friend from California that if, for example, an embargo were placed upon our gold supply tomorrow, there would be the wildest stampede of overseas dollar credit holders in the bullion market, to pick up the remaining amount of free gold, that the world has ever seen. The chances are it would be snapped up in a matter of 24 hours.

Mr. MURPHY. That is happening now.

Mr. MILLER. Then, at that point, there would be an ineffective embargo on our remaining gold supply.

On the other hand, if we agree to this amendment, my guess is that it would kill off the speculation within 24 hours, because confidence would almost instantaneously have been restored in the willingness of the Government of the United States to put its financial house in order, and we would not have to worry about the gold going out.

If we do not do something like this, and just repeal the gold cover, and my amendment is rejected, it will be picked up in the international news within a matter of hours, and one can just hear those financial experts overseas saying, "You see, they are not going to put their house in order. Let us get on with the gold," and the emergency will continue.

Mr. MURPHY. Mr. President, if my esteemed colleague will permit, this is not the first time that this has happened in the memory of this Senator. Although I have come lately to Government, I have been interested for many years; and I recall that in the year 1932 there was a run on gold. There were tremendous amounts of gold on the docks in New York City for shipment. There was a lot of gold earmarked for future shipment.

I believe the record, if carefully examined, will show that President Roosevelt, between the time of his election and actually before his inauguration, did exactly what I am suggesting: He placed an embargo. The question was raised as to whether he officially and legally had the right to do it. His men contacted the Governors of the 48 States and suggested the presence of an immediate crisis, and, if there was a question of the authority of the President before he was sworn into office, understanding the crisis, the Governors were asked whether they would back him up. They all agreed to.

That is why it occurs to me today that this might be a condition requiring immediate action: a declaration of an embargo which would certainly reestablish confidence in the leadership in this country, if the stated reason was that we intended to bring our expenditures into line.

The second step would be to do exactly this—reduce our expenditures by passing the Senator's amendment. This is the way to rebuild the entire foundation of the international credit system, which depends so heavily on the dollar.

Mr. MILLER. I thank the Senator from California.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. MILLER. Yes, indeed.

Mr. TOWER. The Senator might be interested in a report I have just received over the telephone, to the effect that 400 tons of gold was traded on the London market today, which is at least twice as much as yesterday.

Mr. MILLER. It was 150 tons yesterday.

Mr. TOWER. That is correct. So today's trading is described as beyond description. The Bank of Belgium is out of gold. The Bank of Italy is meeting today to review the situation. Italy and Belgium will no doubt both withdraw from the gold pool.

Does the Senator agree that if removal of the cover alone would restore confidence, the defeat of the Church-Tower amendment yesterday would have slowed the rush in the gold markets of Europe?

Mr. MILLER. There is no question but that that would have happened, and that is why I supported the amendment to which the Senator from Texas has referred.

However, I must say that while the amendment of which we sought to secure passage yesterday would have bought a little more time, it would just be a short while before the gold would be used up, and we would be right back where we stood, except we would have our gold supply cut in half. That is what is going to happen if we pass this bill and do nothing more.

Mr. TOWER. I agree with the Senator. I do not think we should remove the cover at all. All I was trying to do was save a little of it.

But yesterday's vote should have been an indication to the bankers and traders of Europe that we intended to do away with the gold cover; and if that is the way they read it, certainly it should have slowed the great gold rush today. But it has not slowed it at all, which just points up the pertinence of the amendment of the Senator from Iowa, and the absolute necessity for the adoption of that amendment today.

Mr. MILLER. I think the Senator is absolutely correct.

Mr. JAVITS. Mr. President, may I first say, about the amendment of the Senator from Iowa, that I shall not be addressing myself directly to that, because I think that it does take a considerable amount of thought as to whether this is the optimum way in which to effect the result which the Senator from Iowa, I think in common with many other Senators, is trying to effect. I hope he will forgive me, therefore, if momentarily I do not deal frontally with his amendment, because I think we are in a situ-

ation of such gravity that I feel compelled to report to the Senate how grave it is, and how important it is to act in the way that I shall suggest, and that, while this way which Senator MILLER suggests is certainly a way—and I do not rule it out—it does mean running the gauntlet. Even if it is agreed to here, it means action by the other body, and a conference, and being signed into law, et cetera; and I believe our situation, unhappily for all of us, simply will not wait. It is just catching up with us too rapidly.

Mr. President, the Senator from Texas [Mr. TOWER] has already made clear the tremendous run that is taking place on gold. I should just like to confirm his figures.

I have just had a report, as has the Senator, concerning the enormous gold rush in every market in Europe—London, Paris, and Zurich—which indicates that some hundreds of millions of dollars of gold will be lost in the London gold pool today. In round figures $165 million was lost yesterday, with 150 tons changing hands, and the value today appears to be three times that.

That must be laid side by side with the fact that 1,200 to 1,400 tons flowed from governmental reserves in the period from November 15 to December 31.

Mr. President, we are pushing the 2,000-ton mark which is an enormous figure in gold, something in the area of $2 billion. And it is said that in December alone, the United States contributed $900 million to the gold pool.

One would have to evaluate those figures in order to see what a bottomless pit this really is, and he would have to understand the total short term claims against the United States. The total claims far exceed the gold available with which to meet them. If we were to pay the total claims against the United States alone, it would use up the preponderant part of the whole world's gold stock, let alone the total claims of the world.

I would like to cite those figures to the Senate.

This is from the Federal Reserve Bulletin of February 1968. The gold claims, from official sources, are $15,958 million. That is the dollars outstanding that could be converted into gold. And the short-term dollar claims outstanding in the world in private hands that could be used to buy gold in various markets of the world are $16,069 million. That is a neat total of about $32 billion, and the total gold in reserve in the world is about $43 billion.

So, we see the impossible situation that we face. And we cannot say that the run on the London gold market could taper off. It could continue.

Mr. President, I am not one of those who believe that the world is going to fall if we do not have gold with which to pay all these claims. However, the world will fall if the dollar is seriously depreciated in terms of the loss of confidence in it.

Let us remember that when the gold price goes up, that represents a partial devaluation of the dollar. It takes more dollars to buy the gold so long as this product remains the platform upon which the world stands.

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

Mr. JAVITS. Let me finish my thought first and I shall then yield.

This is not to retain world stability. I do not believe, and I do not join my colleagues in this, that the way to deal with this crisis is to continue to affix the gold cover to the gold we have. I believe that scares the creditors.

Mr. President, I now yield to the distinguished Senator from Colorado.

Mr. DOMINICK. Mr. President, I am happy that the Senator said that now. He would say it later anyhow.

The point I want to make is that, as has been said, we are liable to reduce the cover on the dollar.

Does the Senator not agree with what I think is a rather unanimous opinion that the reason for the outflow of gold and for the panic in the London market is the lack of confidence in the dollar which has already been engendered by our overspending and imbalance of payments?

Mr. JAVITS. I agree, and I have said that many times. And we do have a remedy, and that is what I have been addressing myself to and will continue to address myself to.

Mr. DOMINICK. Mr. President, as I understand it, the Senator has brought up an interesting proposal on the freezing of gold within the central banks. I think that is very interesting.

I do not know that I have gone deeply enough into that matter to be able to say whether I agree or not. However, would it not indicate to the Senator, with this serious situation in the gold market at the present time, that if we should reduce or remove our gold cover, we would suddenly find that we had lost all of our gold within a very short time as it continues to flow out because of the chaos that has been created?

Mr. JAVITS. If that is all we did, the Senator is probably correct. And I have said that. Nonetheless I shall vote to remove the gold cover because I believe we have to take whatever steps must be taken whenever they can be taken.

I believe that the exigencies facing our Government are so great that the Government will respond to a measure of a composite kind, of which the removal of the gold cover will be one. It is a matter of judgment, but I believe that this will prove to be one of the steps that must be taken in this matter.

I believe that withholding permission to remove the gold cover would create a worse situation than if we were to grant permission. I am confident that circumstances will force our Government to do the other things that need to be done. I do not believe in opposing the pending bill, because I cannot believe and I do not believe that we will sit around and let the London gold pool go wild for long.

That is why I have given the dimensions involved in the matter; namely, the private holdings of short-term dollar claims against the United States in the world. It is a little in excess of $16 billion.

I do not care what the Treasury says or what the President says. I am confident that we will have to find a way to staunch this flow. I do not believe that the way to do it is by retaining this, in my opinion, artificial restriction. This is a different view than held by the Senator, but we come to the same end point.

Mr. DOMINICK. Would the Senator not also agree with me that the President has not only sent up a budget which gives no indication of a desire to cut down our expenditures, but he has also added to the budget by a series of messages which he has been sending up consistently ever since the start of this session of Congress, which action once again indicates that the President has no intention whatever of authorizing any realistic cutback in expenditures?

Mr. JAVITS. Mr. President, I would not wish to sail under false pretenses with the Senator from Colorado, whom I respect and admire enormously.

I would say first that we need a tax surcharge. I think we have to face the situation in a realistic manner. We cannot cut these expenditures by the amount which is required if we do not have a tax surcharge granted.

I agree with the Senator that we must have a curtailment of expenses. And then I would like to see a reordering of priorities.

A number of our colleagues in the House of Representatives have come forward with a suggestion that would cut $6.5 billion off our expenditures and restore $2.5 billion in priorities, largely for the existing crisis in the cities.

We are reordering the priorities, and that is something that the President should do. It is one of those hard facts of life.

I would stand for a tax surcharge, plus a cutting of the expenditures, plus a restoration in the order of priorities. And that cut would be approximately $4.5 billion. And that is about the order of priority that the Senator from Iowa [Mr. MILLER] wants.

Mr. DOMINICK. Mr. President, it would seem to me that we are not too far apart in this matter other than on the very crucial item of which comes first, the chicken or the egg. And I think it is more important than that.

I think that we must cut our expenditures, and then put a tax on before we take action on the gold cover.

Mr. JAVITS. I disagree.

Mr. DOMINICK. If we do it in the reverse manner, it seems to me that we would loose our gold and get money into the Treasury which the Government would spend, and we would then find that we had not achieved any savings in expenditures.

Mr. JAVITS. I have explained my disagreement with the Senator on that score. I would also like to refer to the gold speculation.

I understand from the bankers that it requires only a 6.5 percent margin to buy gold. In other words, for $100 million worth of gold purchases in Europe, one must put up only $6.5 million.

The reason for that is that the buyer has an absolute guarantee of a put against the United States because the United States has guaranteed probably—and it has no legal or moral obligation to these speculators, but could change its policy at any minute—that anybody who puts the gold to us gets $35 in dollars.

I can understand, even following the President's view—though I differ with

it, for the reasons I will state again—why the United States would be willing to pay out its gold in return for $35. But why the United States gives every speculator in the world a guaranteed put to buy his gold in dollar bills at $35 an ounce, I cannot understand. That makes absolutely no sense at all. It is a progression—almost beyond comprehension—like a Greek tragedy on the part of the administration—not even trying to help itself in a way that is even consistent with its own principles.

I have urged, and I urge again, that the United States, which has an absolute and perfect right to do so, cease contributing to the London gold pool. Let it go and let gold seek its own price. If it wants to go up, let it go up. Let the speculators be confronted with uncertainty. But no London speculator has a put on the U.S. Treasury. That is the best buy in the world today. Why should they not buy?

Second, I urge that we reassure our friends in the central banks that we will stop gold there, too—but just momentarily—and negotiate with them as to how much gold they really need, and provide for that, provided they do not make it available to their own nationals, which is a critically important point; and, finally, that there is ample gold, and we will join in supplying it for all industrial and other uses of the same kind.

That scheme makes sense. It is my deep conviction that the administration must come to it. Why they resist it, stubbornly and against all reality and against the evidence mounting momentarily, while we are talking, is absolutely beyond my understanding, and their attitude takes on the lineaments of a Greek tragedy.

It is absolutely right that this is but a momentary thing and that you still have to deal with the fundamental position of the dollar, which is catching up with us now. The world is not waiting for us. If we were not stretched out on this cross of gold, we might be willing to ride out that storm. I believe we can ride out that storm. But because of the gold situation and because that is the base upon which the world is built, we have to deal with that situation or we cannot ride it out.

Therefore, as a practical matter, and as part of the remedies which are essential in this situation, we have to deal with the reduction of expenditures, with a reordering of priorities, and with a tax surcharge.

Mr. President, I can very well appreciate—as I say, I am not now dealing momentarily with what I shall do about Senator MILLER'S amendment—the feeling of hopelessness, almost exasperation, which brings about a congressional mandate of this character. I can understand it perfectly and sympathize with it greatly, because it really does drive you out of your mind to realize that here are the remedies, ready at hand, and they are not being taken.

I have suggested an approach which I believe, in terms of international confidence, might at one blow restore that confidence, but which also must be joined by the other actions I have described, because standing alone it will not do the job. That approach is to try to resolve the continuing deadlock between Congress and the President over which should come first, a tax increase or cuts in spending, and the stubborn refusal of the administration to label the tax surcharge a war tax, which it is. This deadlock between Congress and the President, which is bringing us to the brink of grave financial danger, must be resolved within the next few days, and I believe it can be resolved.

May I cite one other complicating factor which appalls me, and that is that the Federal Reserve may increase the discount rate. If it does, we will have what we had a year or so ago—an enormous rise in interest rates across the board. That will make Americans understand what is going on, because that will be an effort at inflation which will be tremendously costly to every small businessman, to every homeowner, to every new home construction, and new business. It will be throttling to the enterprise of America, and for no reason except abysmally bad economic management and the failure to face the issue. This is another moment of urgency, therefore, in that regard.

In view of that fact, I have tried to make my contribution to resolve this impasse, and that is what it is. We cannot afford and dare not tolerate the present deadlock between the President and Congress.

So, yesterday I sent a wire to the President, which I released well after I sent it, in which I suggested that he call an immediate emergency session at the White House of the leadership of both Houses of Congress and of the ranking members of the House Ways and Means Committee, the Senate Finance Committee, and both Appropriations Committees, to come to an agreement now on budget priorities, needed expenditures to meet these priorities, and a tax surcharge.

Indeed, we even have indications from Representative MILLS that if this were labeled a war tax, he would have a very different attitude toward it.

This deadlock can be resolved on the basis of national emergency—apparently it cannot be resolved any other way.

I believe that the moment has come when, in the interests of the Nation, and before we have to resort to a sort of rebellion by Congress—which is impending, so serious is the financial development we are now witnessing—the President should take action which is compatible with a national emergency when you fly Congressmen back from all over the country to meet at the White House and make a decision and then move into Congress and implement it.

I have made this suggestion. I hope and pray that the President takes it. But my reason for speaking now is only to put forward again a complete group of remedies which are immediately at hand and can be taken.

Sometimes, men and women of the greatest ability just become frozen with fear or stubbornness, or Lord knows what, and that is what I see at this time.

I call attention to it in the hope, as is traditional in our country when things are laid on the table and discussed, that something will give way and something will happen. I hope that an informed public opinion, looking down the throat of an international depression, looking down the throat of a new increase in the discount rate, with a blow to the hopes and pocketbooks of every American, will bring its own impact to bear upon the White House, so that this deadlock can, by presidential leadership, be broken.

Mr. MILLER. Mr. President, it has been my pleasure to have served on the Joint Senate-House Economic Committee for 5 years with the distinguished Senator from New York. Undoubtedly, if he is not the expert, he is certainly one of the experts on international finance in Congress. I well recall as far back as 3 or 4 years ago, when he advanced some recommendations which, if they had been adopted by this administration, might well mean that we would not be in the condition we are in today.

The approach he has outlined has several stages in it, several facets in it. The one involving the embargo by the international gold pool has a great deal of merit. Unless I am mistaken, I understand that this might result in a two-price gold system. There has been much argument on this matter, but so far as I am concerned, it has a great amount of merit and is something, as the Senator from New York has said, that could be done promptly.

The only difficulty is that, knowledgeable as the Senator from New York is on this matter, and as much confidence as I have in his approaches, I am not sure that the President of the United States or the administration will carry it out.

I point out that while I would support what the Senator from New York has suggested, my amendment is entirely consistent with what he has suggested. As a matter of fact, I believe it would help achieve what he has suggested; because if the amendment is adopted, it would restore the confidence that has now been lost in the ability of the Government of the United States to put its fiscal house in order.

Once that confidence was restored, the suggestion of the distinguished Senator from New York could be much more easily carried out.

If we want to send the speculators back home, to stay there and to stop running on the gold, the amendment would do that.

As has been pointed out, a big argument has been raging for a year as to which action should come first. The President has said he wants a tax cut. Members of Congress say, "We want expenditures cut first." Members of Congress say, "Please, Mr. President, send us your recommendations on an expenditure cut." However, nothing ever comes over from the White House.

Now we have a gold-cover crisis. Some Senators say, "We do not want to pass the gold-cover bill unless there is a tax increase." Other Senators say, "We do not want to pass the gold-cover bill unless expenditures are cut." The Senate and the administration have been at an impasse for almost a year.

My amendment attempts to place them in one ball of wax and to say: "We

will repeal the gold cover, we will hold expenditures down, and take a cut out of increases the President asked for, and that will happen upon the date of the enactment of the 10-percent increase." Everybody can be happy or everybody can be both happy and sad, but we will get the job done in one fell swoop. I think the job can be done rapidly.

The distinguished Senator from New York suggests that the situation cannot wait. I think that statement was made last Monday. The situation has waited until today, and it can wait another few days. I would guess that if the amendment were agreed to and the bill passed, there would be most prompt action by the House of Representatives to send the bill to the White House. That would break the logjam on the tax increase, and as soon as the tax increase went into effect we would have what we have all been talking about.

I would suggest further that if the amendment were agreed to by the Senate, and the President called the conference the Senator from New York requested, the tax increase would be forthcoming very shortly, and speculators overseas quickly would stop doing what they are doing because they would soon understand that they would probably have lost all of what they were speculating for, and that would be a very good thing for the world.

Finally, there is a second aspect of my amendment that is important. The amendment would help to relieve the causes of the emergency. It would restore confidence in the American dollar overseas and in the American Government. I think that of equal importance—in fact, of greater importance—it would put a stop to the inflation that is hurting the people of the country far more than many of them understand. I refer to the young people who are trying to obtain a college education. Inflation has been boosting the cost of education in public colleges, on a national average, at the rate of $200 a year, and at a rate more than that in private colleges.

I have already said that in just 2 years inflation has cost social security recipients $2 billion in purchasing power. Think of the hundreds of millions of dollars—probably billions of dollars—inflation is costing the people who hold insurance policies, not to mention the cost to the people who own Government bonds. Some people who hold Government bonds bought them 7 years ago, when the dollar was worth 47 cents. Today, when they cash those bonds, they receive dollars that are worth 40 cents.

This is another situation that would be affected by my amendment. I think my amendment is timely.

Mr. President, I shall be happy to answer further questions, or to yield the floor.

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. MILLER. 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. MILLER. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I hope the Senate will reject the amendment. It would do two things: First, it would put a limit on spending. Many Senators would support that proposal; many would oppose it. Some feel that this is the only way in which spending can be controlled. However, the amendment would take the control of spending out of the hands of the Committees on Appropriations in the House and the Senate.

The second part of the proposal provides that the act shall not take effect—that the gold cover will not be removed, that our gold will not be freed—until a 10-percent surtax is enacted. All of us are aware of the tremendously important developments that have taken place over the weekend with respect to gold. The United States paid some $400 million in gold into the gold pool yesterday; and today the greatest runs in history are taking place on that pool.

Our action to free this gold to do its job is not something that we can postpone for a matter of months. I think that Senators are realistic enough to understand that it will likely be several months before a surtax can be enacted. Even Senators who are enthusiastic for a surtax will agree to that. Under the Constitution, the tax bill cannot originate in the Senate; it must originate in the House of Representatives.

We know that the chairman of the House Committee on Ways and Means, an extraordinarily able man, is and has been consistently opposed to a surtax.

The Committee on Ways and Means might report such a bill to the House in a month or so at the earliest; the House might pass the bill within 6 weeks at the soonest. The Committee on Finance would not report such a bill to the Senate for another 2 months; and the Senate, after the bill reached us, might not pass it for another 3 months.

Meanwhile, what will happen to the gold we have at present? Our willingness to stand by the dollar might be put in serious jeopardy.

I submit that there may be a very strong case in favor of rejecting the bill but to adopt this kind of measure, I think, would be most unfortunate, especially in view of the disposition of the House of Representatives which, rightly and proudly, takes the position that it is up to them to initiate tax legislation and not up to the Senate to tell them to initiate it.

Mr. President, I hope that the amendment will be rejected.

Mr. MILLER. Mr. President, I appreciate the very fair statement just made by my good friend from Wisconsin on the other side concerning my amendment.

Let me point out two things: One, that since the amendment would be adopted at a relatively early stage of this session of Congress, it would give the Appropriations Committees ample time to work things out within the spending limitation. If it were to be adopted later in the session, I could not make that statement. I can now. Thus, I think that our Appropriations Committees could work with it. If they could not, then, of course, the President would have to do so.

The second point is that I do not believe we would have to wait very long for the necessary action to give effect to the bill. The Senator has suggested we might have to wait a month or 2 months in order to have a tax increase enacted into law. I am sure my friend from Wisconsin understands that the main reason why there has been an impasse is not so much because of the argument over the tax increase, and there are some who feel very strongly about it, as the fact that there has been no assurance of expenditure reduction.

Actually, my amendment does not propose an expenditure reduction as such. It proposes to cut down the increases in the proposed budget.

I would think that with all of the urgency behind the bill, if the bill incorporated the expenditure reduction contingent upon the tax increase, it could be accomplished within a matter of a very few days. The fact is, it might be accomplished before the week is out. The situation is so urgent as to require it.

I repeat, that if all we do is take off the gold cover and wait and wait and wait for expenditure reductions and a tax increase, there will be no assurance that we will ever get them.

In the meantime, Rome burns.

In the meantime, our gold goes out.

In the meantime, international speculators and financial experts keep their lost confidence in the U.S. Government.

To enact my amendment, that confidence will be restored and we will not have to worry about waiting a little while because they will know we are on the way to putting our house in order.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Iowa.

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. BYRD of West Virginia. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Minnesota [Mr. MONDALE], the Senator from Maine [Mr. MUSKIE], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that the Senator from Missouri [Mr. LONG] and the Senator from Oregon [Mr. MORSE] are absent on official business.

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Wisconsin [Mr. NELSON], and the Sen-

ator from Rhode Island [Mr. PASTORE] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

If present and voting, the Senator from California [Mr. KUCHEL] would vote "nay."

The result was announced—yeas 18, nays 64, as follows:

[No. 57 Leg.]

YEAS—18

Allott	Griffin	Mundt
Baker	Hansen	Murphy
Cotton	Hickenlooper	Scott
Curtis	Hruska	Thurmond
Dominick	Jordan, Idaho	Tower
Fannin	Miller	Williams, Del.

NAYS—64

Aiken	Gruening	Morton
Anderson	Harris	Moss
Bartlett	Hartke	Pearson
Bayh	Hatfield	Pell
Bennett	Hayden	Percy
Bible	Hill	Proxmire
Boggs	Holland	Randolph
Brewster	Hollings	Ribicoff
Brooke	Inouye	Russell
Burdick	Jackson	Smathers
Byrd, Va.	Javits	Smith
Byrd, W. Va.	Jordan, N.C.	Sparkman
Cannon	Kennedy, Mass.	Spong
Case	Kennedy, N.Y.	Stennis
Church	Long, La.	Symington
Clark	Mansfield	Tydings
Cooper	McGee	Williams, N.J.
Dirksen	McGovern	Yarborough
Dodd	McIntyre	Young, N. Dak.
Ellender	Metcalf	Young, Ohio
Ervin	Monroney	
Fong	Montoya	

NOT VOTING—18

Carlson	Lausche	Morse
Eastland	Long, Mo.	Muskie
Fulbright	Magnuson	Nelson
Gore	McCarthy	Pastore
Hart	McClellan	Prouty
Kuchel	Mondale	Talmadge

So Mr. MILLER's modified amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CLARK. 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 amendment.

AMENDMENT NO. 606

Mr. CURTIS. Mr. President, I call up my amendment No. 606.

The PRESIDING OFFICER. The amendment will be stated.

Mr. CURTIS. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD, and considered as read.

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

Mr. CURTIS' amendment (No. 606) is as follows:

On page 4, after line 7, insert the following:

"SEC. 13. The foregoing provisions of this Act shall become effective on—

"(1) such date as the Director of the Bureau of the Budget reports to the Congress that the receipts of the Government for the preceding fiscal year have exceeded the expenditures of the Government for such year; or

"(2) the date on which there is submitted to the Congress by the President under the Budget and Accounting Act, 1921, a budget revealing that estimated receipts of the Government for the fiscal year for which the budget is submitted are in excess of the estimated expenditures of the Government for such fiscal year;

whichever shall first occur. Any date so determined shall be duly published in the Federal Register."

On page 4, line 8, strike out "13" and insert "14".

Mr. CURTIS. Mr. President, I shall briefly state what this amendment would do.

It provides that this act shall not become effective either until we have a balanced budget, or on the date on which there is submitted to Congress by the President a budget message revealing that the estimated receipts of the Government are in excess of the estimated expenditures.

In other words, in a matter of 72 hours, I believe, the President could send to Congress a supplemental budget message submitting a balanced budget. The purpose of my amendment is not to harass and delay the passage of this bill. It is apparent that Congress will enact it. My purpose is to hasten the day when we shall have a balanced budget.

Mr. BYRD of West Virginia. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until order is restored. Let us have order in the Senate.

Mr. CURTIS. Or at least the day when we shall have a balanced budget submitted to us.

We are dealing with a complex subject. There is wide disagreement on what should be done. There seems to be no disagreement, however, that the situation is very serious. We do not know the day nor the hour when individuals at home or abroad will become so concerned that they will act in unison and in panic. The one thing that we seem to be agreed upon is that for Uncle Sam to put his house in order would restore confidence everywhere in the civilized world.

Therefore, if it were a known and accepted fact that Uncle Sam was not running in debt, that Uncle Sam was paying his bills without borrowing more, that the national debt was not growing, I daresay that no one would question the value of the dollar. People would not stampede in a race to see if they could turn their dollars into something else, whether it be land, stocks, gold, or anything of value.

I realize there may be some who genuinely feel that this amendment is purely obstructionary; or that, if enacted, it would nullify the bill.

It would not have to. The adoption of my amendment would hasten the day when we would have a balanced budget. The passage of this bill with my amendment would say to the whole world, "The Congress of the United States is not only going to pay its demands in gold, but has also agreed on a balanced budget."

I do not think that it would take more than 72 hours for the President of the United States to submit a balanced budget. Perhaps he could do it in less time than that. When he did, this act would become effective.

I repeat, the purpose of my amendment is not to harass and delay the passage of the matter that is before us, but to hasten the day when we shall have a balanced budget.

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

Mr. CURTIS. I yield.

Mr. COTTON. I should like to ask the Senator two questions. I am in complete sympathy with his purpose; as in 90 cases out of 100, I am with him. I believe our philosophy is the same.

The first question that disturbs me, however, is whether, if this bill were passed with the Senator's amendment attached to it, and the President could, as the Senator suggests, within 72 hours or a week send up the balanced budget, the exigencies of the situation being what they are, there is anything to prevent him, 3 months later, from sending up a supplemental request that would restore everything that was cut out of the budget. Could he not do that?

Mr. CURTIS. There is always that danger. The cutting of expenses is so difficult that it demands sincere, honest, continuous effort by both the Executive and Congress. It is a difficult job.

Mr. COTTON. I am not impugning the sincerity of the President, but if the President felt the removal of the gold cover was vital enough, he might well feel justified in saying, "Well, if Congress wants a balanced budget, here it is," and send it up; and then, in due course, it would be easy enough for him to completely undo the thing in 3 or 4 months. In that case, we would have the gold cover off and the budget just the same.

Mr. CURTIS. Mr. President, I think it would be worth a try. Suppose the situation were such that, in a few months, he did have to ask for more money. He could ask for more taxes at that time.

The people all over the country, if I read them correctly, say, "If you make an effort to cut down on expenses, we will accept increased taxes."

Mr. COTTON. Mr. President, I do not want to take the time of the Senator. However, these are honest queries. My second question is that it would seem to me that if there were some way of the Senator's framing his amendment so this matter of balancing the budget would be confined to domestic expenditures and foreign aid and some other expenditures, I would be more satisfied. However, the amendment of the Senator in its present form would, if complied with, put us in a position in which we would not even be able to put arms, ammunition, or supplies in the hands of our men who are engaged in a war. I do not like to have the expenses of the war included in the requirement for these reductions.

Mr. CURTIS. The highest estimate for the deficit, I believe, is in the neighborhood of $28 billion. The Secretary of the Treasury this morning testified that if we restored the tax rates to their 1962 level, we would pick up between $22 billion and $23 billion. And I cannot find any justification for this generation not paying for its own cost of government.

We have been blessed by nature with good crops and income. Our unemployment is down to 2 or 3 percent. We are an affluent society. Why should we not pay for the cost of government? Why do we have a moral right to charge the cost of government to our grandchildren any more than we have the right to

charge our grocery bills to our grandchildren?

Mr. COTTON. Mr. President, I agree with every word that the Senator has said. However, one additional point troubles me.

I certainly would like to vote for the objective of the amendment of the Senator. However, suppose the bill were passed with the Senator's amendment in it, and the President were to send up a balanced budget the day after tomorrow or a week from today and propose to cut out school lunches and impacted area funds and research in heart disease, stroke, cancer, and some other necessary expenditures, and were to leave in all of his other programs. There would be more wailing and gnashing of teeth on the floor of the Senate than there would be on judgment day.

How does the amendment of the Senator provide against that contingency?

Mr. CURTIS. I am not as concerned about that contingency as I am concerned with whether we reach a little too far and the gold crisis and the financial crisis and the budget crisis becomes such that our country starts into a tailspin.

I do not want to be misunderstood. I am not advocating it. I am not an alarmist. I am just saying that there is a limit. There is a point beyond which there is no return. And if school lunches and research and all of the other programs are so good and wonderful, why do we not pay for them?

My great complaint against the champions of big government is that they do not have enough confidence in their own programs to face the American people and say, "Pay for it now."

Any time we offer people a bargain, they should be willing to pay for it.

The great crime committed in the thirties was that the New Deal was sold to America without the administration having the courage to say, "If it is good for us, we should pay for it now."

The whole philosophy was adopted that national debt is a good thing. Sometime we have to end all of this business about being national deadbeats who do not have to pay our own bills.

The passage of the pending measure without any amendments would leave a lot to be desired.

It will not do one thing to set our financial house in order. It will not do one thing with reference to the balance-of-payments problem. It will not do one thing to cause more gold to be mined in this country. Furthermore, it will not do one thing to stop the gold drain.

Mr. President, I want to read from the RECORD of the day before yesterday, March 12, 1968, a colloquy had with the very learned and distinguished Senator from New York [Mr. JAVITS], who had the floor and very kindly yielded to me for some questions.

Mr. President, I read from page 6133 of the RECORD of March 12, 1968:

Mr. CURTIS. Would the Senator spell out in detail what he proposes be done? How can he stop it?

Mr. JAVITS. I thought I explained it, but I will do it again.

The United States contributes 59 percent of everything which is required for the London gold pool. The London gold pool, as we know, drained off hundreds of millions of dollars in 1 month alone. It is capable of draining off any amount, from $100 million upward, during the course of a month.

Mr. CURTIS. And that is still going on.

Mr. JAVITS. That is still going on. I would stop supporting the London gold market.

Mr. CURTIS. All right. Who stops it, and how?

Mr. JAVITS. The United States contributes 95 percent. If the United States says, "We will no longer have gold for sale for dollars in the London gold market," the London gold pool will end, because the people who are putting up the 41 percent are certainly not going to take all that heat without us.

Mr. CURTIS. Who says that for the United States?

Mr. JAVITS. The Treasury of the United States. The President. We do not have the power, in Congress, to stop that, unless we did this——

Mr. CURTIS. Could he do it this afternoon?

Mr. JAVITS. He could do it any time.

Mr. CURTIS. Could he have done it yesterday?

Mr. JAVITS. Yes; absolutely.

Mr. CURTIS. Would it have been beneficial?

Mr. JAVITS. I think it would have been very beneficial, and I think it is what the country needs.

Mr. CURTIS. Has it been proposed?

Mr. JAVITS. It has been proposed by me, and by many others.

Mr. President, the colloquy continued. I will not read it all. However, I read another part of it at this point:

Mr. CURTIS. One further question. If the President could stop the flow of gold into the London gold pool—that is what it is called; is it not?

Mr. JAVITS. That is right.

Mr. CURTIS. Would it stop or materially lessen the outflow of gold from the United States?

Mr. JAVITS. Without any question.

Senator JAVITS also said:

Mr. JAVITS. I do. However, I said that it would be breaking faith only with the people—the speculators—who are being supplied through the London gold market.

Mr. President, I read further from the same page on a colloquy with the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. I certainly accept that, because we owe them nothing.

Mr. CURTIS. Mr. President, why do we give them something if we owe them nothing?

Mr. SPARKMAN. That is a side operation.

Mr. CURTIS. Our gold is being drained and siphoned off by people to whom we owe nothing.

Mr. SPARKMAN. They are doing this as a means of speculation, and I rather think that someday they will pay dearly for what they are doing.

All this bill would do would be to make more gold available, to put it in a pool which one of the most learned men in the Senate says is feeding the speculators, and we owe them nothing.

It is time, Mr. President, that we turned our attention to the causes. Would it not be a great revival of confidence in the United States if it were a known policy that Uncle Sam, from this very hour, was going to live on a balanced budget? Nobody would be rushing in and saying, "Take my dollars. Give me anything; give me your land, give me stocks, or give me gold." They would believe in the dollar. Nothing in this bill, as it now reads, deals with that problem. Nothing in the bill deals with the balance of payments. Nothing in the bill would cause this country to mine more gold.

I inquired the other day, at a meeting of the Joint Committee on Atomic Energy, "What were our known reserves of uranium when we started the atomic energy program?" The answer was, "Zero." We made it profitable to find and mine uranium, and in a few short years we had uranium running out of our ears.

We talk about depreciation allowance. The depreciation allowance for oil is 27 percent. What is it for gold? A mere 15 percent. If we increased that to 60 percent and got four times as much gold, the Treasury of the United States would not lose a nickel, because it would end up exactly the same.

Nothing has been done to increase the production of gold. Nothing has been done to balance the budget. Nothing has been done about trade. There is merely an act before us to make it possible to take the remaining few gold dollars that we have and put them into a losing business.

Mr. President (Mr. YOUNG of Ohio in the chair), I am not unmindful that amendments are not being accepted in connection with this bill. All I can do is to make my record. I believe that if the executive branch offered a balanced budget, there would be enough Senators on both sides of the aisle to sustain it.

I believe that one of the reasons for the chaos and the breakdown of leadership in this country is that there is no confidence in the budgetmaking processes of the administration.

Many Senators have returned home and found some needed function of Government cut off because sufficient money was not available, and they picked up their newspaper the next morning and learned that the Federal Government has started a new project in their community. That has happened to me.

A little group called on me. They were from a county that did not have 7,000 people. They said:

The Federal Government came in here and built us a golf course. We didn't particularly seek it, but they build them every place else. They spent $140,000. It will require a payment of $7,000 interest before we could have a dollar to run our club, and we can't do it.

Well, now, with that sort of foolishness going on, and budget cuts suggested where they are quite impossible, you have had a breakdown in confidence.

Congress needs the assurance that the administration wants to balance the budget. If the administration submits a balanced budget, I believe the chances of its being sustained in Congress are very good, because it would be a lift to the entire free world. So much depends upon the might and strength of the United States that, aside from military strength, we must exhibit economic strength.

Mr. President, in the event some Senators entered the Chamber within the last few minutes, I wish to point out that amendment No. 606 provides that we will not release this last bit of gold until either we have a balanced budget in being or the President submits a balanced budget, which he could do in a matter of hours. I hope the Senate will adopt the amendment.

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

Mr. CURTIS. I yield.

Mr. COTTON. First, may I commend the Senator for the clarity and the force of his statement, every word of which is sound. The Senator from New Hampshire agrees with every word of his statement. I recall the years that the Senator from New Hampshire has served with the distinguished Senator from Nebraska in the House, where the Senator from Nebraska was recognized as one of the ablest members of the House Ways and Means Committee, and the years in the Senate, where the Senator from Nebraska is recognized in like manner as a member of the Committee on Finance. Every word the Senator has said is sound. The object of the Senator's amendment is sound.

However, I merely wish to ask the Senator again—and I do not want him to think that I am being unduly critical, because I would like to see this work—is it not a fact—and I am sure the Senator knows these details better than I—that if the administration is willing to pay the price and accept the legal obligation that the Federal Reserve System shall change the rediscount rate and increase interest rates, the administration can reduce the gold cover now without any legislation?

Mr. CURTIS. I am not a member of the Committee on Banking and Currency, which handles the proposed legislation. I have so been told.

Mr. COTTON. It has been the experience of the Senator from New Hampshire, during 22 years of service in the House and in the Senate, that Congress has never been very successful in giving this or any other administration something it wants and attempting to exact a promise or a requirement that later the administration do something else that is necessary as a part of it.

The Senator from New Hampshire fears, for reasons stated in my previous question, that the only way to make sure that the administration will accompany a reduction or removal of the gold cover with a reduction of expenditures and, if necessary, an increase in taxes, is to say that we will not remove it or reduce it until the administration makes a move first.

Mr. CURTIS. My amendment amounts to that. It provides that it shall not become effective until either we have a balanced budget or the President submits one. I realize that the latter course has certain hazards, and it may fall short of its mark. But it would at least be a start.

It would be something through which those of us who have struggled and fought for a balanced budget through the years would have some guidelines and a little help from the administration.

Mr. COTTON. I wish to say to my friend, because my questions may have appeared critical, that because of the obvious intent of his amendment the Senator from New Hampshire is going to vote for it. However, I feel it would not be enough to do the job and cannot be fully effective, but it does express a sentiment and an intent on the part of Congress to do what the Senator wants to do.

Mr. CURTIS. I thank the Senator. I never feel that a questioner is critical as long as he does not throw chairs at me or shout and scream epithets at me.

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

Mr. CURTIS. I yield.

Mr. TOWER. Does it occur to the distinguished Senator from Nebraska that actually the administration may be plotting to demonetize gold altogether, to resort to paper gold, or lines of credit in the International Monetary Fund with special drawing rights, and that sort of thing, with no intention to ever worry about the balance of payments or a balanced budget?

Mr. CURTIS. I cannot speak with any certainty.

Mr. TOWER. Perhaps "plotting" may be too strong a word. Would the Senator say that the administration is so planning or has this possibility in view?

Mr. CURTIS. At least it is a possibility they might let things drift until no other course was available.

Mr. TOWER. That is certainly possible.

Mr. CURTIS. Yes.

Mr. TOWER. It is certainly possible when one considers that in hearings before the Committee on Banking and Currency in connection with the balance of payments a year or so ago there was never any mention of the gold cover nor discussion of foreign confidence in American dollars.

The entire idea of confidence is contingent on our willingness to put our fiscal house in order. Therefore, I think this is a timely amendment which the Senator has offered. I intend to support it.

Mr. CURTIS. I thank the Senator.

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

Mr. CURTIS. I yield.

Mr. DOMINICK. Mr. President, I was extremely interested in listening to the Senator's statement. It was necessary for me to be away from the Chamber for awhile, and I did not hear all of his statement.

It seems to me that the Senator is hitting at the root of the problem. All the way through, opponents of this measure have stated that removal of the gold cover is not going to cure problems that have given rise to the outflow of gold; that the problem has been the unbalanced budget domestically and the deficit in our balance of payments.

As I understand the amendment, we would take first things first and try to balance the budget before deciding if we are going to remove the gold cover.

Mr. CURTIS. Not before the decision; but at least it would be at first.

My amendment provides that the pending measure shall not become effective until we have either a balanced budget or the President submits a budget to us in which the income is greater than the expected expenditures, which he could do tomorrow.

I much prefer to have the requirement that a balanced budget must be obtained. I realize that takes some time. This proposal was not offered in any spirit of harassment and thwarting, but it is merely to force the issue that we have a balanced budget before we turn the key and let the gold out.

Mr. DOMINICK. I thank the Senator for putting the correct priorities on the matter.

I had a colloquy with the distinguished Senator from New York [Mr. JAVITS] on the same subject. The Senator from New York said we should pass this bill because it is before us and, then, we should hopefully get a tax surcharge, and then, we could work on the expenditures.

However, Parkinson's law has always been that expenditures rise to meet income. I am positive that at such time as we put on a surtax which would result in increased revenues, expenditures would rise to meet what has been brought in.

We will have a deficit of $20 billion this year and I do not know how much it will be in 1969. Somehow it seems to me that we must impress on the proponents of the bill that, if we are going to pass this particular measure for the removal of the gold cover, we have to have some legitimate and solid assurance that expenditures are going to be cut back. We may have to raise taxes if it is necessary to come close to balancing the budget. However, I think this is the philosophy that the Senator expresses in his amendment. Is that correct?

Mr. CURTIS. The Senator is correct. As much as I prefer a solution by way of reduction in expenditures, I wish to point out that the Secretary of the Treasury testified this morning that to return to the tax rates that existed in 1962 would bring in $22 billion revenue.

There is no earthly reason for a deficit. We have no more right to charge the cost of government to our grandchildren than we have to charge to them the cost of our milk bill. It is dishonest, it is immoral, and it is cowardly. We have the most affluent society ever known. We have low unemployment. We do not need to delay the day when we balance the budget.

I wish to say again that balancing the budget is just about as tough a job as anybody can undertake, whether it involves a school board, a county board, a city government, a State government, or any other government. There is required complete honesty and cooperation on the part of everybody. The first step would be to have the President submit a balanced budget. That is the price tag of my amendment for making the bill effective.

Mr. DOMINICK. Mr. President, will the Senator yield to me for a brief comment?

Mr. CURTIS. I yield.

Mr. DOMINICK. I read a figure that gave me chills. Last year's budget—and I am talking about 1968, which ends on June 30—which the President submitted and Congress approved in one form or another, involves the expenditure of more money in 1 year than the entire Federal budgets all added together from the time of George Washington through the middle of the third term of President Roosevelt in 1942, including the cost of all wars we had up to that point. That is an incredible figure, and here we are asked to spend not only that much in the coming fiscal year but over $10.4 billion more than that amount.

It would seem to me that this is a clear indication that the administration has no solid intention of trying to hold expenditures at least even—and preferably they should be cut back—and then the necessary taxes imposed which will bring us close to a balanced budget.

Mr. CURTIS. I thank the Senator.

Mr. President, I ask for a division on the vote on my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment——

Mr. CURTIS. Mr. President, I ask for a division.

Mr. CLARK and Mr. SPARKMAN addressed the Chair.

The PRESIDING OFFICER. The question——

Mr. CLARK. Mr. President, I want to be heard before voting on this amendment.

The PRESIDING OFFICER. Does the Senator from Pennsylvania desire to be heard?

Mr. CLARK. I do.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CLARK. Mr. President, the pending amendment, if adopted, in one fell swoop would destroy the credit of the United States, for it would give notice to the world that we have been forced to the wall and are prepared to abandon the sale of gold for dollars at the price of $35 an ounce.

There is not the slightest possibility, and every Member of this body knows it, of the receipts of the Federal Government exceeding expenditures as long as the war in Vietnam continues and as long as we have an almost $80 billion military budget; nor is it within the realm of political practicality, particularly in an election year, that the President would propose or that Congress would pass the kind of tax bill suggested by the Senator from Nebraska. If he did, and a bill ever got through the House, it would indeed be fascinating to see how many of my colleagues on the other side of the aisle would vote for it. It is very easy to talk big when we are in the opposition and are proposing utterly unrealistic, if piously and fiscally sound, amendments. Thus, I hope that this amendment will be soundly defeated. But, Mr. President, I am against all amendments to the bill, and shall, with my vote, support the bill as it came to the floor of the Senate.

On February 18, 1965, over 3 years ago, when the Senate was considering the bill to remove the gold cover from Federal Reserve deposits, I said:

Mr. President, I support the Administration's request that the present gold cover requirements for Federal Reserve deposits be eliminated—I support it, but I would have preferred that the request had gone further and removed the cover from Federal Reserve notes as well.

Within the not-too-distant future, in four years perhaps unless there is a marked improvement in our balance of payments, it will be necessary to eliminate completely the gold backing of both Federal Reserve notes and deposits in order to free our gold reserves to meet international claims. We may as well do now what will become necessary a few years hence.

Mr. President, I was unduly optimistic when I made that statement. It is hardly 3 years since I made it. Here we are faced with the necessity to do that which I called attention to back in February of 1965. I take no particular credit to myself for this prognosis, because I think it was clear to all students of our gold problem, our balance of payments, and our fiscal policy that we just waited too long.

Now, there is still time. However, the events of the past few days indicate that it may be later than we think.

I return to what I said on February 18, 1965:

I am well aware of the "psychological" reasons which have led to this piecemeal action. I am well aware that many members of Congress and the general public feel that there is some immutable connection between our gold reserves and the soundness of the dollar. I am well aware that it may be necessary to cater to this mistaken notion in order not to shake confidence in our currency. I am well aware of all this, but I do not like it. I agree completely with the views of Senators Douglas, Proxmire and Mondale in the report on the bill when they assert that we should not accept the notion that there is some necessary and immutable connection between the soundness of the dollar and gold. "We should try to transform irrational tradition into rational practice, and not continuously accede to irrationality . . . Our nation is best served if policy is aimed at the level of our most enlightened citizens, not our least enlightened", they wrote, and I agree wholeheartedly.

As best I can determine, only four other nations require their central banks to maintain minimum gold reserves against liabilities: South Africa, Switzerland, Belgium and Venezuela.

I interpolate here to say that I have not checked the situation as of today. That was 3 years ago.

Continuing reading:

None of them bears major international responsibilities and the currencies of a good many other countries which have no such requirement are as hard or harder..

In the face of increasing currency and credit demands in our expanding economy, the gold cover no longer makes any sense. It only hamstrings our money supply and limits our ability to maintain expansion and reduce unemployment. It is time we freed ourselves from these limitations. All of our gold reserves should be freed to meet our international obligations and strengthen the dollar in international exchange.

Even after we have done so, however, we will not have solved the fundamental balance of payments problem with which we are confronted. By freeing that portion of our gold reserves required to meet domestic needs we do indeed free more of our gold for international claims. But the international demands on our gold will continue and, in all likelihood, so will the deficit in our balance of payments, although hopefully at a much lesser level.

I interpolate here to say that since that time the extraordinary increase in the tempo of the war in Vietnam, the landing of 500,000 American troops on the shores of that unhappy land, and the continued expansion of our apparent determination to become the policeman of the world, and the projected military budget of almost $80 billion, have resulted not in a decrease in our balance of payments, but in an increase.

I return to what I said in February of 1965:

Why? Because for the last 20 years—ever since the end of World War II—the U.S. has been playing policeman and banker to the world. In that role it has been essential that we run a balance of payments deficit in order to maintain international liquidity and the flow of trade. It has been the U.S., and to a much lesser extent, Great Britain, which have had to meet the world's credit gap.

Today, Great Britain is no longer available as the sterling partner in the monetary phalanx to maintain the credit of the free world.

Returning to what I said in February 1965:

So long as the U.S. held most of the world's gold reserves, this was fair enough. But as the war-ravaged nations of Europe have managed to get back on their feet, thanks in large part to such enlightened American policies as the Marshall Plan, their capital, which once fled to our shores for safety, is returning home again. Today, the gold reserves of Western Europe are roughly equal to our own.

Today, 3 years later, they are substantially greater than they were then.

Still reading:

And the U.S. can no longer be expected to serve as the world's central bank. As Walter Lippmann observed in the February 16 Washington Post, "As the world's main substitute for a central banker, we are now faced with the fundamental problem of any banker, which is to keep his depositors convinced that they have nothing to gain and perhaps something to lose by demanding cash and starting a run on the bank."

The U.S. is being asked to continue to serve as the world's major source of credit while approaching conditions at home which may require the imposition of restraints that will slow down economic expansion and increase levels of unemployment—unemployment which has been persistently too high since 1957. No nation should be asked to bear such a burden or be confronted with such a choice.

I interpolate to say that the problem now is no longer massive, persistent, and general unemployment, but persistent and prolonged unemployment and underemployment in the slum areas of our cities and the slum areas of our rural communities. That has resulted in the preparation of a report by the Commission on Riots which calls for millions after millions of dollars to be put into creative jobs, adequate housing, proper health facilities, and better education for the unfortunate inhabitants of those areas which are a shame to America. So that while the unemployment crisis generally has been ameliorated since 1957, the crisis of conscience is still continuing and the need for vast domestic expenditures is, if anything, greater today than it was 3 years ago.

I return to quoting from my 1965 statement:

The time has come to shift that burden. And the only shift that can occur is to a new international monetary system. President Johnson said as much in his message on the balance of payments last week. He urged that "we press forward with our studies and beyond to action—evolving arrangements which will continue to meet the needs of a fast moving world economy."

I interpolate again, Mr. President, to say those studies were continued. Those studies were completed under the leadership of our splendid Secretary of the Treasury, Mr. Henry Fowler. Those studies were activated at Rio de Janeiro not too long ago. We are on our way to creating a sensible system of interna-

tional monetary exchange to take the place of the present system under which we are obligated to surrender our gold at the rate of 1 ounce for every $35 the speculators of the world wish to offer.

I commented in 1965 that, to a certain extent, General de Gaulle was of the view that something would have to be done in this area but, unfortunately, the good General invoked the Golden Rule to deter us from earnest and concrete efforts directed toward the establishment of a workable international monetary system. And his Golden Rule is still giving us trouble. We are still not getting the cooperation of the central bank and the French Government to which we are entitled. It is one of the reasons why we have the run on gold which is disrupting the world market.

I have long been of the view that we should use our utmost efforts to urge our European allies and the central banks of our friends to take the step which we took long ago, which is to prohibit private dealing in gold. If we did that, the present crisis would be far less onerous.

I said we should press for the monetary plan proposed by Prof. Robert Triffin's study which played a significant part in creating the monetary agreement which came out of Rio de Janeiro just a little while ago.

Now I return to quoting from my 1965 statement:

It was precisely this state of affairs which led to the collapse of the world monetary system in the early 1930's. It must not be allowed to happen again.

In my opinion, it is time for the United States to take the lead in urging the creation of a new international monetary system—

As Secretary Fowler is now doing.

Let us give him a chance to finish the job.

I return briefly to the quotation:

The U.S. can no longer be asked to sacrifice its own economics viability in order to maintain international credit and trade. This is an international responsibility. The world community must assume that responsibility and it must do so before the international economy is jeopardized once more by a monetary crisis as it was 35 years ago.

We were warned five years ago—

That was back in 1960—

by many experts in testimony before the Joint Economic Committee that the present state of affairs would soon be reached. Now it is upon us.

It was upon us then in 1965. It is upon us now in concentrated form in 1968.

We cannot afford to procrastinate any longer.

Our key problem is not the gold cover nor the balance of payments, but the international arrangements which make such problems possible. Let us treat the disease and not the symptoms.

Mr. President, my views went unconsidered at that time, but in March of 1967 I returned to the fray and introduced S. 1407, a bill to remove the gold cover from our Federal Reserve notes. That bill languished for a while in committee, because the administration was too timid to support it. Finally, a few months go, they summoned their courage, came before the Banking and Currency Committee, and advocated precisely the remedy which I had been advocating for years. Under the splendid leadership of the Senator from Alabama [Mr. SPARKMAN], the chairman of the Banking and Currency Committee, the committee brought to the floor the bill which we have presently under consideration.

It is heartening to me, if a little ironic, that that bill is practically identical with the bill I recommended in 1965 and there is hardly a line different from S. 1307 which I introduced in March 1967. I do not wish to appear to crow, nor do I want to appear egotistical, but it is somewhat heartening to a U.S. Senator who has so often been wrong to find that for once he happens to be right. So I think I am entitled to a very brief moment of self-congratulations for having for once at least been astute.

Mr. President, we got a splendid report from the committee on the bill. I endorse it wholeheartedly. I note that the report states, reading from page 2 of the report:

The committee favors enactment of this legislation now for two basic reasons. As a matter of domestic monetary policy, expected normal increases in the supply of Federal Reserve notes will require a progressively larger reserve requirement in subsequent years. Maintaining the current gold reserve requirements could ultimately interfere with business and unduly limit necessary domestic economic expanson. As a matter of international monetary necessity, there must be adequate assurance that the full amount of U.S. gold reserves would be available if needed to maintain the stability of the dollar at $35 per ounce of gold.

I commend to Members of the Senate the remainder of the astute and able discussion by the committee of their support for this bill; and I read briefly from page 5 of the report:

The keystone of the international monetary system is this convertibility of the dollar into gold at a fixed price. Substantially for this reason, foreign monetary authorities are willing to hold dollar reserves. Indeed, many foreign monetary authorities have found it to their advantage to hold dollars rather than gold, since dollars produce interest income while gold does not. However, recent gold outflows following the devaluation of sterling have been caused in part by uncertainty over whether the commitment of the United States to maintain the fixed price convertibility of the dollar will continue.

By passing this bill, we can assure that it will continue until such time as we can get implemented the plan for deliberate reserve creation, supported by our Secretary of the Treasury and agreed to in principle a few months ago at Rio de Janeiro.

Quoting again from the report:

It is essential, therefore, that the United States continue to maintain the fixed link with gold. The maintenance of value of the U.S. dollar at $35 per ounce should continue to insure the confidence of foreign monetary authorities to hold dollars as part of their official reserves.

The passage of this bill will go far to assure that that situation will continue.

Mr. President, on March 13 there was printed in the New York Times an editorial entitled "The Gold Drama." I agree wholeheartedly with the arguments made in that editorial in support of this bill, and with its analysis of the whole problem of gold; and I ask unanimous consent that it be printed in the RECORD at this point.

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

THE GOLD DRAMA

The drama of the gold rush has entered a new and perhaps decisive stage. It is quite clear that the existing international payments system, based on a fixed relationship between gold and the dollar, is eroding. The President's measures to bolster the nation's balance of payments, the gesture of international cooperation expressed by central bankers over the weekend in Basel or the decision to eliminate the domestic gold cover requirement are all regarded as belated and inadequate steps to keep the system from breaking down.

There is little to be gained by further reassurances from defenders of the system. The blunt truth is that they are no longer believed. Ever since the pound's devaluation, foreign exchange markets have been infected with suspicion and fear. Now fear and suspicion are feeding upon themselves, so that the fever for gold mounts with each fresh denial of change from Washington and each fresh rumor that change is in the making.

It has been apparent for a long time that the existing system needs to be replaced by something more responsive and flexible. Yet the system has proved much stronger and more adaptable than it is generally credited with being. It has made possible a vast expansion in international trade and investment. Unquestionably it has serious shortcomings, but the machinery is less at fault than are those operating it.

Distrust has now spread to the system itself. Instead of evolutionary reform, many of its critics now want to scrap it altogether, offering a variety of schemes to take its place. There are demands for doubling or tripling the price of gold, for setting up a two-tier market for gold and for breaking the link with gold.

None of these proposed solutions can really work. Raising the price of gold will not solve any of the afflictions that now plague the system; at best, it will merely postpone the day of reckoning. Setting up a two-price system by withdrawing from the London gold market will not abate the fever for gold; it will in fact be a form of dollar devaluation that would prove unsettling for world trade. And an attempt to do away with the link between gold and the dollar would prove even more unsettling, threatening a severe shrinkage in trade and investment.

Given time and cooperation it should be possible to move away from gold by winning universal acceptance of a new internationally backed official currency. But gold right now is too important to be liquidated without inviting monetary chaos. The rules must be changed, but the need is for a gradual revising of the script, not for the substitution in the heat of crisis of an entirely new, untested, untrusted version.

If gold must remain on the stage for some time to come, then so must the dollar. It is just as important an element in the drama, because there is simply no other currency that can take over its key role in financing international transactions. Europe's central banks and finance ministries recognize that there is no acceptable stand-in; if there were, they would have brought it out of the wings long ago. They are extending cooperation—and must extend more—while proceeding to undertake essential and basic reform.

But the chief responsibility now rests with the United States. If the drama is not to end in disaster, Washington must take deliberate and constructive steps to defend the dollar. This is no time for hollow soliloquies. It is time to appoint a top-level administrator with broad powers to conduct the defense of the balance of payments. It is time for decisive fiscal action—for example, a real reduction in nonpoverty spending and a sharp in-

crease in excise taxes on nonessentials—to create a realistic balance between the nation's commitments and the resources it has to meet them. It is time to end the suspense so that a new system can be built on the framework, rather than the ashes, of the old.

Mr. CLARK. Finally, Mr. President, I cannot refrain, egotistic although I am sure it will appear, from reading the last paragraph of the committee report, under the heading "Action Foreseen Long Ago":

This committee is indebted to congressional leaders such as the Honorable Joseph S. Clark, Senator from Pennsylvania, who is a former chairman of our International Finance Subcommittee. His farsightedness in predicting the need for this action long ago and his guidance and direction in drafting the necessary legislation have been invaluable aids.

Mr. President, it may be a long, hot summer; it may be a long, cold, wet winter; it may be a long, long time before this Senator again has the opportunity to stand on his feet and say such extraordinarily nice things about himself.

Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senate will be in order. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I intend to vote against the removal of the gold cover. My reason for this is that all evidence points to one overwhelming conclusion: We are merely postponing the problem.

This administration has not taken the necessary steps to put our economic house in order. These steps include taking strong action to reverse the inflationary trend in our economy. Continued deficit spending can only serve to weaken confidence in our dollar and to make our exports less competitive in the international marketplace.

This administration is intent on preserving all its sacred spending cows. It has shown no willingness to cut its controversial spending programs. In contrast, they ask the American people to assume the burden for these failures in administration policy. They want to impose an additional tax on an already over-taxed public. They want to restrict travel abroad; they want to restrict private investment abroad. All of the Johnson administration's proposals fall on the people.

Meanwhile, the administration wants to continue its policy of unprecedented Government spending. The administration wants the American people to sacrifice but has shown no willingness on its own part to sacrifice.

The President has established no priorities. He wants to continue spending on all levels and let the taxpayer pick up the bill. It is clear that we cannot solve the problem of the gold drain until we have reestablished confidence in the dollar. We cannot reestablish that confidence until, and unless, we halt the inflationary trend which is reducing the purchasing power of the dollar year by year. There is no question that heavy Government spending contributes seriously to this inflationary pressure. But the administration refuses to cut down on its own spending program.

Certainly something must be done; otherwise our Nation is headed for economic disaster. The proposal before us merely buys time. In 1965 this administration bought time. We were promised that our action at that time would free enough gold to satisfy our requirements abroad for 10 years. Yet here we are again, 3 years and $5 billion in gold later, with a request to buy more time.

This administration has shown it is unable to use this "bought time" effectively. It treats it merely as an invitation to continue unwise fiscal policies.

We have an additional problem in that once the gold freed by this removal of the cover has been used up, we are at the end of our rope. What will we do then? I have no doubts that this day of reckoning will come. This administration has been consistent in its refusal to face up to economic reality. There is no reason to suspect that it will change in an election year.

Removal of the gold cover is not going to solve the problem. I believe that we should refuse to pass it until the administration shows that it is willing to come to grips with the root causes of the problem.

Much of the reluctance to support this removal of the gold cover can be traced to a lack of confidence that steps will be taken to reverse recent trends in our economy. In the last 10 years old gold reserves have been depleted $9¾ billion. Our balance-of-payments deficit in this same period has averaged $2½ billion a year. Removal of the cover may provide a very temporary relief by restoring a measure of confidence in the dollar, but this will be short lived, as in the past. Continued inflation, continued deficit spending and continued balance-of-payments problems will encourage the foreign central banks to seek more gold.

Indeed, predictions that the Senate would remove the gold cover have filled the news media in the last few days. This is supposed to be the action that will restore confidence. Yet we can see by the morning papers that this impending removal has done nothing to diminish the demand for gold abroad. Yesterday saw unprecedented buying of gold on the foreign markets.

Mr. President, I cannot believe that removal of the gold cover will restore confidence. In my judgment, it will be interpreted abroad as a sign of weakness—as a sign of our trying to take the easy way out, rather than making the more difficult decision to take the necessary steps to halt the decline in the dollar's purchasing power.

By providing more time, we are only putting off the solution to another day. The answer to this problem is reducing expenditures sufficient to balance the budget and if this appears impossible during wartime, then a necessary increase in taxes should be levied to raise funds to pay for additional war expenses. By only removing this gold cover without taking these actions I have mentioned, the Senate would be endorsing a policy of postponing, putting off and procrastinating.

I cannot endorse this action.

I discussed this problem in full in a recent newsletter entitled "The Gold Alarm." I ask unanimous consent that this newsletter appear in the CONGRESSIONAL RECORD.

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

THE GOLD ALARM

(By Senator STROM THURMOND)

The news has been filled with accounts of the serious depletion of our gold reserves. By law, every dollar bill issued by the Federal Reserve system must be backed by 25 cents in gold. Foreign banking systems can trade in the dollars they hold for gold, but since 1934 U.S. citizens cannot. For the past three years, and more, many foreign banks have been insistently demanding gold for the dollars they hold.

As long as the international monetary system is in good shape, gold is not necessary for world trade, except for the convenience of transfers of international payments. In ordinary times, the nations demanding gold would be putting themselves at a disadvantage. Dollars can be invested, and bring in a return; whereas gold cannot be invested, and costs money to transfer and store.

The explanation of the demand for gold is speculation—but not speculation of the ordinary kind. These nations are laying a grim wager. They are betting that the United States will mismanage its economic affairs, bringing about the ultimate decline of the dollar. Clearly, if they win, we lose.

These speculators find much to encourage them in their deadly game. The United States is headed for trouble, with few of those responsible for our economic health paying attention to our course. The Administration's request to remove the gold cover is a case in point.

Removing the gold cover is only a short-term answer to a pressing problem. By law, the Federal Reserve must maintain a 25 percent gold reserve. We have always had enough gold on hand so that this restriction never came into effect. The margin of free gold available to meet foreign demand is today only $1.3 billion—but even half of that will be used up by domestic needs and currency expansion. At the current rate of demand, this narrow margin could be used up in a few months.

Those who have argued for the removal of the gold cover have said that we are on the horns of an uncomfortable dilemma. If we were to suspend gold payments, they say a world-wide monetary crisis would ensue. On the other hand, the machinery of the Federal Reserve Act provides for continuing payments to meet foreign demands, even below the gold cover minimum, but with an emergency tax upon the Federal Reserve system. The effect of the emergency clause would be to raise the discount rate for loans, and depress the domestic economy.

Removal of the gold cover also means removal of the emergency mechanism. Like a sick patient anesthetized against pain, we will not be aware of the true state of our economy. Unless stringent measures are taken to reverse the outflow of gold, removal of the gold cover is a dangerous action.

Three years ago, Congress removed the requirement for a gold cover on Federal Reserve deposits, without taking steps to cure the gold demand. Three years and $5 billion dollars later, we are once more faced with the same issue.

Partial removal of the gold cover in 1965 did not encourage foreign nations to stop cashing in their dollars. Instead, the 1965 action was correctly interpreted as a sign of weakness, and some nations, particularly France, moved in for the kill. The repetition of the same policy in 1968 can only be interpreted abroad as a sign of fiscal irresponsibility. It will whet their appetite.

Our money supply today consists not only of currency and coins, but also of deposits in the familiar checking accounts at banks. Currency accounts for only 19 percent of the money supply. The gold over is only 25 percent of the currency. It is obvious that gold functions in a more complex manner than

many people realize. The most important function of the gold cover is to serve as a Congressional statement of policy on the soundness of our fiscal affairs. It serves as an automatic warning that the economy is being mismanaged. To remove the alarm when the ringing gets too loud is not the safest policy.

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 joint resolution (S.J. Res. 138) calling on the Boy Scouts of America to serve the youth of this Nation as required by their congressional charter.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9063) to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mrs. KELLY, Mr. HAYS, and Mr. FRELINGHUYSEN were appointed managers on the part of the House at the conference.

APPOINTMENTS BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair, under the provisions of Public Law 74–170, appoints the following Senators to attend the Interparliamentary Union meeting to be held at Dakar, Senegal on April 15 to 21, 1968: MONRONEY, JORDAN of North Carolina, YARBOROUGH, HART, ALLOTT, and SCOTT.

The Chair, under the provisions of Public Law 86–420, appoints Senator GRUENING to attend the United States-Mexico Interparliamentary Conference to be held at Honolulu, Hawaii, on April 11 to 17, 1968, to replace Senator YARBOROUGH.

The Chair appoints the following Senators to attend the ad hoc Committee To Study Peaceful Uses of the Sea-Bed and Ocean Floor, to be held at New York, N.Y., on March 18 to 22, 1968: PELL and COTTON.

The Chair, pursuant to Public Law 79–565, appoints the following Senator to the U.S. National Commission for the United Nations Educational, Scientific, and Cultural Organization: WILLIAM B. SPONG, JR.

ELIMINATION OF RESERVE REQUIREMENTS

The Senate resumed the consideration of the bill (H.R. 14743) to eliminate the reserve requirements for Federal Reserve notes and for U.S. notes and Treasury notes of 1890.

Mr. MANSFIELD. Mr. President, I suguest the absence of a quorum.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. CURTIS].

Mr. TOWER. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 606) of the Senator from Nebraska [Mr. CURTIS]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I also announce that the Senator from Missouri [Mr. LONG], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon, [Mr. MORSE], the Senator from Wisconsin [Mr. NELSON], and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is detained on official business.

If present and voting, the Senator from California [Mr. KUCHEL], and the Senator from Kansas [Mr. PEARSON] would each vote "nay."

The result was announced—yeas 17, nays 64, as follows:

[No. 58 Leg.]

YEAS—17

Allott	Fannin	Murphy
Baker	Hansen	Thurmond
Cotton	Hickenlooper	Tower
Curtis	Hruska	Williams, Del.
Dirksen	Miller	Young, N. Dak.
Dominick	Mundt	

NAYS—64

Aiken	Fong	McGee
Anderson	Griffin	McGovern
Bartlett	Gruening	McIntyre
Bayh	Harris	Metcalf
Bennett	Hartke	Montoya
Bible	Hatfield	Moss
Boggs	Hayden	Muskie
Brewster	Hill	Pell
Brooke	Holland	Percy
Burdick	Hollings	Proxmire
Byrd, Va.	Inouye	Randolph
Byrd, W. Va.	Jackson	Ribicoff
Cannon	Javits	Russell
Case	Jordan, N.C.	Scott
Church	Jordan, Idaho	Smathers
Clark	Kennedy, Mass.	Smith
Cooper	Kennedy, N.Y.	Sparkman
Dodd	Long, La.	Spong
Ellender	Mansfield	Stennis
Ervin	McCarthy	Symington
Tydings	Yarborough	
Williams, N.J.	Young, Ohio	

NOT VOTING—19

Carlson	Long, Mo.	Nelson
Eastland	Magnuson	Pastore
Fulbright	McClellan	Pearson
Gore	Mondale	Prouty
Hart	Monroney	Talmadge
Kuchel	Morse	
Lausche	Morton	

So Mr. CURTIS' amendment (No. 606) was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 608

Mr. FANNIN. Mr. President, I call up my amendment (No. 608), and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. FANNIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

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

On page 4, line 8, after "SEC. 13." insert "(a)".

On page 4, after line 11, insert the following:

"(b) If the value of the gold stocks of the United States does not exceed at any time $10,000,000,000, the Secretary of the Treasury shall forthwith report that fact to the Committee on Banking and Currency of the Senate. Upon the receipt of any such report, such committee, or any duly authorized subcommittee thereof, shall undertake, at the earliest practicable date, a full and complete study, with appropriate hearings, in order to determine what changes, if any, should be made in the gold policies of the United States, including but not limited to the United States commitment to buy and sell gold to foreign monetary authorities at $35 per ounce. Findings and recommendations of such committee developed as a result of any such study shall be promptly reported to the Senate."

Mr. MANSFIELD. Mr. President, will the Senator yield to me without losing his right to the floor?

Mr. FANNIN. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in connection with the pending amendment there be a time limitation of one-half hour, the time to be equally divided between the Senator from Arizona [Mr. FANNIN] and the manager of the bill.

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

How much time does the Senator from Arizona yield to himself?

Mr. FANNIN. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 10 minutes.

Mr. FANNIN. Mr. President, if there is one paramount impression emerging from these discussions, it is obviously that no one knows exactly what will happen if this gold cover is removed. Predictions have ranged from a reac-

tion involving a severe drain on our gold reserves, to a confidence that simply making our gold stocks available will be sufficient to discourage the heaviest gold buying in years.

The inability of our finest international financiers to predict with confidence the impact of this bill points up the need for my modest amendment.

I wish to remind the Senate that my amendment would not affect the bill under consideration, nor would it affect the withdrawal of our Nation's gold as a reserve for Federal Reserve notes outstanding.

It simply would call on this body to thoroughly investigate the gold policies of our country any time our gold reserves dip as low as $10 billion.

As I stated yesterday, as late as 1965 when the gold reserve requirement was removed for Federal Reserve bank deposit liabilities, there were free gold reserves of $6 billion which our international money managers felt would be sufficient to meet our money supply needs and our international commitments for some 10 years. It took just 3 intervening years, during which the administration did not correct our imbalance, to reach another crisis.

Further, the substance of my amendment goes to the profound economic question of how we will continue the commerce of the free world trading nations. Should this bill upset the balance, new policies are going to have to be developed and new methods as well. To permit our gold reserves to simply dwindle away without legislating a key point at which the Senate would have to thoroughly study our gold policies, seems to me to be an abrogation of Congress' constitutional authority and responsibility over this country's monetary resources.

Mr. President, my amendment would provide a triggering device, in that it provides, as follows:

On page 4, line 8, after "SEC. 13." insert "(a)".

On page 4, after line 11, insert the following:

"(b) If the value of the gold stocks of the United States does not exceed at any time $10,000,000,000, the Secretary of the Treasury shall forthwith report that fact to the Committee on Banking and Currency of the Senate. Upon the receipt of any such report, such committee, or any duly authorized subcommittee thereof, shall undertake, at the earliest practicable date, a full and complete study, with appropriate hearings, in order to determine what changes, if any, should be made in the gold policies of the United States, including but not limited to the United States commitment to buy and sell gold to foreign monetary authorities at $35 per ounce. Findings and recommendations of such committee developed as a result of any such study shall be promptly reported to the Senate."

My objective in offering the amendment is to be positive that the Senate would be on notice if at any time our gold stocks do not exceed $10 billion. I realize, in view of what has been happening in the past few days, that we are in jeopardy of reaching this position much earlier than anticipated. At the same time we are very hopeful that there will be a change with regard to the run on our gold in the London pool. My amendment could take effect some time in the future. I believe it is imperative that the Senate be on notice any time this does occur.

Many times we wonder where we stand, and as evidenced by the great selling now on the London gold market we are again without complete information.

Mr. President, I feel it is essential that the amendment be agreed to.

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

Mr. FANNIN. I yield.

Mr. DOMINICK. Mr. President, I wish to congratulate the Senator for offering the amendment.

In 1963, when I was a member of the Subcommittee on International Finance, I wrote a report which was printed by the Committee on Banking and Currency. I made the same recommendations. I stated that we should have complete and full hearings on our gold policy, that we should stimulate the production of gold, and I made recommendations about what to do concerning countries drawing out our gold.

In other words, I had suggested a complete review of our related policies, which, as I understand it, is what the Senator requests, any time our gold reaches a certain level.

Mr. FANNIN. The Senator is correct.

Mr. DOMINICK. I did not get the time of day in response to the report. I could not get anything initiated.

It seems to me that offering this amendment makes sense and I hope we can adopt it and get some action.

Mr. FANNIN. I certainly thank the distinguished Senator from Colorado. He is one of the most knowledgeable men in Congress and in the country in regard to our metals program. I do feel that it is extremely important, as the Senator from Colorado has explained, to insure that this action be triggered at the proper time.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I appreciate the presentation which has been made by my good friend from Arizona. I have discussed the amendment with him. There is sense in it. After saying that, I have to say that I think it should be rejected.

There is no need to write into law a provision that would require the Committee on Banking and Currency to hold hearings at the time our gold stock reached $10 billion, if that event should occur. There are implications in such a requirement which I believe might be misconstrued, particularly with reference to the change that might come about in the price of gold.

I have taken note of the statement made by the Senator from Colorado concerning what happened in 1963. At that time, I was not chairman of the committee, nor was I on the Subcommittee on International Finance and, therefore, I had no part in it. But, as chairman of the Committee on Banking and Currency now, I want to give assurance that we shall stand ready to hold hearings and to consider the gold problem at any time. In fact, we have already demonstrated that. We reported an amendment from the committee to require the Secretary of the Treasury to report to Congress every 6 months on the current gold situation.

The House, however, passed a bill without such a provision. In our desire to get quick action on the bill, as I explained today, when we reached this legislation I asked that the House bill be called up without this amendment.

I submitted for the RECORD a letter from the Secretary of the Treasury, and I think it would be well to read that letter at this time because it has a bearing upon this matter.

It is addressed to me and reads as follows:

The Report of the Senate Committee on Banking and Currency concerning removal of the gold reserve requirement (Rept. No. 1007) made one substitute amendment to S. 2857, the bill to eliminate the reserve requirement for Federal Reserve notes and for U.S. notes and Treasury notes of 1890. This amendment would require a formal semi-annual report to Congress on U.S. purchases and sales of gold and on the then current status of U.S. gold stock. This suggestion was made in order to keep the Congress abreast of events which would affect the economy here and abroad.

The Treasury Department is keenly aware of the need to keep the Congress fully informed of the factors affecting gold policy. We are fully agreeable to transmitting the information cited in the proposed amendment to S. 2857; and this letter is to inform you formally that we shall make such information available to the Congress on a semi-annual basis.

This undertaking by Treasury would make unnecessary a specific amendment to accomplish the same objective. I believe that it is vital that the gold cover legislation be enacted as quickly as possible. Procedural delays that might result from amendments to the bill could, at this time, have a seriously adverse effect on the gold and foreign exchange markets.

In light of these risks and the Treasury's undertaking to provide the Congress with the information cited in the amendment to S. 2857, I strongly urge that this amendment be deleted from the bill and that the Senate pass the bill without amendment.

The Senator from New York accepted that proposal, in regard to his amendment, but said that he wanted additional information included in the report.

As a result, the Secretary of the Treasury wrote this letter to me on March 13, 1968:

DEAR MR. CHAIRMAN: It has been requested that the Congress be kept informed of International Monetary Fund discussions on the evolution of the international monetary system.

This is to inform you that the Treasury will keep the Congress fully informed and will make such information available to the Congress on a semi-annual basis.

Sincerely yours,

HENRY H. FOWLER.

Mr. President, the Banking and Currency Committee can at any time review our monetary system and does not need to be directed to do so by this amendment. Indeed, members of the Banking and Currency Committee are constantly keeping watch over our monetary system and our gold supply. And our gold supply on any given day is set forth in the daily Treasury statement and our gold transactions are made public on a periodical basis. This amendment is superfluous: the Banking and Currency Committee already has the power and the

right to review the substance of which is set forth in the amendment and has ready access to information on our gold supply and on our monetary system.

The pending amendment would cause great harm. By arbitrarily selecting the amount of $10 billion, it would lend credence to the rumor, without any substance, that the United States is going to stop buying and selling gold at $35 per ounce when the $10 billion figure is reached. The purpose of this legislation is to show to the world that we intend to pledge all of our gold stock. By using the arbitrary $10 billion, we would be in effect imposing a new de facto $10 billion gold cover and the rest of the world would conclude that we no longer intend to honor unequivocally our commitment.

Mr. President, it seems to me that with the assurance of a report from the Secretary of the Treasury, and on my personal assurance that the committee will be called together at any time there is any such need as the Senator suggests there should be no need for the amendment. I shall certainly be glad to call the committee together and see that full consideration is given. I do not see how I can do more.

Mr. FANNIN. I certainly want to express my appreciation to the distinguished Senator from Alabama. However, he is a very busy man and has many assignments and responsibilities. I feel that it would be unfair just to make this his assignment and see that he has that responsibility. Under my amendment, the responsibility would be on the Treasury Department. It would not be based a 6-month delay. It would mean that the Committee on Banking and Currency would be notified immediately.

Mr. SPARKMAN. I recognize the force of the Senator's argument. However, at the rate the gold market was going early this morning in the European money market, it will be down to $10 billion before the weekend is over.

Mr. FANNIN. I wanted to get my amendment in before that took place.

Mr. SPARKMAN. It is the pending business, and I am ready to vote.

Mr. FANNIN. I would just like to say to the distinguished Senator from Alabama that I appreciate his desire for prompt action.

Mr. SPARKMAN. Certainly.

Mr. FANNIN. I feel it is essential for the Senate to adopt my amendment.

Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time, and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The question before the Senate is on agreeing to amendment No. 608 of the Senator from Arizona [Mr. FANNIN]. All remaining time on the amendment has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Georgia [Mr. TALMADGE], are necessarily absent.

I also announce that the Senator from Missouri [Mr. LONG] and the Senator from Oregon [Mr. MORSE] are absent on official business.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from California would vote "yea," and the Senator from Oklahoma would vote "nay."

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MONDALE], the Senator from Oregon [Mr. MORSE], the Senator from Wisconsin [Mr. NELSON], and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from California would vote "yea" and the Senator from Oklahoma would vote "nay."

The result was announced—yeas 35, nays 46, as follows:

[No. 59 Leg.]

YEAS—35

Aiken	Curtis	McGovern
Allott	Dirksen	Miller
Baker	Dominick	Mundt
Bartlett	Fannin	Murphy
Bible	Fong	Pearson
Brewster	Griffin	Smith
Byrd, Va.	Gruening	Thurmond
Cannon	Hansen	Tower
Case	Hatfield	Tydings
Church	Hickenlooper	Williams, Del.
Cooper	Hruska	Young, N. Dak.
Cotton	Jordan, Idaho	

NAYS—46

Anderson	Hayden	McIntyre
Bayh	Hill	Metcalf
Bennett	Holland	Montoya
Boggs	Hollings	Moss
Brooke	Inouye	Muskie
Burdick	Jackson	Pell
Byrd, W. Va.	Javits	Percy
Clark	Jordan, N.C.	Proxmire
Dodd	Kennedy, Mass.	Randolph
Ellender	Kennedy, N.Y.	Ribicoff
Ervin	Long, La.	Russell
Harris	Mansfield	Scott
Hartke	McGee	Smathers
Sparkman	Symington	Young, Ohio
Spong	Williams, N.J.	
Stennis	Yarborough	

NOT VOTING—19

Carlson	Long, Mo.	Morton
Eastland	Magnuson	Nelson
Fulbright	McCarthy	Pastore
Gore	McClellan	Prouty
Hart	Mondale	Talmadge
Kuchel	Monroney	
Lausche	Morse	

So Mr. FANNIN's amendment (No. 608) was rejected.

AMENDMENT NO. 552

Mr. JAVITS. I call up my amendment (No. 552) and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. The Senator from New York [Mr. JAVITS] proposes an amendment, as follows:

At the end of the bill insert a new section as follows:

"SEC. 14. (a) The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to propose to the Executive Directors of the International Monetary Fund that they develop recommendations with respect to the future role of gold as an international monetary reserve and steps to be instituted to insure that gold contributes to the proper functioning of the international monetary system.

"(b) The Secretary of the Treasury shall report to the appropriate committees of Congress within one year after the enactment of this Act on the progress of the discussions pursuant to subsection (a)."

Mr. SPARKMAN. Will the Senator yield?

Mr. JAVITS. I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that consideration of this amendment be limited to 20 minutes, 10 minutes to each side.

Mr. JAVITS. If the Senator will give me 15 minutes; I do not think he needs more than five.

Mr. SPARKMAN. All right; we will still let it be 20 minutes, 15 minutes to the Senator from New York and five to me.

Mr. JAVITS. Mr. President, I have worked out an understanding with the manager of the bill on this amendment, in the interest of bringing the bill quickly to a vote.

The amendment, however, is very important, and what we have arrived at by way of a solution is very important.

Mr. President, I would have pressed for a vote on this amendment; I think it could be as significant as anything we could have done about the bill, but I am persuaded that we simply have to get this legislation passed, and am therefore sympathetic with the efforts of the manager of the bill in trying to get it passed, so it can go to the President and be signed, and free our hands with respect to at least one of the problems which we have in connection with this dreadful crisis facing the monetary system of the world.

Mr. President, the purpose of the amendment was to begin the process by which the International Monetary Fund would take on the grave responsibility which is now carried mainly by the United States for providing the currency

which represents the standard value of the world.

The burden of being the principal world reserve currency puts an enormous impact upon the policy of the United States which is not necessarily related to the U.S. best interest as a nation or even as a member of the international community and it is archaic.

It is my deep conviction that through the International Monetary Fund an opportunity is available for setting a world standard which would not place too backbreaking a responsibility upon one nation, the United States, in terms of the dollar, which has very much succeeded the pound in the firm tradition which has extended since probably the middle of the 16th century, when we first began to have important banking in the world.

It is to point out that direction that I made the proposal that the matter be opened for the International Monetary Fund to see whether it could assume that responsibility and be the holding company for the whole world, rather than have the United States do this as one nation, with its internal laws and Congress not being as responsive to an international mandate as would be the IMF.

Mr. President, it is very much to our interest and to their interest. However, I realize the emergency we face and therefore realize the advisability of following the views of the managers of the bill and the needs of the country in clearing the way for this legislation which I hope will be passed this afternoon.

Mr. President, I therefore agreed with the Senator from Alabama [Mr. SPARKMAN] upon an addition to the communication which substituted for the reporting section of the bill—which he had in the bill and which he took out by calling up the House bill.

Mr. President, that document is addressed to Senator SPARKMAN and reads as follows:

THE SECRETARY OF THE TREASURY,
Washington, March 13, 1968.

DEAR MR. CHAIRMAN: It has been requested that the Congress be kept informed of International Monetary Fund discussions on the evolution of the international monetary system.

This is to inform you that the Treasury will keep the Congress fully informed and will make such information available to the Congress on a semi-annual basis.

Sincerely yours,

HENRY H. FOWLER.

I state the expectation that the U.S. Government will seriously endeavor to put the stabilizing effect of the International Monetary Fund into this picture, that we will really seriously deal with the International Monetary Fund in the hope of giving us a monetary system in the world which is rational and will replace chaotic conditions which have developed now in respect of this gold rush and the monetary crisis in which the whole world is plunged. I do not expect that this will merely be brushed off as a general statement in every semiannual report saying: "Discussions are going on in the International Monetary Fund."

I would like to state that I am personally a member of enough committees so that I will make it my business to see that we have not only an account from the Secretary of the Treasury as to what is done, but also a continuing effort to begin a process of having an International Monetary Fund that will be responsible for the world's currency as the main standard, rather than placing our whole economy and that of the world into the jeopardy which is represented by the existing situation.

Mr. President, I reserve the remainder of my time and would invite any comment which the manager of the bill desires to make.

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

Mr. JAVITS. I yield.

Mr. MURPHY. Mr. President, as one who is not as well versed as I might be in international matters or economics I would like to ask: Who would be the guarantors of the international currency that would result from the International Monetary Fund taking over the responsibility now lodged in the United States?

Mr. JAVITS. There are more than 70 members of the International Monetary Fund. They would all be the joint guarantors, and the United States has such a large position in that fund—which is about 22 percent, as to represent a complete veto in respect of the matter, and also nothing in respect of the economy of the United States would be automatic or at the risk of the International Monetary Fund.

The only thing it would do would be to take off our back this awful responsibility of being the key reserve currency of the world. Therefore, we cannot often do what our own national interest might dictate. However, we must presently keep up this price of $35 an ounce. I do not think we can justify it at all in terms of maintaining it in the way we are doing by bleeding out gold through the London gold pool. However, we could justify it even less if we were to say we are not responsible for maintaining order in this situation which has occurred, not because anybody gave us the power, but only because we are big, influential, and powerful enough to assume it.

It is high time that we begin to think about how we can climb off that perch. I think we can do it through the IMF with no risk to our national interest.

Mr. MURPHY. In other words, might this not be an incentive to stabilize the integrity of many new governments?

Mr. JAVITS. The Senator is correct. That statement would also include our own Government. The IMF would then have a right to turn to us with respect to the corrective measures that would be necessary. I would rather deal with the IMF than deal with the so-called gnomes of Zurich whom we do not see or hear. However, they and the speculators raid the London gold pool and beat the devil out of it. This is an extremely difficult state of affairs in a complicated world, a situation in which what the United States does about money is important—not that anybody appointed us to do this, but it just happened that way.

Mr. SPARKMAN. Mr. President, the Senator from New York and I have been discussing this matter. I did give him assurance that the information would be obtained and made available.

I showed the Senator the letter from Mr. Fowler in accordance with his suggestion to me. It is my understanding that the Senator proposes to withdraw his amendment.

Mr. JAVITS. The Senator is quite correct. However, would the Senator agree with me that we would have a right not only to kind of have a sweep-under-the-rug report, but also a serious movement in this direction to see what can be done once we get over the present danger to make this an international matter instead of establishing it as a national responsibility, because we are responsible people.

Mr. SPARKMAN. I certainly would be glad to cooperate to such an extent that I think woulld be fitting. For instance, I am quite certain that there would be negotiations with the central banks of Europe and the United States.

Mr. JAVITS. The Senator is correct.

Mr. SPARKMAN. We have no part in that. Now, after the negotiations are over and plans are made, I think we would have a perfect right to receive a report on what took place and discuss it among ourselves.

I promise the distinguished Senator from New York that the Banking and Currency Committee will be ready at all times to have hearings and to give consideration to matters that would appear to us to be important, and the Senator knows, because he used to be a member of the Banking and Currency Committee, that we have a Subcommittee on International Finance. And with a chairman who has been very active in the past, I am certain we can get that subcommittee together without much difficulty at any time.

Mr. JAVITS. And that is zeroed into this question of gold and the position of the IMF in respect of gold as the base for the world's credit today. That is really what we are addressing ourselves to.

Mr. SPARKMAN. We will take the letter exactly as it reads——

Mr. JAVITS. That is fine.

Mr. SPARKMAN. It reads:

It has been requested that the Congress be kept informed of the International Monetary Fund discussions on the evolution of the international monetary system.

Mr. JAVITS. And that is what we are talking about.

May I say to the Senator, in return, that, as the ranking minority member of the Joint Economic Committee from the Senate, I will do precisely that and work with the Senator—who is the chairman of the subcommittee in the Banking and Currency Committee?

Mr. SPARKMAN. Senator PROXMIRE.

Mr. JAVITS. Senator PROXMIRE, the chairman of the Joint Economic Committee.

Mr. SPARKMAN. And I am a member of that committee, and have been since its inception. Representative PATMAN and I are the only two remaining original members of that committee.

Mr. JAVITS. The committee is distinguished by that membership.

Mr. President, I withdraw my amendment and yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. SPARKMAN. May I just ask one question of the Senator? Did the Senator

place into the RECORD the letter from the Secretary of the Treasury?

Mr. JAVITS. I did.

Mr. SPARKMAN. May I ask the Senator this question: When he asked me the name of the chairman of that committee, he meant the Joint Economic Committee, I take it?

Mr. JAVITS. I meant the subcommittee.

Mr. SPARKMAN. It is Senator MUSKIE, of Maine.

Mr. JAVITS. We will work together.

Mr. SPARKMAN. The Senator may recall that 2 or 3 years ago he held very extensive and very profitable hearings on the international balance of payments.

Mr. JAVITS. I thank the Senator.

The PRESIDING OFFICER. Is all time yielded back?

Mr. SPARKMAN. All time is yielded back. I understand the amendment has been withdrawn.

Mr. DOMINICK. Mr. President, I would say to the Senator from Alabama that I do not wish to consume too much time, but I should like to talk to somebody in the Senate about this amendment, and I see approximately six Senators in the Chamber. I am going to suggest the absence of a quorum, and I will make it live.

Mr. HOLLAND. Mr. President, will the Senator withdraw his request? I have been waiting all afternoon to speak on a matter extraneous to the bill, and I did not wish to interfere with the progress of the bill. I wonder whether the Senator will allow me to place my matter in the RECORD. It will take approximately 8 or 10 minutes.

The PRESIDING OFFICER. Does the Senator withdraw his request?

Mr. DOMINICK. Yes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

REGULATION OF ELECTRIC UTILITIES

Mr. HOLLAND. Mr. President, it appears that every time Congress considers a bill which is designed to preserve private enterprise and some measure of States rights against the trend toward Federal control of everything, the editorial writers of the Washington Post suffer from a massive allergy which brings them to highly illogical expressions on the editorial page of the Post. Yesterday morning I commented in the RECORD on the Post editorial entitled "Senator Pushes Bill To Exempt Utilities," which discussed the fact that the chairman of the Senate Commerce Committee, Senator MAGNUSON, had called a meeting of his committee for today, March 14, for the announced purpose of taking up with other bills S. 1365, introduced by Senator SMATHERS and myself on March 27, 1967, to exempt investor-owned utilities which are truly intrastate in character and REA associations from the jurisdiction of the Federal Power Commission. Today, the editorial in the Post on this subject is entitled "Fit for the Trash Can," and I ask unanimous consent that it be printed at this point in the RECORD.

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

FIT FOR THE TRASH CAN

Why should the Senate Commerce Committee be rushing to strip the Federal Power Commission of part of its jurisdiction? The bill in question is scheduled to be taken up in executive session today. It would remove from any supervision by the FPC all utilities whose facilities are wholly within one state and which draw upon out-of-state power only in emergencies. The effect would be to discourage tie-in arrangements which are essential to avoid power failures.

In other words, this bill would be a move in precisely the wrong direction. FPC Chairman Lee C. White warned the Committee during its hearings that the measure would be a backward step. At a time when there is urgent need to buttress the power networks and to strengthen all companies by interconnections into regional systems. Congress would make itself ridiculous by encouraging utility companies to segregate themselves into a single state.

One other factor is important. At the hearing Senator Metcalf testified that the effect of the bill would be to relieve from any FPC regulation two of the top 13 overcharging companies in the United States. These two companies, he said, are Houston Lighting & Power, overcharge to customers in 1965 $22,737,000, and Florida Power & Light, overcharge $14,778,000. The Texas company would be relieved of all regulations, as Texas has no regulatory commission, and the regulation in Florida is notoriously lax. In these circumstances Congress should be moving to strengthen Federal regulation instead of curtailing it.

One other factor would make approval of the bill most unfortunate at this time. Florida Power & Light is now trying to fight off FPC regulation in the courts, and its case is to be heard May 7 in the United States Court of Appeals, Fifth Circuit. It would be outrageous for the Senate to pass a bill at the behest of the Florida Senators to relieve a Florida company from the necessity of obeying the law now on the books. The place for this bill is the trash can.

Mr. HOLLAND. The editorial was apparently written before the announcement was made late yesterday afternoon of the postponement of today's hearing. Meantime, I am advised by members of the Senate Commerce Committee that the public power lobby had been bringing frantic and strenuous pressure against them in the effort to assure unfavorable action by the committee. Apparently the Washington Post has joined enthusiastically in the efforts of the public power lobby which seems to fear the outcome if this bill is considered on its merits on the Senate floor.

Today's editorial is based upon three positions, all of which are far from meritorious. The first position of the editorial is that passage of the bill would disturb the present "urgent need" to foster interconnections between power systems. The fact is that the only reason why Florida Power & Light Co. and Tampa Electric Co. are being subjected to the assaults by FPC is that in order to protect users of electric current in peninsular Florida, both of said companies have joined themselves into a connected system with the two great municipal systems in peninsular Florida, those of the cities of Jacksonville and Orlando, and with Florida Power Corp., the only company in peninsular Florida which does have a connection across the Florida line with Georgia. These connections, far distant from the Georgia line, have been made solely for the purpose of assuring continued, reliable service to Florida consumers during emergency situations. If Florida Power & Light, and Tampa Electric, had not been good citizens and had not connected their systems with the others for the sole purpose of assuring reliable service throughout the Florida peninsula there would be no present effort by FPC to claim jurisdiction over either of them.

The second point of the editorial alleges that Florida Power & Light has made an overcharge to Florida consumers of $14,778,000. Apparently, the editorial writers made no effort to obtain the facts. The fact is that what the editorial writers and my good friend, the Senator from Montana [Mr. METCALF], called an overcharge is the difference between a 6-percent return and the somewhat higher return which that utility is allowed to receive by the Florida Public Service Commission, which has kept a keen eye on Florida Power & Light and has ordered frequent reductions in rates. The present figure which Florida Power & Light is allowed to earn is 6.95 percent, which I personally think is reasonable under present conditions, and our Public Service Commission has so found. With the interest rates for utility bonds, which used to run less than 4 percent, now approaching 7 percent, and with the cost of fuel and services both increasing, there is certainly strong reason to uphold the judgment of the Florida Public Service Commission. This point of view seems to have gained support from the Federal Communications Commission which has recently allowed a 7.5-percent rate of return for the American Telephone & Telegraph Co.

Incidentally, Mr. President, since the figures quoted by the Washington Post editorial, as to what they call the "overcharge" of the Florida Power & Light Co., were filed in yesterday's RECORD by my distinguished friend, the Senator from Montana [Mr. METCALF], I should like to refer to those figures, because they show clearly that the Federal Power Commission is by no means the most efficient instrumentality in protecting the public, the consumers of electric power.

The figures will be found on page 6368 of yesterday's RECORD, and they show this, which I believe is of great interest:

The Florida Power & Light Co., for the year 1965, the same year from which the $14-million-plus figure was taken, cited by the Post editorial, according to the table prepared by the Federal Power Commission, earned 8.21 percent on its basis of capitalizing the Florida Power & Light Co. assets.

It shows that for the same period, the Tampa Electric Co. earned 8.49 percent upon its invested capital.

For the same year, it is interesting to note that in the State of Montana, the Montana Power Co., which is an interstate operation, regulated by the Federal Power Commission, was allowed to earn 11.37 percent by the Federal Power Commission, as shown by its own compilation now filed in the RECORD.

It is also a little interesting for us to

check the Montana Power Co. figure against the figures in the list of the Federal Power Commission for each of the privately owned utilities throughout the Nation which are controlled by State utility commissions or by none at all, and are the only ones that would be covered by our legislation.

In every case, it is shown that earnings for these other power companies—whether they were allowed to make that by State utility commissions or were uncontrolled—were substantially less than the Federal Power Commission allowed the Montana Power Co., to earn.

For instance, in the case of the Colorado Home Light & Power Co. the figure shown by the Federal Power Commission record covering earnings for that year, 1965, was 7.20 percent. In the case of Georgia, the Savannah Electric & Power Co., the figure was 8.26 percent. In the case of Illinois, the figure for the Central Illinois Electric & Gas Co. is 9.66 percent. Each case is well under the figure of earnings allowed by the Federal Power Commission in the Montana Power Co. for 1965. This list covers all years from 1962 to 1966, and the same situation obtained in all of those years, indicating the fact that the Federal Power Commission does not regulate as well in the interest of the consumer as do the State power commissions, the State utility commissions in the States which would be affected by this proposed bill.

Mr. President, the only other State that would be affected by the bill is Texas. As I stated yesterday in that instance there are six private companies which are not interstate but are completely intrastate. They have connected with a large REA consolidated power system which is now planning to extend across State lines and they fear that they will be brought under the Federal Power Commission if that happens.

If Senators will look at page 6368 of the RECORD of yesterday they will see the names of those six Texas companies. In every case, although they are unregulated, their earnings were sizably less than those permitted by the Federal Power Commission to be earned by the Montana Power Co. in each of the years covered by the list. I think this is interesting.

The third point which the Post editorial makes is that a court case is now pending in the U.S. Court of Appeals, Fifth Circuit, in which the order of FPC claiming jurisdiction over Florida Power & Light is being challenged and that said case will be heard by the court on May 7. Apparently the editorial writers overlooked entirely the fact that Florida Senators have been striving since 1964 to curb the hungry bureaucratic effort of the FPC in this matter in which the FPC finally ruled by a 3-to-2 vote that it does have jurisdiction although the two dissenting members strongly insist that FPC is without jurisdiction. Also overlooked was the fact that the Congress has the perfect right to check FPC and its ambitious effort to enlarge its jurisdiction beyond what the Congress intended and has the perfect right and indeed the responsibility to safeguard other companies who are now affected or may be affected by the action of FPC. We happen to know that the investor-owned utilities of Texas who have carefully kept themselves out of the jurisdiction of FPC by not extending their lines across the State border are deeply concerned because of the fact that a large cooperative utility with which they have connected for the purpose of assuring dependable service to Texas users is reported to be about to extend its lines beyond the limits of Texas.

As I stated yesterday for the RECORD, including the six Texas investor-owned utilities and the two in Florida, there are only 11 privately owned utilities in all in the Nation which we have been able to discover which would be affected by our bill.

In closing I want to call attention again to the fact that the Washington Post seems to still insist upon being blind to the fact that our bill covers the REA's which are found in nearly every State in our Nation serving the needs of rural customers. Every REA in Florida is supporting our effort and we are informed by other Senators that many other REA's distrust the FPC and are supporting the passage of our bill. FPC is in the unfortunate position of having taken both sides of the question as to whether it has jurisdiction over REA's. For a time it stoutly claimed to have such jurisdiction but now—and we think because of the pendence of our bill—a majority of the FPC has issued a declaration that it does not have jurisdiction, though there is minority opposition within the FPC to this latest pronouncement.

Who can blame the REA's for their feeling and their suspicions of FPC in this regard and their beliefs that they would be much surer of their exemption from FPC jurisdiction with a specific declaration by Congress that they are exempt as would be stated if our bill becomes law?

STATES CONTROL MOST ELECTRIC RATES

Mr. METCALF. Mr. President, this morning the gracious senior Senator from Florida [Mr. HOLLAND] called my office to advise that he planned today to make some comments on the floor concerning his bill, S. 1365, and my comments on it yesterday. He invited me to be present when he spoke. This action of the senior Senator from Florida is typical of his considerate manner at all times. Last year, when I was scheduled to testify against his bill, before the Senate Commerce Committee, I was presiding over the Senate. He took over the gavel so that I could go to the hearing.

I discussed the situation with the Senator. In view of the undesirability of inconveniencing Senators during debate and votes on the pending business, and because those of us who serve on the Senate Finance Committee have been meeting all afternoon, except during votes, we agreed that he would make his remarks without my presence. In commenting briefly on his remarks today and yesterday, I emphasize again my high regard for my distinguished colleague.

The Senator from Florida misunderstands the nature of utility regulation. He has referred to the principal investor-owned utility in Montana, the Montana Power Co., as an interstate company regulated by the Federal Power Commission. He wonders why the Federal Power Commission allows Montana Power and other utilities outside of Florida to make so much money. Mr. President, the Federal Power Commission does not set retail rates for electric power companies. Those rates are established by the State regulatory commissions. The Federal Power Commission does regulate wholesale rates in some instances. It is that sharply limited jurisdiction which would be even further reduced by passage of S. 1365, which would also reduce the FPC's role in such important matters as accounting.

In his remarks yesterday, beginning on page 6362, my distinguished colleague made the following statement:

> We also intend to call to the attention of the Senate and the public the fact that the FPC has been surreptitiously planning even further invasion of private and State rights by considering in unreported meetings of its staff how it can assert jurisdiction to control retail distribution systems within the States of the Nation. The fact is that in a secret memorandum, of which we have a copy, the purpose of a meeting of the FPC staff with others was, and I quote from that memorandum, "to build a Federal capability to administer electric and gas rates down to retail level."

In the first place, there is no "secret memorandum." My distinguished colleague put it in the hearing record on his bill, S. 1365, and it appears on page 21 of the printed hearings. Second, FPC has not been surreptitiously planning any invasions. As the hearings on the Senator's bill show, on page 37, this false allegation apparently stems—and here I quote Chairman White of the Federal Power Commission, "from a misunderstanding of minutes summarizing an Office of Emergency Planning plan for continuity of functions in event of nuclear attack."

Indeed, the Federal Power Commission disagreed with the OEP proposal. The public printed record contains, on the same page 37, a letter from Mr. White's predecessor, the Honorable Joseph C. Swidler, who said:

> I can assure you that the Commission contemplates no such expansion. On the contrary, we did not agree to the draft contract proposed by OEP and informed it that we we could best assist OEP in executing its retail rate program by bringing it in touch with state commission personnel.

Mr. President, for the convenience of those who wish to see the memo and the letter to Chairman MAGNUSON of the Senate Commerce Committee from Chairman White, I ask unanimous consent that they be printed at this point in my remarks.

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

RÉSUMÉ OF MEETING OR CONFERENCE

(To be used to report all meetings with other Bureaus and Offices)

To: Files, Bureau of Natural Gas.

From: (Div. and Section), Controls and Procedures Sec. Analysis & Procedures Div.

(Date of Meeting/Conf: 6/18/65.)

Participants:

Frank W. Watters—ENG, representing D. Bardin—O.C.C.; L. W. Meadonsa—ENG, rep-

resenting R. Evans—Office of Emergency Planning; C. W. Nelson—ENG, representing L. Skubal—Office of Emergency Planning; F. S. Brown—PWR; M. Fine—PWR; J. Wise—PWR.

Committee Name and Subject: Conference with OEP members re: proposed Memorandum of Agreement between OEP and FPC.

Purpose: To discuss proposed agreement to arrive at better understanding of its implications, implementation, policies and problems.

Proposals, Counter Proposals and Comments: (Identify individual)—OEP desires to build a Federal capability to administer electric and gas rates down to retail level. Mr. Bardin suggested that FPC accept, initially, only interstate responsibility and investigate means of extension to retail level in cooperation with Economic Stabilization Agency of OEP. All concur. Question raised as to availability of funds to FPC to conduct studies. Mr. Skubal indicated OEP might transfer some "delegate" agency funds.

Conclusions: FPC will informally advice OEP of its position, i.e., counter proposal to accept responsibility for interstate rates and develop procedures and capability and to advise as to retail. It is understood that should circumstances in the future warrant, responsibility will extend to retail levels.

This Bureau is in: Agreement XXX, Disagreement.

Minutes are: Attached; To be forwarded; None.

Date of next Meeting or Conf: None.

Distribution: Bureau Chief, Deputy Bureau Chief, Mr. Joseph J. Curry.

Remarks: (To be signed by person submitting résumé)

Signature: /s/ Olof W. Nelson.

Date: 6/21/65.

FEDERAL POWER COMMISSION,
August 5, 1965.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: You have asked me to explain a draft agreement prepared by the Office of Emergency Planning for joint action with the Federal Power Commission which has been represented to you as contemplating an extension of FPC activities into the retail electric rate sphere, now the exclusive province of the state regulatory agencies [I can assure you that the Commission contemplates no such expansion. On the contrary, we did not agree to the draft contract proposed by OEP and informed it that we could best assist OEP in executing its retail rate program by bringing it in touch with state commission personnel.]

The draft in question was prepared by the OEP staff as a suggested contribution by the FPC to the stabilization program in the event of a serious national defense emergency (such as a nuclear war situation). After submission of the OEP draft, the Commission staff met with OEP representatives on June 18, 1965, and explained to them the myriad of retail rates in effect throughout the country and the need for planning any stabilization program for retail electric rates in conjunction with local regulatory bodies. While FPC is ready to contribute our experience in the wholesale rate sphere to the national emergency effort, as I have stated, we made clear that any plan for regulating retail rates in an emergency should be coordinated with the state commissions.

The Federal Power Commission has at no time sought to extend its peacetime responsibilities to the regulation of electric retail rates. We have of course indicated our readiness to contribute our experience to emergency planning and we assume that when state and local bodies are asked to do the same they will respond in a similarly affirmative manner.

Sincerely,

JOSEPH C. SWIDLER,
Chairman.

Mr. METCALF. Mr. President, I am more concerned about the secrecy that surrounds so many fundamental aspects of utility operations than I am about "secret memos" that have long been a matter of public record and which are used to give an incorrect impression of the sharply limited regulatory role of the FPC. That is why I introduced S. 2933, which would preserve and strengthen State regulation of the investor-owned utilities by providing utility consumers and regulators with two basic rights enunciated by the late President Kennedy and repeated by President Johnson last month—the right to be informed and the right to be heard.

I shall not burden the printers with additional comments on that bill at this time. For those who wish to read the text of the bill and my introductory remarks, they appear in the RECORD of February 6, 1968, beginning at page 2208.

In conclusion, I wish to comment on my distinguished colleague's reference, at page 6361 of yesterday's RECORD, to the fact that his bill "would also exempt all REA systems from FPC jurisdiction." They are already exempt. Their exemption has been upheld in court. They are exempt because they are controlled by their customers, each having one vote.

If the investor-owned utilities, including Florida Power & Light and Montana Power, give their customers similar control, I will introduce legislation abolishing the electric regulatory responsibilities of the FPC, and invite the Senator from Florida to join in cosponsoring it.

ELIMINATION OF RESERVE REQUIREMENTS

The Senate resumed the consideration of the bill (H.R. 14743) to eliminate the reserve requirements for Federal Reserve notes and for U.S. notes and Treasury notes of 1890.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk called the roll; and the following Senators answered to their names:

[No. 60 Leg.]

Aiken	Ervin	McIntyre
Allott	Fannin	Montoya
Bayh	Griffin	Murphy
Bennett	Hatfield	Muskie
Burdick	Hickenlooper	Randolph
Byrd, Va.	Holland	Ribicoff
Byrd, W. Va.	Hollings	Smith
Cannon	Jackson	Sparkman
Case	Javits	Spong
Cooper	Jordan, Idaho	Stennis
Cotton	Mansfield	Tower
Dominick	McGee	Tydings

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Anderson	Harris	Pell
Baker	Hartke	Percy
Bartlett	Hayden	Proxmire
Bible	Hill	Russell
Boggs	Hruska	Scott
Brewster	Inouye	Smathers
Brooke	Jordan, N.C.	Symington
Church	Kennedy, N.Y.	Thurmond
Curtis	Long, La.	Williams, N.J.
Dirksen	McGovern	Williams, Del.
Dodd	Metcalf	Yarborough
Ellender	Miller	Young, N. Dak.
Fong	Moss	Young, Ohio
Gruening	Mundt	
Hansen	Pearson	

The PRESIDING OFFICER. A quorum is present.

The Senator from Colorado has the floor.

AMENDMENT NO. 610

Mr. DOMINICK. Mr. President, I call up my amendment No. 610.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The legislative clerk read the amendment (No. 610), as follows:

At the end of the bill insert the following new section:

"SEC. 14. During any period in which any foreign nation is in arrears, as determined by the Secretary of the Treasury, in the payment of principal or interest on obligations owing to the United States (including obligations incurred during World War I or World War II), dollars held by such nation, or any instrumentality thereof, which are presented for redemption in gold to the United States, or any officer or agency thereof, shall, in lieu of such redemption, be credited against the amount by which such nation is in arrears in the payment of principal or interest on such obligations."

Mr. DOMINICK. Mr. President, I may say to the manager of the bill that I do not anticipate taking too long on this amendment. I asked for a live quorum with the hope that some of the Members of the Senate who are present might listen to this particular amendment, which takes a different tack from most of those which have been offered to date.

The amendment is very simple. At the present time it does not make any difference which country is exchanging short-term dollars for gold. They get the gold whether they are in arrears on their obligations, whether they are enemies of ours, whether they are friends of ours; regardless of who they are, they get their gold. And time and time again I am sure every one of us in this Chamber has had letters from our constitutents, largely devoted to France—which is somewhat unfair, but not entirely—saying, why in the world are we giving the French our gold when they still owe us a lot of money?

I introduced this amendment only after a great deal of thought. I have replied to the mail with regard to France more or less as follows: That we could not single out France, but we must, if we deemed the action wise, move against all countries which are in arrears in their obligations to us for debts arising out of World War I, World War II, and subsequent obligations. I pointed out that any such action would necessarily involve Great Britain, and that, frankly, Great Britain could not stand the pressure of having to pay $7 billion of her World

War I debt without suffering grave financial repercussions. Any repercussions experienced by Great Britain, I also said, would necessarily reverberate to the United States and might well cause a chain of events which would damage the dollar.

Then, despite everything we could do, came the devaluation of the British pound, and with the devaluation of the British pound has come very greatly increased pressures on our own gold reserve and on the dollar.

So I again reviewed this debt problem, and I came up with the alternative which I am suggesting in this amendment. It does not require the collection of any debts, but it simply says that any nation which is in arrears cannot get our gold until it is up to date on its overdue debts.

Now, this seems to me to be eminently fair. It makes no sense to me to invite the drain on our gold by countries who would rather exchange their dollar holdings for gold than to pay their overdue obligations to the United States.

It is said that we have an obligation to redeem dollars for gold, and I would certainly agree, but countries in debt to the United States have an equal obligation to pay those debts to us on time.

Does it make any sense to let countries use their dollars for buying gold rather than to pay their past-due obligations to us? I think not.

Many of these countries have been aided by the United States through long-term interest loan—low-interest loans, I may add—dating back more than 20 years to World War II. Many of them have made installment payments over a long period of time, and where countries have legitimately needed assistance, we have renegotiated the loans and stretched out the payments.

The time has now come when we need assistance, and all I am asking is that they pay their overdue debts, rather than use our currency to drain our gold reserves.

What countries, in fact, are delinquent in their payments to us for World War II and post-World War II debts? I must regrettably report to the Senate that current figures are not available—which is really interesting. The most recent table indicating which countries are delinquent to the United States, and in what amounts, is dated June 30, 1966, and is some 20 months old.

The Treasury has been most helpful in furnishing tables of all kinds to my staff, and their cooperation is not in question, but they have candidly admitted that they do not know precisely which countries are overdue in their obligations to us or in what amounts.

It seems inconceivable to me that this Government can operate in such a manner as to be 20 months behind in its bookkeeping on obligations of World War II and post-World War II. Perhaps this gives some indication, I may add, of why our fiscal affairs are in such a mess.

However, the June 30, 1966, figures are helpful in showing some of the countries whose obligations are past due, though, of course, others may have been added to the list since that time, and some appearing on the list may possibly, though not probably, have brought their payments up to date.

As of June 30, 1966, if my count is correct, there were 29 countries owing World War II and postwar obligations to the United States who were in arrears on their payments. Many of these countries have in the last 3 years exchanged dollars for gold.

I ask unanimous consent that exhibit 1, which I have in my hand, be placed in the RECORD at this point, showing the countries that are past due in their payments on debts to the United States as of June 30, 1966.

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

EXHIBIT 1

TABLE II.—PRINCIPAL AND INTEREST DUE AND UNPAID 90 DAYS OR MORE—STATUS OF FOREIGN LOANS AND OTHER CREDITS FROM U.S. GOVERNMENT AGENCIES, AS OF JUNE 30, 1966

[In dollars or dollar equivalents]

Credit program (and collecting agency [1]) and country and credit program	Total due and unpaid 90 days or more			Principal [2]				Interest [2]			
						Other foreign entities				Other foreign entities	
	Total	Due in U.S. dollars	Due in foreign currencies	Total	Foreign governments and central banks	Government and central bank guaranteed	Other [4]	Total	Foreign governments and central banks	Government and central bank guaranteed	Other [4]
Total	265,719,830	252,588,266	13,131,564	188,978,733	169,031,616	30,591	19,916,526	76,741,097	62,957,969	124,544	13,658,584
Under foreign assistance (and related) acts	8,246,053	5,720,540	2,525,513	5,413,385	2,694,027	.....	2,719,358	2,832,668	1,487,270	.....	1,345,398
Country program loans (Agency for International Development)	8,178,012	5,652,499	2,525,513	5,345,344	2,625,986	.....	2,719,358	2,832,668	1,487,270	.....	1,345,398
Financing of military sales (Defense Department)	68,041	68,041	.....	68,041	68,041	.....	.....	.....	.....	.....	.....
Under Agricultural Trade Development Assistance Act	2,743,295	.....	2,743,295	1,866,064	88,196	.....	1,777,868	877,231	265,645	.....	611,586
Currency loans to foreign governments (Agency for International Development)	353,841	.....	353,841	88,196	88,196	.....	.....	265,645	265,645	.....	.....
Current loans to private enterprises (Agency for International Development)	2,389,454	.....	2,389,454	1,777,868	.....	.....	1,777,868	611,586	.....	.....	611,586
Under Export-Import Bank Act	91,122,455	91,122,455	.....	55,572,019	40,152,917	.....	15,419,300	35,550,436	23,733,836	115,000	11,701,600
Surplus property sales	54,514,212	46,651,456	7,862,756	35,924,648	35,894,057	30,591	.....	18,589,564	18,580,020	9,544	.....
Sales of overseas surpluses (Treasury Department)	54,337,193	46,474,437	7,862,756	35,791,018	35,791,018	.....	.....	18,546,175	18,546,175	.....	.....
Sales of domestic surpluses [5]	136,884	136,884	.....	103,039	103,039	.....	.....	33,845	33,845	.....	.....
Merchant ship sales (Commerce Department: Maritime Administration)	40,135	40,135	.....	30,591	.....	30,591	.....	9,544	.....	9,544	.....
Prior grants converted into credits (Treasury Department) [6]	109,093,815	109,093,815	.....	90,202,617	90,202,617	.....	.....	18,891,198	18,891,198	.....	.....
Argentina: Under Export-Import Bank Act	3,385,800	3,385,800	.....	3,222,300	.....	.....	3,222,300	163,500	.....	.....	163,500
Bolivia	27,973,016	27,973,016	.....	18,152,381	17,973,500	.....	178,881	9,820,635	9,597,400	.....	223,235
Under Foreign Assistance (and related) Acts: Country program loans	402,116	402,116	.....	178,881	.....	.....	178,881	223,235	.....	.....	223,235
Under Export-Import Bank Act	27,570,900	27,570,900	.....	17,973,500	17,973,500	.....	.....	9,597,400	9,597,400	.....	.....
Chile: Under Export-Import Bank Act	2,300	2,300	.....	2,100	.....	.....	2,100	200	.....	.....	200
China	81,174,119	81,174,119	.....	47,223,885	47,010,904	.....	212,981	33,950,234	33,904,610	.....	45,624
Under Foreign Assistance (and related) Acts: Country program loans	258,605	258,605	.....	212,981	.....	.....	212,981	45,624	.....	.....	45,624
Under Export-Import Bank Act	29,125,955	29,125,955	.....	16,033,019	[7] 16,033,019	.....	.....	13,092,936	[7] 13,092,936	.....	.....
Surplus property sales: Sales of overseas surpluses	4,369,545	4,369,545	.....	2,449,069	2,449,069	.....	.....	1,920,476	1,920,476	.....	.....
Prior grants converted into credits [6]	47,420,014	47,420,014	.....	28,528,816	28,528,816	.....	.....	18,891,198	18,891,198	.....	.....
Colombia: Under Export-Import Bank Act	11,900	11,900	.....	10,400	.....	.....	10,400	1,500	.....	.....	1,500
Costa Rica	1,909,436	1,909,436	.....	1,825,583	1,528,700	.....	296,883	83,853	.....	.....	83,853
Under Foreign Assistance (and related) Acts: Country program loans	380,736	380,736	.....	296,883	.....	.....	296,883	83,853	.....	.....	83,853
Under Export-Import Bank Act	1,528,700	1,528,700	.....	1,528,700	[8] 1,528,700	.....	.....	.....	.....	.....	.....
Cuba: Under Export-Import Bank Act	23,550,800	23,550,800	.....	12,040,200	.....	.....	12,040,200	11,510,600	.....	.....	11,510,600
Czechoslovakia: Surplus property sales—Sales of oversea surpluses	4,349,571	4,349,571	.....	2,727,126	2,727,126	.....	.....	1,622,445	1,622,445	.....	.....
Ecuador: Under Export-Import Bank Act	16,900	16,900	.....	16,400	.....	.....	16,400	500	.....	.....	500

See footnotes at end of table.

EXHIBIT 1—Continued

TABLE II.—PRINCIPAL AND INTEREST DUE AND UNPAID 90 DAYS OR MORE—STATUS OF FOREIGN LOANS AND OTHER CREDITS FROM U.S. GOVERNMENT AGENCIES, AS OF JUNE 30, 1966—Continued

[In dollars or dollar equivalents]

Credit program (and collecting agency [1]) and country and credit program	Total due and unpaid 90 days or more			Principal [2]			Interest [3]			
						Other foreign entities			Other foreign entities	
	Total	Due in U.S. dollars	Due in foreign currencies	Total	Foreign governments and central banks	Government and central bank guaranteed	Other [4]	Total	Foreign governments and central banks	Government and central bank guaranteed	Other [4]
Greece: Surplus property sales—Merchant ship sales	40,135	40,135		30,591		30,591		9,544		9,544	
Guatemala: Under Foreign Assistance (and related) Acts—Financing of military sales	68,041	68,041		68,041	68,041						
Haiti: Surplus property sales—Sales of domestic surpluses	136,884	136,884		103,039	103,039			33,845	33,845		
Hungary: Surplus property sales—Sales of oversea surpluses	3,250,972	3,250,972		3,250,972	3,250,972						
India	3,958,746	54,596	3,904,150	3,603,042	1,892,000		1,711,042	355,704			355,704
Under Foreign Assistance (and related) Acts: Country program loans	8,696	8,696						8,696			8,696
Under Agricultural Trade Development and Assistance Act: Currency loans to private enterprises	2,012,150		2,012,150	1,685,442			[5] 1,685,442	326,708			326,708
Under Export-Import Bank Act	45,900	45,900		25,600			25,600	20,300			20,300
Surplus property sales: Sales of oversea surpluses	1,892,000		1,892,000	1,892,000	1,892,000						
Indonesia	11,039,790	10,177,722	862,068	8,569,523	8,569,523			2,470,265	2,470,276		
Under Foreign Assistance (and related) Acts: Country program loans	2,277,384	1,766,279	511,105	1,780,158	1,780,158			497,226	497,226		
Under Agricultural Trade Development and Assistance Act: Currency loans to foreign governments	350,963		350,963	88,196	88,196			262,767	262,767		
Under Export-Import Bank Act	5,661,000	5,661,000		4,617,500	4,617,500			1,043,500	1,043,500		
Surplus property sales: Sales of oversea surpluses	2,750,443	2,750,443		2,083,669	2,083,669			666,774	666,774		
Iran	32,496,034	32,493,559	2,475	24,124,335	24,099,935		24,400	8,371,699	8,368,199		3,500
Under Agricultural Trade Development and Assistance Act: Currency loans to foreign governments	2,475		2,475					2,475	2,475		
Under Export-Import Bank Act	27,900	27,900		24,400			24,400	3,500			3,500
Surplus property sales: Sales of oversea surpluses	31,753,906	31,753,906		23,388,182	23,388,182			8,365,724	8,365,724		
Prior grants converted into credits	711,753	711,753		711,753	711,753						
Korea: Surplus of property sales—Sales of oversea surpluses	5,970,756		5,970,756					5,970,756	5,970,756		
Liberia: Under Foreign Assistance (and related) Acts—Country program loans	195,739	195,739		158,040			158,040	37,699			37,699
Nigeria: Under Export-Import Bank Act	115,000	115,000						115,000		115,000	
Pakistan: Under Agricultural Trade Development and Assistance Act—Currency loans to private enterprises	92,426		92,426	92,426			92,426				
Paraguay	260,611		260,611	86,847	86,847			173,764	36,617		137,147
Under Foreign Assistance (and related) Acts—Country program loans	123,402		123,402	86,847	[10] 86,847			36,555	[10] 36,555		
Under Agricultural Trade Development and Assistance Act	137,209		137,209					137,209	62		137,147
Currency loans to foreign governments	62		62					62	[10] 62		
Currency loans to private enterprises	137,147		137,147					137,147			137,147
Philippines	2,740,498	2,640,328	100,170	1,822,573			1,822,573	917,925			917,925
Under Foreign Assistance (and related) Acts—Country program loans	2,640,328	2,640,328		1,82,573			1,822,573	817,755			817,755
Under Agricultural Trade Development and Assistance Act—Currency loans to private enterprises	100,170		100,170					100,170			100,170
Soviet Union: Prior grants converted into credits [6]	60,962,048	60,962,048		60,962,048	60,962,048						
Sudan: Under Agricultural Trade Development and Assistance Act—Currency loans to private enterprises	47,561		47,561					47,561			47,561
United Arab Republic: Under Agricultural Trade Development and Assistance Act—Currency loans to foreign governments	341		341					341	341		
Uruguay: Under Export-Import Bank Act	27,900	27,900		26,400			26,400	1,500			1,500
Venezuela: Under Export-Import Bank Act	51,500	51,500		51,500			51,500				
Vietnam: Under Foreign Assistance (and related) Acts—Country program loans	1,774,879		1,774,879	748,474	[11] 698,474		[11] 50,000	1,026,405	[11] 897,869		[11] 128,536
Yugoslavia Under Foreign Assistance (and related) Acts—Country program loans	116,127		116,127	60,507	[12] 60,507			55,620	[12] 55,620		

[1] Collecting agency (shown in parentheses) is agency responsible for collection of outstanding amounts as of June 30, 1966. Programs were often under the administration of another agency at the time of authorization and utilization of the credits.

[2] Does not include amounts reported as charged off as uncollectable. Does not include amounts rescheduled or deferred according to agreements: for example, the agreement of Mar. 6, 1957, with the United Kingdom as approved by Public Law 85-21: or the agreement of Mar. 20, 1961, with Poland.

[3] Amounts reported are known to be understated: in several instances agencies have stopped reporting accruals of interest when credits have gone into default. Does not include amounts rescheduled or deferred according to agreements: for example, the agreement of Mar. 6, 1957, with the United Kingdom as approved by Public Law 85-21.

[4] Includes loans guaranteed by commercial banks.

[5] General Services Administration has referred these credits to General Accounting Office and State Department for further collection action.

[6] Technically, "Prior grants converted into credits" are so labeled in the instances of China and Soviet Union for statistical convenience summarizations, as final settlements for World War II accounts with these countries are yet to be reached.

[7] Amounts shown as overdue represent the matured and unrepaid installments on loans made prior to 1947 to mainland China. The Republic of China is continuing to make payments on that portion of these loans which represent assets still within its control. The unmatured principal on the portions upon which service is not being maintained amounts to $10,353,000; these unmatured principal installments are not included in this table.

[8] Due and unpaid principal includes $1,528,700 to be refinanced under refunding credit of Dec. 2, 1965.

[9] The collecting agency has reported that reamortization is under consideration for a part of the credits on which this amount is overdue.

[10] The collecting agency has reported that reamortization is under consideration for the credits on which this amount is overdue.

[11] The collecting agency has reported that a moratorium is being considered for the credits on which this amount is overdue.

[12] Foreign currency repayments due in July 1965 were tendered in the amounts of 750 (old) dinars per dollar. These foreign currency are valued in the basic tables of pt. 1 at 1,000 (old) dinars per dollar, the rate officially prevailing for many transactions in Yugoslavia from July 1 through July 26, 1965, when the par rate was changed to 12,500 (old) dinars per dollar (see International Financial News Survey, vol. XVII, pp. 253 and 265). The amounts reported here as underpaid represent the dollar equivalents of the units which would be sufficient to bring the repayment rate to 1,000 (old) dinars per dollar. See also the discussion in the section "Exchange risks" in the accompanying explanatory note.

Note: For important qualifications affecting this table, see explanatory note.

Mr. DOMINICK. Mr. President, I may just make reference to some of these countries, because I think it would be of interest to the assembled membership.

One of them is Cuba. Cuba owes us in our money $23,550,000. Yet Cuba, to the extent of whatever short-term dollars it holds, can turn them in to us and get gold for that money. It seems to me that this is patently ridiculous.

Czechoslovakia, one of the countries which has been supplying a major amount of supplies and equipment going into North Vietnam, which are being used in that war against our own people, owes us—and this is only since World War II—$4.3 million. Is there any point in having Czechoslovakia turn in whatever short-term dollars she holds to us and obtain gold from us at the same time she is shipping supplies and equipment into Vietnam and using this money for the purpose of shooting down our own people? It does not make any sense to me.

Haiti, Hungary, Indonesia, the Soviet Union, the United Arab Republic, and Yugoslavia, all of these countries are overdue on debts that they owe us from World War II and since then, and yet they are still entitled to get our gold for any short-term dollar holdings they may have.

There are many others.

So much for World War II and subsequent debts. What about World War I? There is a prevalent myth concerning these debts that they are somehow untouchable. Most debtors to the United States have acknowledged the validity of these debts, and, as far as I know, most of those countries, even today, are willing to admit these debts are due and owing. Some history is helpful in understanding the background of the World War I debts.

In this connection, I would like to start with the Hoover moratorium and read into the RECORD a very brief memorandum prepared by the Economics Division of the Library of Congress, Legislative Reference Service:

To: The Honorable PETER H. DOMINICK,
From: Economics Division.
Subject: *"Hoover Moratorium"* on servicing World War I indebtedness.

The Hoover Moratorium on servicing Allied World War I debts to the United States was the result of a chain of factors originating in the Great Depression of the 1930's. That period of economic crisis seriously affected all nations, whether they were creditors or debtors. Its impact was especially serious in Germany which had barely recovered from the runaway inflation and financial collapse of 1923 and was, in addition, burdened by the obligation of making reparation payments to the European Allies.

In these circumstances the reparation burden became almost impossible to bear, and Germany, in early 1931, ceaselessly tried to impress upon the Allies that their insistence on the continued reparation payments would spell an end to Germany's economic viability and result in her total economic collapse. On the other hand, there did not appear to be much chance that the Allies would be willing to compromise on the issue of reparations unless the United States were willing to modify its claims in the sphere of Allied debts to the United States.

The United States, in its turn, was interested in maintaining the health of the German economy, especially because its collapse would endanger some $5,250 million in American short- and long-term loans to Germany. Prompted by this situation and by a direct request made by the German President von Hindenburg, President Hoover, in June 1931, proposed that a one-year moratorium be declared on all inter-governmental obligations, reparations as well as inter-Allied debts.

The U.S. Congress authorized the moratorium with a Joint Resolution (Pub. Res. 5, 72d Congress, 1st session; 47 Stat. 3; copy enclosed), and moratorium agreements with most debtor nations were signed in May and June 1932. They provided for a suspension of all payments due to the United States during fiscal year 1932, and their repayment in ten equal annuities bearing a 4-percent rate, beginning in fiscal year 1934. The Resolution also underscored the interdependence of Allied debts to the United States and Allied claims on their debtors (sec. 3), and emphasized the absolute opposition of the Congress to any cancellation or reduction of the Allied indebtedness to the United States (sec. 5).

After the expiration of the one-year moratorium, most debtor nations did not resume making any payments, and of those that did, only Finland has been servicing its debt in accordance with the consolidation and moratorium agreements.

That is signed by Vladimir N. Preqelj, analyst in international trade and finance, of the Library of Congress.

I call the Senate's attention to the joint resolution of Congress which established the moratorium. That resolution spells out the payment provisions expected from those countries by Congress. I call especial attention to section 5, which reads as follows:

SEC. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Approved, December 23, 1931.

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

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

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

[Chapter 5]

Joint resolution to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a ten-year period beginning July 1, 1933

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in the case of each of the following countries: Austria, Belgium, Czechoslovakia, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Rumania, and Yugoslavia, the Secretary of the Treasury, with the approval of the President, is authorized to make, on behalf of the United States, an agreement with the government of such country to postpone the payment of any amount payable during the fiscal year beginning July 1, 1931, by such country to the United States in respect of its bonded indebtedness to the United States, except that in the case of Germany the agreement shall relate only to amounts payable by Germany to the United States during such fiscal year in respect of the costs of the Army of Occupation.

SEC. 2. Each such agreement on behalf of the United States shall provide for the payment of the postponed amounts, with interest at the rate of 4 per centum per annum beginning July 1, 1933, in ten equal annuities, the first to be paid during the fiscal year beginning July 1, 1933, and one during each of the nine fiscal years following, each annuity to be payable in one or more installments.

SEC. 3. No such agreement shall be made with the government of any country unless it appears to the satisfaction of the President that such government has made, or has given satisfactory assurances of willingness and readiness to make, with the government of each of the other countries indebted to such country in respect of war, relief, or reparation debts, an agreement in respect of such debt substantially similar to the agreement authorized by this joint resolution to be made with the government of such creditor country on behalf of the United States.

SEC. 4. Each agreement authorized by this joint resolution shall be made so that payments of annuities under such agreement shall, unless otherwise provided in the agreement (1) be in accordance with the provisions contained in the agreement made with the government of such country under which the payment to be postponed is payable, and (2) be subject to the same terms and conditions as payments under such original agreement.

SEC. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Approved, December 23, 1931.

Mr. DOMINICK. Mr. President, that is pretty clear. To make certain of it, I also have a memorandum sent to me by the Treasury, which explains the Treasury position on both World War I and World War II debts, as well as other collateral matters. This memorandum makes it equally clear that the United States has never recognized that there was any connection between World War I obligations and the debtor nations' reparation claims against Germany. In my judgment, this memorandum reaffirms the fact that there is no legal reason why the United States has failed to press its claim for payment of World War I debts; and I ask unanimous consent that the memorandum from the Treasury Department to which I have referred be printed in the RECORD at this point.

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

[From the Treasury Department, Washington, D.C.]

GOLD LOSSES AND DEBT REPAYMENT

REPAYMENT OF WORLD WAR I AND II DEBT

In its effort to halt the loss of gold the Administration has given special attention to the potential contribution of debt repayment. Virtually all of the loan agreements and settlements made with foreign countries since the beginning of World War II established fixed amortization schedules which call for regular payments over a period of years. We expect both principal and interest on post-World War II obligations to be paid in accordance with these schedules, and with relatively few exceptions these payments are being made. Receipts from such scheduled

debt repayments amounted to more than $800 million in 1966. Only in a few cases has it become impossible for debtor nations to meet scheduled payments, making it necessary to negotiate a rescheduling of the obligation. Some of the loan agreements provide for postponing payments under certain circumstances. Where disputes arise resulting in payment delays, efforts are made to reach agreement in order that payments may be resumed. There have been a few instances, notably in the case of the Republic of China and the USSR, where it has not yet been possible to reach agreement involving comprehensive settlement of World War II Lend-Lease and related accounts. (The USSR is making payments on Lend-Lease items which were in production or storage in the United States before V–J Day.)

The United States has encouraged the governments of nations which are in a strong financial position to make payments in advance of the scheduled due dates and since 1959 advance repayments of nearly $3 billion have been collected. Several countries, among them Germany, Italy and Sweden have now prepaid all or nearly all of their World War II and postwar debt obligations to the United States.

The situation is different with respect to World War I debts. Most governments fulfilled their commitments under their World War I debt agreements until the depression. Debtor governments stopped making payments in 1932, following the expiration of the one-year moratorium on debts owed to the United States negotiated by President Hoover in an effort to mitigate the effect of these debt obligations on Europe's economic health. Although some countries made token payments until the beginning of World War II, Finland is the only country which is presently meeting its obligations in full.

While the countries which have large World War I obligations to the United States have never denied the juridical validity of their debts, there is a view widely accepted among them that the payment of these debts should be dependent on reparation payments by Germany. Resolution of the problem of governmental claims against Germany arising out of World War I was deferred "until a final general settlement of this matter" by the London Agreement of 1953, to which the United States is a party.

The Government of the United States has never recognized that there was any connection between the World War I obligations of those countries and their reparations claims on Germany. While the London Agreement would not prevent the United States from raising, on a bilateral basis, the question of payment of any of the debtor countries' World War I obligations (except in the case of Germany), it must be recognized that any effort on the part of the United States to collect these obligations would undoubtedly raise the problem of German World War I reparations. From the practical viewpoint, therefore, there does not seem to be any possibility of reaching an agreement on repayment in the absence of an over-all settlement of the World War I reparations problem, with its wide-ranging political ramifications.

FRENCH DEBT

The French hold to the generally prevailing view with regard to their debts to the United States. They not only have been servicing debts incurred after World War II regularly but have paid more than $880 million in advance of the due date. As of June 30, 1967 France's obligations to the United States (excluding World War I debts) were roughly $300 million.

The World War I indebtedness of the Government of France due and unpaid as of June 30, 1967 was $5,077 million, including $2,091 million of the principal sum and $2,986 million on interest arrearages. Unmatured principal was $1,773 million. No payments have been made since 1931. The total obligation which might be said to have been outstanding on June 30, 1967, including both matured and unmatured principal and interest arrearages to that date, was $6,850 million.

The French Government has never contested the juridical validity of its obligation to the United States growing out of World War I. Within the framework of international law, it is clear that this obligation is not conditioned upon France's receipt of German reparation payments, and the highest officials of our Government have consistently denied any such relationship. The argument has been made, however, that there is a direct connection between the French World War I obligation to the United States and the receipt of German reparation payments. When the French Chamber of Deputies authorized the ratification of the 1926 agreement on funding the World War I debt to the United States, it also passed, as a separate action, not affecting the validity of the unconditional ratification, a resolution stating that the French debt to the United States was to be paid "exclusively by the sums that Germany shall pay France." Furthermore, that body passed a resolution on December 14, 1932, deferring payment of the installment due to be paid to the United States the following day and inviting the convocation of a general conference with Great Britain and other debtors for the purpose of adjusting all international obligations and putting an end to all international transfers for which there was no compensating transaction.

UNITED STATES GOLD POLICY

The established policy of the United States is to buy and sell gold to foreign governments and monetary authorities for legitimate monetary purposes at the fixed price of $35 per ounce. This policy provides the foundation for the international position of the dollar and the maintenance of its value in world markets. The stability of the dollar and its convertibility into gold at the fixed price has also resulted in its widespread use as a world trading currency and as the principal currency held along with gold in reserves of other countries. Any restriction on the convertibility of the dollar for monetary purposes or change in its value in terms of gold would create serious difficulties in world financial and exchange markets and consequently undermine the stability of the entire world monetary system.

If the United States placed conditions on its willingness to sell gold to a foreign monetary authority, however merited the condition might seem in an indvidual instance, the result would be to make the dollar only a partially convertible currency. This would inevitably shake confidence in its continued convertibility for other purposes at a fixed price, and it would no longer be considered, by the bulk of the world, to be "as good as gold." Thus the decision to convert dollars into gold has to remain that of the monetary authority concerned, each of which should be fully aware of the responsibility it shares in maintaining an effective and stable international payments system within the framework of international monetary cooperation.

The accumulation of dollar balances by foreigners and thus their ability to buy gold is a consequence of our balance of payments deficits. The best way to stop gold losses by the United States is, therefore, to have both deficit and surplus countries get back into balance of payments equilibrium. This is the course of action which the United States is pursuing, both in formulating its own policies and in the framework of international cooperation. President Johnson, in his New Year's Day Message to the Nation on the balance of payments, made the position clear. He said:

"The time has come for decisive action designed to bring our balance of payments to—or close to—equilibrium in the year ahead.

"The need for action is a national and international responsibility of the highest priority."

FEBRUARY 12, 1968.

Mr. DOMINICK. It would be helpful, I believe, if a precise list of the countries which owe us money on World War I debts be placed in the RECORD at this point, so that we can see just whom we are talking about. I ask unanimous consent that such a list be printed.

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

PART I.—INDEBTEDNESS OF FOREIGN GOVERNMENTS

INDEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES ARISING FROM WORLD WAR I AS OF JUNE 30, 1967

	Original indebtedness	Interest through June 30, 1967	Total	Cumulative payments		Total outstanding	Unmatured principal	Principal and interest due and unpaid
				Principal	Interest			
Armenia	$11,959,917.49	$28,587,070.35	$40,546,987.84	$17.49		$40,546,970.35		$40,546,970.35
Austria [1]	26,843,148.66	44,058.93	26,887,207.59	862,668.00		26,024,539.59	$882,626.31	25,141,913.28
Belgium	419,837,630.37	318,884,720.47	738,772,350.84	19,157,630.37	$33,033,642.87	686,531,077.60	197,580,000.00	488,951,077.60
Cuba	10,000,000.00	2,286,751.58	12,286,751.58	10,000,000.00	2,286,751.58			
Czechoslovakia	185,071,023.07	111,060,093.17	296,131,116.24	19,829,914.17	304,178.09	275,997,023.98	86,355,000.00	189,642,023.98
Estonia	16,466,012.87	21,869,780.01	38,335,792.88		1,248,432.07	37,087,360.81	9,007,000.00	28,080,360.81
Finland	8,999,999.97	11,476,565.96	20,476,565.93	[2] 4,292,999.97	[2] 11,476,565.96	4,707,000.00	4,707,000.00	
France	4,089,689,588.18	3,246,978,853.39	7,336,668,441.57	226,039,588.18	260,036,302.82	6,850,592,550.57	1,772,868,667.43	5,077,723,883.14
Great Britain	4,802,181,641.56	6,980,131,958.11	11,782,313,599.67	434,181,641.56	1,590,672,656.18	9,757,459,301.93	2,433,000,000.00	7,324,459,301.93
Greece	[3] 34,319,843.67	3,230,509.84	37,550,353.51	983,922.67	3,143,133.34	33,423,297.50	21,205,921.00	12,217,376.50
Hungary [4]	1,982,555.50	2,775,445.76	4,758,001.26	73,995.50	482,924.26	4,201,081.50	1,095,545.00	3,105,536.50
Italy	2,042,364,319.28	339,839,470.22	2,382,203,789.50	37,464,319.28	63,365,560.88	2,281,373,909.34	1,168,900,000.00	1,112,473,909.34
Latvia	6,888,664.20	9,250,660.91	16,139,325.11	9,200.00	752,349.07	15,377,776.04	3,801,800.00	11,575,976.04
Liberia	26,000.00	10,471.56	36,471.56	26,000.00	10,471.56			
Lithuania	6,432,465.00	8,612,114.16	51,044,579.16	234,783.00	1,003,173.58	13,806,622.58	3,487,367.00	10,319,255.58

See footnotes at end of table.

PART I.—INDEBTEDNESS OF FOREIGN GOVERNMENTS—Continued

INDEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES ARISING FROM WORLD WAR I AS OF JUNE 30, 1967—Continued

	Original indebtedness	Interest through June 30, 1967	Total	Cumulative payments		Total outstanding	Unmatured principal	Principal and interest due and unpaid
				Principal	Interest			
Nicaragua [5]	$141,950.36	$26,625.48	$168,575.84	$141,950.36	$26,625.48			
Poland	207,344,297.37	279,443,464.38	486,787,761.75	[6] 1,287,297.37	21,359,000.18	$464,141,464.20	$115,807,000.00	$348,334,464.20
Rumania	68,359,192.45	51,261,664.70	119,620,857.15	[7] 4,498,632.02	[7] 292,375.20	114,829,849.93	31,923,000.00	82,906,849.93
Russia	192,601,297.37	476,089,679.51	668,690,976.88		[8] 8,750,311.88	659,940,665.00		659,940,665.00
Yugoslavia	63,577,712.55	25,825,277.92	89,402,990.47	1,952,712.55	636,059.14	86,814,218.78	35,389,000.00	51,425,218.78
Total	12,195,087,259.92	11,917,685,236.41	24,112,772,496.33	761,037,272.49	1,998,880,514.14	21,352,854,709.70	5,886,009,926.74	15,466,844,782.96

[1] The Federal Republic of Germany has recognized liability for securities falling due between Mar. 12, 1938, and May 8, 1945.
[2] $6,360,250.26 has been made available for educational exchange programs with Finland pursuant to 20 U.S.C. 222–224.
[3] Includes $13,155,921 refunded by the agreement of May 28, 1964. The agreement was ratified by Congress Nov. 5, 1966.
[4] Interest payments from Dec. 15, 1932, to June 15, 1937, were paid in pengo equivalent.
[5] The indebtedness of Nicaragua was canceled pursuant to the agreement of Apr. 14, 1938.
[6] Excludes claim allowance of $1,813,428.69 dated Dec. 15, 1929.
[7] Excludes payment of $100,000 on June 14, 1940, as a token of good faith.
[8] Principally proceeds from liquidation of Russian assets in the United States.

Mr. DOMINICK. Among others, starting at the beginning, this list includes Austria, Armenia, Czechoslovakia, France, a large number of nations, some of which now have different boundaries, but still recognize their obligations, and a great many of which have the same boundaries and still recognize their obligations, but have thus far refused to pay us anything.

The total amount due us and unpaid is over $15.4 billion.

I think it is finally time to realize that we have a little crisis of our own going in the United States. I think it is time we end our role as the world's pool for bad debts. The gold pools are in London, Paris, and Zurich—the bad debt pool seems to be in Washington and we are supporting this pool singlehandedly.

Admittedly, there are countries who are draining our gold who owe us nothing. My amendment will not affect that problem. But, by adopting this amendment we will have fulfilled an obligation to the taxpayers who just cannot understand why we let our gold be drained by countries who do not choose to first pay their overdue obligations to the United States.

At the rate our gold is being drained away we will soon be out of gold and will then be unable to exchange any dollars for gold with or without restrictions. What does the Treasury plan to pay for dollars when our gold reserves are entirely exhausted? I have been asking this question repeatedly over the past several days and have yet to receive a satisfactory answer. I will ask it again, What are we going to exchange for dollars when our gold reserves are exhausted? We will either be forced to end the foreign convertibility of dollars for gold or we will have to obtain a new source of supply of gold at substantially increased prices. We have heard time and time again during this debate the argument that, if we will only release our gold cover, the run on our gold reserves will soon end.

Newspaper reports this morning indicate quite the opposite. I ask unanimous consent to have printed in the RECORD an article entitled "Gold Demand Nears Record in London," written by Alfred Friendly and published in the Washington Post of this morning, March 14, 1968, and an article entitled "Rush for Gold Is Intensified in Europe—Italy Denies Ending Her Role With Pool," published in the New York Times of March 14, 1968.

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

GOLD DEMAND NEARS RECORD IN LONDON

(By Alfred Friendly)

LONDON, March 13.—Demand for gold, leading to almost frenzied trading, rose today to one of the highest levels in the history of the London gold market.

Similarly furious trading took place in Paris, and was reflected as well in Zurich, Frankfurt and Brussels exchanges.

Some London dealers reported a larger turnover than last Friday, when it is said to have approached 100 tons, or about one month's production for the non-Communist world.

London is the world's focal point for heavy purchases of gold. The price is set each day at a meeting of five leading dealers in bullion. The amount of traffic at that meeting is a closely guarded secret, but close estimates of the activity can be gleaned from sources within the business.

In one of the highest estimates of today's transactions, The Times of London said today's demand was between 100 and 200 tons. At the peak of last fall's rush for gold, the previous most active period, about 100 tons was being sold a day on the London market.

The vast purchases, 10 to 20 times the normal rate, demonstrated that the would-be reassuring statement Sunday from Basel, Switzerland, by the seven nations supporting the London gold pool had been unavailing. The gold pool nations pledged to support the present $35-an-ounce price.

Other factors affecting the gold market, at least temporarily, were reports that both Italy and Belgium had withdrawn from the pool. The central banks of the two countries denied the rumors categorically and officially.

Some London dealers said trading approached "pandemonium" and others that they had to shut off their teletype machines for periods while they dealt with orders on hand. Some dealers reportedly took the unprecedented step of turning away small-order customers.

Observers here seemed unanimous on the point that only a statement by the pool-supporting members pledging their entire $25 billion of gold reserves to the pool, or else an American gesture to correct its international payments deficit, would stop the speculative drive.

These observers already took for granted that the United States would enact legislation freeing the "gold cover" reserves.

[In Washington, the bill to free $10.4 billion in U.S. reserves passed a Senate test. Story on Page C8.]

The overwhelming share of the buying obviously was not done by the usual middlemen who "retail" their purchases in small bits to small hoarders in Asia, India, the Middle East and even France. Rather, it was the "big fellows"—skeptical of U.S. ability to maintain the parity of $35.20 to the ounce and to cut its payments deficit—who were converting more of their holdings into gold.

The dollar price of gold this morning at its daily ceremonial "fixing" around the green baize table in N. M. Rothschild and Sons' conference room was $35.19¾, just within the official ceiling. But by afternoon, prices were at the 7-year peak of $35.25.

The effects spread like ripples, or rather waves, in a pool. Silver rose by the abnormal amount of 15 cents to a record $2.37½ an ounce.

British sterling, becoming suspect as a currency per se and associated by some traders with the dollar, fell to 2.39^{15}/_{16}$. The discount on it for delivery three months in the future rose to a record 7 cents.

On the heels of gold sales of 40 or more tons daily last week, and something of the same continuing this week despite the Basel statement, the consensus of analysts was that about $500 million in gold was being drained into private hands every week. Accordingly, action of some kind or other was thought inescapable.

In an editorial Thursday, the Financial Times of London will say that U.S. "congressional approval of a tax increase would do more than any number of statements to save the situation."

A mere presidential reiteration to defend the gold price, or even by a powerful group of international bankers will not be sufficient, the authoritative newspaper argues: "There are simply too many loose dollars floating about and until there is some definite sign that the supply will be curtailed speculation will go on."

Several factors contributed to the pressure against sterling. There is probably a general feeling by investors seeking protection against parity changes that it would be prudent to get out of all currencies that are, or could be, suspect. Also, there was reported to be considerable selling of sterling with which to buy dollars—with which to buy gold.

The very bad showing of Britain's payments balance, expected but always something of a shock when appearing in official statistics as it did today, and the doubled trade deficit for February, also expected but also announced officially today contributed to the general distrust. [Story on Page C9.]

Also, at least in speculators' circles, talk of a second devaluation continues. Naturally, the price of the pound in terms of gold would shift if the dollar parity were changed. But it is unlikely that even if Britain wanted to, it could get away with further devaluation against other currencies. The affected nations would simply follow suit, devaluing to match.

A weakening of the pound, on the other hand, could have an extremely adverse effect on the dollar. Some observers think that if another run on the pound should develop, the dollar could not survive it.

GOLD SALES SET MARK ON PARIS BOURSE

(By Donald H. Louchheim)

PARIS, March 13—Gold fever reached a new high here today, topping the record set last December after the devaluation of the British pound.

Buyers on the Paris Bourse bid for gold at the rate of more than a ton a minute during a frantic quarter-hour session this afternoon.

The volume rose to just under $20 million, compared with about $13 million yesterday. The new record was about $3 million higher than the previous one, set Dec. 15 at the peak of the first gold rush.

Prices also jumped sharply today, up $6 for an ingot and $50 for a 12.5 kilogram bar.

The current gold rush began two weeks ago, fed by fresh rumors of a change in the existing monetary system which pegs the price of gold at $35 an ounce. The heavy buying today was partly the result of reports from Switzerland, later denied in Rome, that Italy was withdrawing from the seven-nation gold pool which supports the fixed price of gold.

The new gold fever has burned higher in Paris than in other European capitals. This is primarily because gold hoarding is a way of life in this country. Some estimates put private French gold hoardings at up to $6 billion, the largest in the world and equal to half of the gold in Fort Knox.

Gold is now the number one topic of conversation in this capital. Despite official assurances from the United States and European central bankers that the existing system will be maintained, there is a conviction that the price will go up.

This has not only influenced speculators and bankers. It also has infected the man on the street. In cafes today, people explain how they have bought a $20 gold piece or scraped up enough money to purchase an ingot (about $1140). Others say they wish they, too, could buy some gold before the price doubles.

It is this mass psychology that has triggered the Paris gold rush. The big buyers operate through Swiss or other brokers, drawing on the London bullion market where they get a better price. The Paris market is essentially for the little fellow, and the biggest turnover is in coins.

In the trading today, 35,000 gold Napoleons were purchased, at a price of almost $11 each. The actual gold content of the Napoleon, however, is only about $9.40, so purchasers are paying 15 per cent premiums for their small pieces of gold.

RUSH FOR GOLD IS INTENSIFIED IN EUROPE—ITALY DENIES ENDING HER ROLE WITH POOL: LONDON METAL SALES SOAR TO MORE THAN 100 TONS—U.S. ACTION AWAITED

(The gold rush intensified in Europe yesterday as uncertainty over the future value of the United States dollar spread across the Continent. There were these developments:)

LONDON.—The speculative surge sent purchases on the London gold market, the main trading center, to more than 100 tons, valued at about $100.12-million, compared with a normal daily flow of three to five tons. The gold flowed from the reserves of the members of the London gold pool which offers gold for sale whenever the demand threatens to force the free-market price above the $35 an ounce at which gold is pegged. In the two weeks since the gold rush began, the seven-nation pool has poured out gold with a total value approaching $500-million.

ROME.—Authoritative sources denied that Italy had made a special arrangement with the United States that would be tantamount to Italian withdrawal from the gold pool. Rumors to the effect that such an arrangement had been made fed the gold-buying frenzy on the Continent yesterday. According to the rumors, Italy had arranged to recoup its gold-pool losses by purchasing gold from the United States in exchange for the dollars it received in supplying gold to the pool.

BRUSSELS.—Highly placed banking sources declared that Belgium remained in the pool, contrary to rumors that it also had defected.

NEW YORK.—Leading bankers said they expected the Federal Reserve, the nation's central bank, to make a dramatic move to raise interest rates in a bid to halt the speculation against the dollar. An increase, it was said, would pull large amounts of money into the United States and ease the nation's balance-of-payments deficit. The deficit has caused an outflow of gold to pay debts to nations and an additional outflow to support gold-pool operations.

SENATE REJECTS PROPOSAL TO RETAIN 12.5% COVER—MARGIN IS FIVE VOTES

(By Edwin L. Dale, Jr.)

WASHINGTON, March 13.—Delaying tactics by Western Republicans held up Senate action today on legislation to remove the nation's gold cover.

The leadership planned voting on amendments tomorrow, however, and hoped for passage of the bill by the end of the week.

There were a few warnings, principally by Senator Charles H. Percy, Republican of Illinois, that delay on the bill could intensify the present gold rush in Europe.

But Senators Gordon Allott and Peter H. Dominick, Colorado Republicans, said "extended discussion" of the measure was necessary "in order to alert the public to the grave dangers involved" in removing the gold cover.

In today's only vote, the Senate rejected be a 44-to-40 vote an amendment by Senators Frank Church, Democrat of Idaho, and John G. Tower, Republican of Texas, to reduce the present legal requirement of 25 per cent gold behind the currency to 12½ per cent.

After the vote, Senator Allott took the floor for two and one-half hours, with only one or two other Senators present most of the time. He vigorously opposed the bill, and also offered an amendment to limit the growth in the currency to 4 per cent a year.

As it became clear that the Westerners were determined to have their say, the leadership abandoned hope for passage today and the Senate adjourned at 5:30 P.M.

However, Senator Mike Mansfield, Democrat of Montana, the majority leader, told the Senate there would definitely be voting tomorrow.

The bill would free about $10.5-billion of the nation's gold stock, now tied up as backing for the domestic currency, for sale to foreign countries.

The Administration fears that extended delay could add to fears of foreigners that the United States would stop selling gold at $35 an ounce—a fear that is already contributing to the gold rush.

A half-dozen amendments are still pending, and Senator Dominick indicated his intention to obtain a roll-call vote on at least four of them, with associated debate.

However, he denied to a reporter that he and his colleagues planned a filibuster, though he said final action on the bill could be delayed until next week.

Senator Percy, backed by Senator Jacob K. Javits, Republican of New York, demanded that the Administration immediately work out with Congress a plan of expenditure reductions, in return for which Congress should quickly pass the requested income tax surcharge.

Both said the gold cover legislation must be passed quickly "as a matter of urgency."

Mr. DOMINICK. Reports indicate that the run will continue and can only be alleviated by the correction of our balance of payments and bringing into balance our domestic budget. I believe this amendment will help substantially in accomplishing the former, and it would also help if, as I have suggested along with many others, we withdrew many of our military personnel from Europe.

Unless we take both these steps, I predict that this administration will be forced into an embargo on gold or a complete loss of gold within a very short time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. WILLIAMS of Delaware. The Senator has called attention to the near panic in Europe as far as gold is concerned and the lack of confidence of foreign countries in the American Government for failing to take steps to deal with our own fiscal problems here at home.

I can understand that lack of confidence, because this afternoon the Committee on Finance, by a vote of 9 to 8, rejected a proposal to roll back spending by $8 billion and increase taxes by 10 percent.

I offered the administration's 10-percent tax proposal together with a mandatory reduction of $8 billion. I was shocked when only two members of the President's party voted for that package.

Later the administration's proposal was offered to increase taxes 10 percent across the board with no expenditure reduction, and on that vote three members of the President's party voted yea.

This shows there will not be a tax bill enacted this year unless there is expenditure control, and we shall not obtain any reduction in expenditures unless we can get some help from the administration in power—an administration which by all means should be standing up and taking some responsibility.

I regret to say that this morning when testifying before the Senate Finance Committee, the Secretary of the Treasury, speaking on behalf of the administration, expressed strong opposition to attaching his own 10-percent tax bill coupled with the $8-billion expenditure reduction proposal to the excise tax bill. That is why so many people in this country and abroad doubt the sincerity of the President of the United States and think he is making nothing but a political speech, trying to picture himself as a Texas conservative when in reality he is still the greatest spender that has ever been in the White House.

He has not faced up to the hard political decisions which must be made. He has refused to back up his statements. I must admit that both the Secretary of the Treasury and the President have made many eloquent speeches in favor of fiscal responsibility, but when the chips are down they do not vote for it.

Mr. DOMINICK. Mr. President, I thank the Senator. I was going to point out in my speech that the run will continue on our gold and can only be alleviated, if I may say so, by the correction of our balance-of-payments situation and by bringing into balance our domestic budget which is what the Senator from Delaware was pointing out.

Mr. WILLIAMS of Delaware. Lest there be any misunderstanding, another effort will be made on the floor to do the

job which I think should have been done in the Finance Committee. If this next effort fails on the floor, I shall be inclined to agree with the suggestion made in the cloakroom the other day—maybe in jest, but which had a lot of substance.

It was suggested in the cloakroom that if this administration continues to drift, doing nothing to correct our fiscal problems at home, and if it reaches the point where it will have to devalue the dollar, we should then place President Johnson's picture on the dollar. Then the retired people, the housewives, and others, when spending a dollar, will have a constant reminder as to who is responsible for the dwindling purchase power of their money.

Mr. DOMINICK. I hope we do not get to that particular impasse.

Mr. WILLIAMS of Delaware. I hope not, but we are getting close.

Mr. DOMINICK. Mr. President, among other things my amendment can have a favorable effect on the balance of payments. We have got to do something about this problem and do it rapidly if we are going to save any of our gold, either to back our dollar or to make whatever national reserve purchases we may need.

One of the conclusive and concrete things we can do is to agree to the amendment. Another thing is to bring the troops back from Europe.

I have discussed this matter over and over again. I joined with the distinguished majority leader in the Mansfield resolution to accomplish this purpose. We have not had any results, except that we have had about 38,000 brought back. However, over 300,000 are still there. It seems to me to be ridiculous.

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

Mr. DOMINICK. I yield.

Mr. TYDINGS. Mr. President, I have been listening to the Senator. I am persuaded a great deal by the logic of the arguments he has made.

Can the Senator think of any immediate action other than the passage of a major tax bill by Congress that would do more to restore the integrity of the dollar than the immediate recall of a substantial number of troops from our military forces overseas?

Mr. DOMINICK. I can think of nothing that would be more immediate or more dramatic in emphasizing what we need to do.

Mr. TYDINGS. I thank the Senator.

Mr. DOMINICK. Mr. President, I am sure that the Senator from Maryland, when he was talking about overseas forces, meant forces from Europe.

Mr. TYDINGS. Mr. President, I did not intend to lead the Senator into the pros and cons of the situation in Vietnam. I meant strictly overseas.

Mr. DOMINICK. The Senator may mean overseas, but I am talking about Europe.

Mr. TYDINGS. The Senator will agree that we would strengthen the integrity of the dollar, regardless of where the troops might come from.

Mr. DOMINICK. Any reduction we make along that line would help to correct the situation, regardless of where the troops were stationed.

Mr. MURPHY. Mr. President, I assume that the Senator, in answering the question of the Senator from Maryland, meant that the consideration of troop withdrawal would be secondary to the Senator's present proposal and not take the place of it.

Mr. DOMINICK. The Senator is correct. We can do that in the pending bill and have an immediate impact on the situation. We are not trying to do anything which would be detrimental to any other country in particular. Unless we take both steps, I predict that this administration is going to be forced into an embargo on gold, or it is going to be forced into a complete loss of gold in a very short time, and the people of our country should understand that.

Mr. President, I ask unanimous consent that the tabulation furnished me by the Treasury Department showing which countries have been purchasing our gold over the past 3 years be printed in the RECORD.

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

U.S. NET MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS, JAN. 1 TO DEC. 31, 1967

[In millions of dollars at $35 per fine troy ounce. Negative figures represent net sales by the United States; positive figures, net purchases]

Area and country	1st quarter	2d quarter	3d quarter	4th quarter	Total
Western Europe:					
Greece			+19.6	−0.6	+19.0
Ireland	−0.3	−0.6	−.4	−.7	−1.9
Italy				−85.0	−85.0
Switzerland		−30.0			−30.0
Turkey	−16.9	+21.2		−4.5	−.1
United Kingdom	+3.3	−34.0	−76.6	−771.2	−878.5
Yugoslavia	−.7	−.9	−.7	−.9	−3.1
Subtotal	−14.5	−44.3	−58.1	−862.8	−979.7
Canada		+50.0		+100.0	+150.0
Latin America:					
Argentina	−.4	−.3	−.1	(1)	−.8
Brazil	−.4	−.3	−.1	(1)	−.8
Chile	−1.5	−1.5			−3.0
Colombia	(1)	(1)			(1)
Costa Rica	−.1	−.1	−.1	−.1	−.6
Dominican Republic	−.1	−.1	−.1	−.1	−.5
Ecuador		−.2	−.6	−6.1	−6.9
El Salvador			−2.5		−2.5
Guatemala	(1)	(1)	(1)	(1)	−.1
Haiti	(1)	−.1	−.1	−.1	−.2
Honduras	(1)				(1)
Mexico	−10.0				−10.0
Nicaragua	−.1	(1)			−.1
Peru	+10.0	+15.0	+10.0		+35.0
Surinam	+2.6			−11.6	−8.9
Uruguay	(1)	(1)	(1)	(1)	−.1
Subtotal	−.1	+12.3	+6.2	−18.1	+.3
Asia:					
Afghanistan	−1.2	−0.1	−0.1	−0.1	−1.4
Burma				−.1	−.1
Ceylon	−.1	(1)	−.1	−.2	−.4
Indonesia	−1.8		−.2	−.3	−2.3
Iran	−1.3				−1.3
Iraq	−.1	−.1		−21.1	−21.3
Pakistan	−.2	−.2	−.2	−.3	−.9
Philippines				−.1	−.1
Syria	−.2	−.1	−.2	−.1	−.6
Subtotal	−4.8	−.6	−.8	−22.2	−28.4
Africa:					
Algeria				−149.6	−149.6
Burundi	(1)	(1)	(1)	(1)	−.1
Liberia	−.1	−.1	−.1	−.1	−.4
Rwanda	(1)	(1)	(1)	(1)	−.1
Somalia	−.1	−.1	−.1	−.1	−.3
Sudan	−.1	−.2	−.2	−.2	−.7
Tunisia	−.1	−.1	−.1	−.2	−.5
Subtotal	−.4	−.5	−.5	−150.2	−151.6
Total	−19.8	+17.0	−53.2	−953.3	−1,009.4
Domestic transactions	−29.9	−32.5	−39.0	−58.9	−160.2
Total gold outflow	−49.7	−15.5	−92.2	−1,012.2	−1,169.6

[1] Less than $50,000.

Note: Figures may not add to totals due to rounding.

U.S. MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES MITIGATED THROUGH SPECIAL DEPOSITS BY THE IMF, JAN. 1 TO DEC. 31, 1967

[Millions of U.S. dollars]

Area and country	1st quarter	2d quarter	3d quarter	4th quarter	Total
Latin America: Dominican Republic	−0.4				−0.4
Asia:					
Iran	−13.7				−13.7
Lebanon	−.6				−.6
Vietnam	−1.3				−1.3
Subtotal	−15.6				−15.6
Africa:					
Algeria		−0.8			−0.8
Cameroon		−.2			−.2
Central African Republic		−.1			−.1
Chad		−.1			−.1
Congo (Brazzaville)		−.1			−.1
Congo (Kinshasa)		−2.4			−2.4
Dahomey		−.1			−.1

U.S. MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES MITIGATED THROUGH SPECIAL DEPOSITS BY THE IMF, JAN 1 TO DEC 31, 1967—Continued

[Millions of U.S. dollars]

Area and country	1st quarter	2d quarter	3d quarter	4th quarter	Total
Africa—Continued					
Gabon		−0.1			−0.1
Ivory Coast	−0.2				−.2
Mauritania		−.1			−.1
Morocco		−.9			−.9
Niger			−0.1		−.1
Rwanda		−.2			−.2
Upper Volta		−.1			−.1
Subtotal	−.2	−5.3	−.1		−5.6
Total	−16.2	−5.3	−.1		−21.6
IMF deposit	+16.2	+5.3	+.1		+21.6

Note: Figures may not add to totals because of rounding.

U.S. NET MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS, JAN. 1 TO DEC. 31, 1966

[In millions of dollars at $35 per fine troy ounce. Negative figures represent net sales by the United States; positive figures, net purchases]

	1st quarter 1966	2d quarter 1966	3d quarter 1966	4th quarter 1966	Calendar year 1966
Afghanistan	−1.2	−1.9	−0.5	−0.1	−3.7
Argentina			−10.9	−10.6	−21.5
Brazil	−.9	−.8	−.6	−.5	−2.8
Canada	+100.0	+50.0	+50.0		+200.0
Ceylon	−.1				−.1
Chile		−1.5	−3.0	−1.5	−6.0
Colombia	+7.0			−.4	+6.6
Costa Rica	−.1	−.1	−.1	−.1	−.4
Denmark	−5.0				−5.0
Dominican Republic	−.1	(1)	−.1	−.1	−.3
Egypt	−1.1	(1)			−1.1
France	−102.9	−220.7	−277.3		−600.9
Greece		+9.6		−.6	+9.0
Haiti	(1)	(1)	(1)	(1)	−.1
Honduras	(1)	(1)	(1)	(1)	−.1
Ireland	−.4	−.9	−.4		−1.7
Italy				−60.0	−60.0
Jamaica	−1.0				−1.0
Lebanon	−10.8				−10.8
Liberia	−1.2	−.1	−.1	−.1	−1.5
Mexico				+10.0	+10.0
Nicaragua	−1.0	(1)	−.1	−.1	−1.2
Pakistan	−.2	−.2	−.2	−.2	−.8
Philippines			−2.5	+10.0	+7.5
Sudan		−.1	−.1	−.1	−.3
Surinam			−2.5		−2.5
Switzerland	+7.0	+11.0	−20.0		−2.0
Syria	−1.4	−.2	−.2	−.2	−2.0
Tunisia	−.1	−1.5	−.1	−.1	−1.8
Turkey	−.5	−1.8		−10.2	−12.5
United Kingdom	−18.9	−7.2	+126.0	−20.1	+79.8
Uruguay	−.1	−.1	−.1	−.1	−.4
Yugoslavia	−.9	−.6	−.6	−.7	−2.8
All other	−.1	−.1	−.1	−.1	−.4
Total	−34.0	−167.2	−143.5	−85.9	−430.6
Total U.S. gold outflow	−68.3	−208.6	−173.2	−121.0	−571.2
Including domestic transactions of [1]	−34.3	−41.4	−29.7	−35.1	−140.6

[1] Less than $50,000.

Note: Figures may not add to totals due to rounding.

U.S. MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES MITIGATED THROUGH SPECIAL DEPOSITS BY THE IMF

[In millions of U.S. dollars]

Country	1966			
	1st quarter	2d quarter	3d quarter	4th quarter
Algeria		−0.8		0
Argentina			−17.5	0
Austria	−25.0			0
Cameroon		−.2		0
Central African Republic		−.1		0
Ceylon	−4.0			0
Chad		−.1		0
Congo (Kinshasa)	−.6			0
Costa Rica			−1.3	0
Dahomey		−.1		0
Denmark	−8.3			0
Dominican Republic	−.4			0
Ecuador		−1.3		0
Ethiopia	−1.0			0
Gabon		−.1		0
Greece		−10.0		0
Guinea			−1.0	0
Haiti	−.2			0

U.S. MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES MITIGATED THROUGH SPECIAL DEPOSITS BY THE IMF—Continued

[In millions of U.S. dollars]

Country	1966			
	1st quarter	2d quarter	3d quarter	4th quarter
Honduras	−1.0			0
Iraq	−4.0			0
Ivory Coast	−.2			0
Jamaica	−1.5			0
Japan	−56.3			0
Korea	−1.3			0
Liberia	−1.0			0
Malagasy		−1.0		0
Mali		−1.0		0
Mauritania		−.1		0
Morocco		−.9		0
Nicaragua	−1.0			0
Niger			−0.1	0
Philippines			−8.8	0
Republic of Congo (Brazzaville)		−.1		0
Rwanda		−.2		0
Somalia	−.9			0
Sudan	−3.0			0
Sweden	−18.7			0
Syria	−2.0			0
Tunisia		−1.8		0
Upper Volta		−.1		0
Vietnam	−.3			0
Total	−130.7	−17.9	−28.6	0
IMF deposit	+130.7	+17.9	+28.6	0

Note: IMF deposits, 1966, 177.2; 1965, 34.3; grand total, 211.5.

U.S. NET MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS, JAN. 1, 1965 TO DEC. 31, 1965

[In millions of dollars at $35 per fine troy ounce. Negative figures represent net sales by the United States; positive figures, net purchases]

	1st quarter 1965	2d quarter 1965	3d quarter 1965	4th quarter 1965	Calendar year 1965
Austria	−25.0	−37.5	−37.5		−100.0
Belgium	−39.6	−22.1	−21.0		−82.7
Brazil	−1.0	+28.2	−1.0	−1.0	+25.2
Ceylon		−4.3			−4.3
Chile	−1.0		−2.6	−1.3	−4.9
Columbia	(1)	+30.0		−.8	+29.2
Costa Rica	−1.3	−.1	−.1	−.1	−1.6
Dominican Republic	(1)	(1)	(1)	−.1	−.2
Egypt	−1.0	−1.0	−1.0	−1.1	−4.1
France	−482.5	−147.5	−117.2	−137.0	−884.2
IMF		[2] −258.8			[2] −258.8
Iran			−2.2	−5.3	−7.5
Iraq		−10.0			−10.0
Ireland	−.4	−1.0	−.4	−.6	−2.4
Italy		−80.0			−80.0
Jordan				−.6	−.6
Morocco			−5.2	+9.9	+4.7
Netherlands	−35.0				−35.0
Panama	−2.7				−2.7
Philippines	−.1	−.1			−.2
Salvador	−1.5				−1.5
Spain	−90.0	−60.0	−30.0		−180.0
Sudan		−7.6			−7.6
Switzerland	−37.5	−12.5			−50.0
Syria	−.2	−.2	−.2	−.2	−.8
Turkey	−15.7	−2.5	−8.0	−10.6	−36.8
United Kingdom	−75.7	+29.4	+132.3	+63.7	+149.7
Uruguay	−0.1	−.1	−.1	−.1	−.4
Vatican				+4.5	+4.5
Yugoslavia	−.6	−.5	−.7	−.5	−2.3
All other	−.2	−.1	−.6	−.5	−1.4
Total	−811.1	−558.3	−95.5	−81.6	−1,546.5
Total U.S. gold outflow	−832.4	−589.2	−124.1	−118.7	−1,664.4
Including domestic transactions of	−21.3	−30.9	−28.6	−37.1	−117.9

[1] Less than $50,000.
[2] Represents gold portion (25 percent) of U.S. quota increase with the IMF.

Note: Figures may not add to totals due to rounding.

U.S. MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES MITIGATED THROUGH SPECIAL DEPOSITS BY THE IMF

[In millions of U.S. dollars]

Country	1st quarter 1965	2d quarter 1965	3d quarter 1965	4th quarter 1965	Calendar year 1965
Australia			−8.3		−8.3
Paraguay				−0.9	−0.9
Venezuela				−25.0	−25.0
Subtotal			−8.3	−25.9	−34.2
IMF deposit			+8.3	+25.9	+34.2

Mr. DOMINICK. Mr. President, I shall not try to detain the Senate any longer, but I would like to summarize the matter.

My amendment if agreed to would not prevent any nation from getting gold for dollars if it is current in its obligations to us. Countries which are overdue in their obligations to our country can still turn in their short-term dollar holdings, except that they will not get gold for them, but will receive a credit on their debt to us.

It seems to me that this is eminently fair and sensible. It will help our balance of payments, reduce our gold outflow, and start correcting the general overseas impression that Uncle Sam is at all times a complete sucker.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I shall be very brief. A great deal could be said on this matter, but many Senators have talked to me about completing action on the pending bill tonight. I am eager to accommodate them and see if we can complete action on the bill without too much delay.

The Senator from Colorado has had printed in the RECORD a list of countries. I think he has had placed in the RECORD a list of the countries that owe us money from World War II, as well as World War I.

Mr. DOMINICK. The Senator is correct. I have done so. And the interesting fact is that we are more up to date on what is owed from World War I than we are on what is owed from World War II.

Mr. SPARKMAN. Mr. President, the tabulation with respect to World War I is to be found on pages 90 and 91 of the hearings.

The World War I debt situation is well known. Finland, I believe, is the only country that has met all of its payments regularly and promptly. Other countries have paid differing amounts. We hear a great deal about what France owes us, but we do not hear very much about what Great Britain owes us. Actually, Great Britain owes us over $1 billion more than is owed by France.

There is another thing that some Senators may find surprising, and that is that some payments have been made on these debts since they were stopped in 1931.

This is not a simple matter. All of us recognize that there is an appeal in this kind of a proposal, but it is not quite as simple as it seems. We may remember that back in 1930 or 1931 Germany became exceedingly hard pressed to meet her reparations payments. We may go back and recall that under the Versailles Treaty there was a definite linkup with the payments of reparations by Germany and the debts that these other countries owed us.

And it was understood—it was all intertwined.

In 1931—I believe it was 1931, but I do not have the date at hand—President Hoover recognized the distressed condition with reference to the payment of German reparations and the ability of all these countries to repay their debts, and he asked for a moratorium. I am not certain, but I believe that Congress agreed to that moratorium, which was to last for 1 year. But that 1 year never ran out. It became a lasting moratorium when the entire world went into economic distress.

There was a London conference, I believe in 1953, in which these matters were discussed; and, undoubtedly, there will be other discussions.

We have never admitted that any country had the right to cancel its indebtedness to us because of the dependence upon German reparations. Nevertheless, they have insisted that it was tied to that, even though, as I have said, some of the countries have made some payments since that time, and Finland is paid up to date.

It is not an easy matter to unravel.

Mr. President, I have a statement from the Department of State with reference to this matter, and I ask unanimous consent that it be printed at this point in the RECORD.

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

COMMENT ON AMENDMENT NO. 610

The Department of State wishes to register its strong opposition to Amendment No. 610, to amend the legislation submitted by the Administration for elimination of the gold cover requirement for backing of U.S. currency.

Amendment No. 610 would require that the United States Government refuse to redeem in gold, those dollars presented by countries in arrears in payment of principal or interest on obligations owing to the United States, including World War I debt, and that such amounts presented for redemption in gold shall, in lieu thereof, be credited against debt arrearages.

This amendment would have serious adverse effects on our relations with a number of important Western European nations including the United Kingdom, Austria, Belgium, France, Greece and Italy. It could jeopardize the cooperation which these nations have provided us and continue to provide us in a number of areas of vital importance to the economic interests of this nation.

You will be aware of the long and emotionally charged history which surrounds the question of World War I debts. The nations owing these debts have never repudiated the legality of these obligations but have steadfastly insisted that their settlement is inextricably linked with final settlement of the German reparations issue. The London Conference of 1953 was unable to resolve the reparations problem and agreed that it be deferred. The United States Government has just as steadfastly refused to recognize any connection between the reparations problem and settlement of these interallied debts. Unfortunately, it has proved fruitless to reopen World War I debt settlement since to do so only replays the endless circle of contentions involving the interconnection of the reparations settlement.

The World War I debt problem therefore remains a matter of great sensitivity not only to us but also to these allied nations. Even though these nations have refused to resolve this specific issue with us, they have nevertheless come to cooperate with us in a number of vitally important economic fields. Symbolically the most important to this issue is the cooperation of the United Kingdom, France, and Italy in paying *in advance* major portions of their debts to us from World War II and subsequent obligations. These prepayments, now totalling more than $2.8 billion, have been of substantial assistance in reducing our balance of payments deficits in recent years.

We must not forget that those Western European countries which would fall under the reach of this proposed amendment to date have had an important interest in preserving the stability of the dollar and in assisting us in the correction of our balance of payments deficits. While they have been unwilling to make concessions toward settling World War I debts, this impasse has not prevented them from cooperating in numerous areas of critical importance to the United States. The London Gold Pool could not continue to operate effectively without their unswerving cooperation. The Rio de Janeiro agreement of IMF members in September 1967 for creation of a Special Drawing Rights facility to supplement international monetary reserves would face enormous difficulties in coming into being were it not for the prospect of strong affirmative leadership by several of these key nations. In the coming days and months we will be continuing to consult with these countries on further ways in which they can assist us to resolve our balance of payments problems, particularly in the trade and tourism fields.

There is good reason to believe that an action on our part to attempt unilaterally to convert U.S. dollar obligations into credits against World War I debt would on balance redound to our detriment. At the minimum it may prove a restriction without a meaning as there would be many indirect routes by which affected countries could have their dollars converted to gold. At worst, such a measure could poison relations with several of the countries on which we are most dependent for future cooperation in monetary and balance of payments areas, and jeopardize the degrees of cooperation achieved to date.

Mr. SPARKMAN. We have not given up on it. As I have said, it will not be an easy matter to settle.

Now, let me return to the matter of France. France does owe us also for World War II indebtedness. However, what may be surprising to a great many people is that France is actually ahead of time in her payments on the World War II indebtedness. I believe I am correct in saying that she has made every payment on time and has made some payments ahead of time, so that she is actually ahead.

The pending amendment would go further and would make it applicable to countries that were as much as 90 days in arrears on anything. A large number of countries would be affected by that, and most of them are our good friends in Latin America. Let me run down the list hurriedly:

Chile, China, Czechoslovakia, Dominican Republic, El Salvador, Guatemala, Hungary, India, Indonesia, Iran, Korea, Liberia, Paraguay, Philippines, Tunisia, United Arab Republic, U.S.S.R., and Vietnam.

All those countries would be affected by this amendment.

I should like to point out another feature.

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

Mr. SPARKMAN. I yield.

Mr. DOMINICK. I wish to make one statement. My amendment does not say anything about 90 days. It says "determined in arrears as determined by the Secretary of the Treasury." He can make it a year or 2 years or 90 days or 60 days. He can do whatever he wishes.

Mr. SPARKMAN. I probably should not have said the amendment stated

that, but I gave a list of the countries that were 90 days or more in arrears. They are not limited to 90 days, but 90 days or more. Undoubtedly, under any rule he imposed, some of those countries would be included.

The distinguished Senator from Florida mentioned a point to me earlier which I believe is quite material and which we might keep in mind, even if the amendment is adopted. There is no way to prevent credits from being cashed on our gold market, for the simple reason, as the Senator from Florida mentioned to me—and it is true—that these credits are transferrable; and all a country that is blocked off need do is to transfer the credits to another country which can make a valid claim and collect from us.

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

Mr. SPARKMAN. I yield.

Mr. HOLLAND. I raised this point without having information on it, but I note from the list that the point needs to be explored. For example, Austria owes us quite a large amount, as indicated by the list on page 90 of the printed record. Austria is next door to Switzerland. Switzerland, so far as I know, owes us nothing.

As I understand it, these current claims have risen in the course of current business. What would prevent Austria or the Central Bank of Austria from simply negotiating these claims to Switzerland and the presentation of those claims to us by Switzerland after they became the bona fide owners? I ask the question in good faith, because I do not know the answer. But if that is possible, it is a powerful argument against the adoption of the amendment.

Mr. SPARKMAN. The Senator is correct. As a matter of fact, when he asked me that question, I checked on it and I found that these claims are transferable. In the State Department statement which I just asked to be printed in the RECORD, attention is called to that matter also.

Mr. HOLLAND. May I ask the Senator another question?

Mr. SPARKMAN. Yes.

Mr. HOLLAND. The distinguished Senator from Colorado said that there is a group of countries which owe us nothing. I wonder if he has that list, so that it can be placed in the RECORD.

I have mentioned Switzerland. I have no knowledge of Switzerland owing us anything, and I do not believe it does, but I have no firm knowledge on that subject.

Does the Senator have available the list of countries which owe us nothing?

Mr. DOMINICK. If the Senator from Alabama will yield, I would say to the Senator from Florida that any country that is not on the list of 1966, which I have already put into the RECORD, does not owe us anything. I do not have a separate list of how many countries there are, but there must be approximately 28 new countries in Africa alone which do not owe us anything.

Mr. HOLLAND. I was thinking particularly about the European nations, all of which are pretty close together, and they have frequent financial dealings, no doubt. I do not see, for example, the Scandinavian countries on the list of countries that owe us money under a world war indebtedness.

Mr. DOMINICK. I do not believe that Norway is overdue on its payments. Finland is up to date on its obligations, on what it owes us. I do not believe Denmark owes us anything—at least, I do not believe it is overdue. My amendment deals only with countries that are overdue on their obligations.

Mr. HOLLAND. I understand. But my question relates to the possibility of trading of the current obligations—in the course of daily transactions, no doubt—between the Scandinavian countries and Switzerland, and perhaps other countries of Europe which do not occur to me which I do not see on this list and then the presentation of those obligations in the hands of the new owners, who do not owe us anything, for recognition and payment by us.

What does the Senator think about that point? Frankly, the Senator from Florida does not have such information that he could say that he is sure that the point is well made. But if it does exist, it certainly tends to defeat the laudable purpose of the amendment of the Senator from Colorado.

Mr. DOMINICK. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. DOMINICK. About the only thing I can say on that point is that I do not know what the restrictions are; but I would suspect they are very few. What those countries would have to do, however, is to transfer their dollar holdings. The way the confidence in the dollar is going down, I should think that the transfer from one country to another of short-term dollar holdings would not be very good. I will just state it that way.

Mr. SPARKMAN. Mr. President, let me read this brief statement from the State Department:

> There is good reason to believe that an action on our part to attempt unilaterally to convert U.S. dollar obligations into credits against World War I debt would on balance redound to our detriment.

I particularly call attention to this statement:

> At the minimum it may prove a restriction without a meaning as there would be many indirect routes by which affected countries could have their dollars converted to gold.

Mr. HOLLAND. I did not understand what was the source of the statement from which the Senator just read.

Mr. SPARKMAN. It is a paper issued by the State Department, which I placed in the RECORD a few minutes ago.

Mr. HOLLAND. I thank the Senator from Alabama.

Mr. SPARKMAN. I yield the floor.

Mr. COOPER. Mr. President, the amendment which the distinguished Senator from Colorado has offered is attractive in that it appears to offer the United States an opportunity to collect its war debts and other obligations owed us and also to stop the gold drain.

I say in all frankness that I wish it could accomplish both these objectives. Because I have received many letters urging that I support such an amendment, I wish to express my views about it.

First, as has just been stated by the distinguished Senator from Florida, I believe that it would be possible for debtor countries to easily circumvent the provisions of this amendment. Where countries are not in arrears in the payments of their debts to the United States, such countries could be used to convert dollars to gold for the account of a country which was in arrears. In these circumstances there is nothing to stop Finland, or more likely Switzerland, from receiving dollars on behalf of a third country, which country is in arrears in the payment of its debt to the United States, and converting these dollars to gold for the account of a third country.

My second point is that if the United States placed conditions—such as this amendment would impose—on its willingness to sell gold to a foreign monetary authority—although conditions in certain individual instances may lack merit and be contrary to this country's foreign policy considerations—the result would be to make the dollar only a partially convertible currency. This action would not only undermine confidence in the dollar, but would lead other countries which are not indebted to the United States and which now hold dollars to immediately seek to convert those dollars to gold because of their fear that the United States might at some future date set up additional restrictions on them.

My third point is that the free convertibility of the dollar to gold at a fixed price is necessary if we are to maintain stability of the dollar. By impairing or restricting the convertibility of the dollar, it seems to me that we would place even greater pressure on our gold supply. We would be in the same position as a banker who states that a certain category of depositor may not freely withdraw his funds from the bank. Such action would set up a "run" on the bank by all other depositors who would fear that they, too, may be given limited access to the bank's "withdrawal" window at some future date.

I understand the worthwhile purpose of the amendment which is try to collect the money owed the United States by these countries, and to stop the drain on our gold supply.

But, Mr. President, I do not believe this amendment could in any way be an effective means for collecting our war debts. Further, its application to debtor countries could be easily circumvented. Rather than conserving our diminishing gold supply its effect might well be the opposite.

For these reasons I shall vote against the amendment.

Mr. SYMINGTON. Mr. President, I respectfully request the attention of the distinguished junior Senator from Colorado [Mr. DOMINICK], who offered the amendment. Before asking him a question I would make a few remarks.

It is plain time is running out, yet in our actions with respect to the deficit in our international balance of payments we are still merely buying time.

The legislation under consideration today to remove the 25-percent gold re-

quirement could well be but another time-buying gesture and apparently one already taken into account by the frenzied gold traders in London, according to an article which was published in the Washington Post this morning under the headline "Gold Demand Nears Record in London."

I ask unanimous consent to have printed in the RECORD at the close of my remarks the article to which I have referred.

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

(See exhibit 1.)

Mr. SYMINGTON. Mr. President, at this point I shall quote two paragraphs from the report:

Observers here seemed unanimous on the point that only a statement by the pool-supporting members pledging their entire $25 billion of gold reserves to the pool, or else an American gesture to correct its international payments deficit, would stop the speculative drive.

These observers already took for granted that the United States would enact legislation freeing the "gold cover" reserves.

Mr. President, on November 18, 1963, in the first of a series of five statements in that year on "The Balance-of-Payments Problem," I noted that:

The drain on our gold supply has pulled down our gold reserves from $24 billion in 1950 to less than $16 billion today.

That was November 18, 1963. Today our gold reserves are around $11.4 billion.

Five years ago I pointed out that:

Over $12 billion of our current liabilities are held by Western European countries, mainly those in the Common Market. Any one of those countries could embarrass us tomorrow by demanding gold in payment of their current claims upon us.

Mr. President, at this point it is pertinent to note that if we take off the gold cover, we still have only about one-third of the gold needed to redeem current demands on our gold, primarily held by the foreign central banks.

Gold is but the surface of the problem. The difficulty lies in the continuing unfavorable balance of payments, to which I have referred, again and again, on the floor of the Senate for a period of years.

Mr. President, in the last of that series of five talks in 1963 I suggested several courses of action to reverse the deficit. Among them was recommendation that the United States should present to the European nations WHY we can no longer afford to keep our present tremendous military force at the present level in Europe. I said then:

Why then should we continue in Europe the same large ground force defense structure established many years ago, and which is being continued at a cost of billions of dollars to the United States?

If these nations disagree with this reasoning, as their gold reserves build up and their prosperity becomes unprecedented, should they not pay the bill?

Since that time we have expressed increasing concern about the lack of effective corrective action with respect to this harmful deficit. I ask unanimous consent to insert at the close of my remarks the titles and dates of some statements made in reference to this subject.

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

(See exhibit 2.)

Mr. SYMINGTON. Mr. President, in short, over the years I have urged a determination of priorities in expenditure of Federal funds, because no nation, not even one as strong as the United States, can continue indefinitely to both finance and defend such a large percentage of the free world, at the same time it attempts to carry on all the desirable domestic programs, without increased deficit financing which can only contribute to further inflation; and that in turn can only result in a decrease in the purchasing power of the dollar.

I would point out that $168 million in gold was sold on the London exchange yesterday.

Hypothetically, let us assume that gold buying continues at that volume and make the favorable assumption that all nations continue in the gold pool. If we remove the reserve requirement we would make available approximately $11.4 billion of U.S. gold. If the U.S. percentage of responsibility in the gold pool continues at 59 percent, it would take only 118 days to empty the Treasury of gold.

Mr. President, before leaving office, the former Secretary of Defense made a farewell statement before the Committee on Armed Services. Counting exhibits, the statement was 280 pages long, single spaced; and I have read every word.

In this connection, I would read one paragraph from the statement of the Secretary, because this is overall administration policy we are talking about today, not just Treasury policy or Federal Reserve policy.

This paragraph in the Secretary of Defense's testimony reads as follows:

I am also convinced that embracing the obligations of leadership will not force us to divert badly needed resources from the improvement of American domestic policy. Our resources are sufficient, if wisely allocated, to meet the needs of the weak and the underprivileged, both at home and abroad. For the sake of our security and our well-being, we can afford no less.

I thereupon sent the following question in writing, to the Defense Department:

Does this mean the United States can continue to finance all of its present expanding domestic programs; and at the same time wage a major war in Vietnam; and in addition defend at great expense and with hundreds of thousands of its people other parts of the world such as Europe and South Korea; and in addition, "meet the needs" of the poor all over the world?

Mr. President, I received back a long answer which I ask unanimous consent to have printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). Is there objection?

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

What is at issue here is both practical wisdom and political will. This country has sufficient productive resources to carry through to completion the fight for the right of the people of South Vietnam freely to decide upon the conditions of their own future, while at the same time meeting our obligations to our allies, expanding the scope of the war against poverty and unequal opportunity in our own society, and increasing by a considerable degree the scale of our assistance to the poor nations abroad. Temporarily, because of the large effort in Southeast Asia, we now find that it will require higher taxes to mobilize sufficient revenues to do all of these things effectively without inflation. However, an expanding flow of private and public revenues results mainly from higher private and public investment and reinvestment in material and human capital. It is a challenging task to keep available productive capacity and labor fully employed, and still more difficult to create new opportunities for those who are underemployed. But when we meet the needs of the underprivileged at home and abroad by effective measures to help them help themselves, we also will create immense, new productive resources, and enable them to help remove their own poverty and frustration. These are difficult challenges, but they are also opportunities. We have sufficient resources. What is now required is the national political will to allocate these resources in the most effective manner.

Mr. SYMINGTON. My comments on that, which I have asked to be printed in the Senate hearings, were as follows:

A lot of words which evade the question. By implication, however, the Department of Defense does say it believes we have sufficient resources not only to continue to defend the Free World, but also to finance the Free World, handle our domestic problems satisfactorily, and at the same time cure the ills of the "weak and underprivileged" in the other countries on this planet.

Apparently, along with the many of our previously or presently bankrupt neighbors, we too have now discovered the printing press as the source of purchasing power. In our case, however, we are substituting the printing of Government bonds for the printing of paper money.

Because of the inevitable inflation which will result, this can only come out of the hide of everybody, but primarily those who live on a fixed income such as pension plans, life insurance, retirement plans and social security.

Then, Mr. President, against the same paragraph which I read from the statement of the Secretary of Defense, I asked:

Will not the expenditures involved endanger our financial position and the integrity of our currency?

Mr. President, I shall not give the long and wordy answer to that second question but ask unanimous consent to have it printed at this point in the RECORD.

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

It is necessary here to distinguish between our domestic economic situation, and our external balance of payments. So far as our domestic economy is concerned, we have considerable productive capacity which is either underemployed or can be redirected. Additional capacity can be and is being created each year by investment in new plant and equipment, and by training and retraining labor. A further increase in our efforts to rebuild the cities, employ the unemployed, and upgrade education will result in increased costs, both public and private. But these costs will be more than matched by increased production, profits, wages and government revenues, and by reduced costs

of crime, disease and civil disorder. And, given sufficient practical wisdom and political will, the increased flow of goods, incomes and revenues will permit us to move forward steadily without threatening our financial position or the integrity of our currency. So far as our balance of payments is concerned, none of the programs talked about involve greater outflows than we are already experiencing. This is true even for foreign assistance. In FY 1966, for example, $9 out of $10 of foreign commodity expenditures financed by AID went to U.S. suppliers. Moreover, the added growth of productive capacity abroad raises foreign income, and thus expands our foreign markets.

EXHIBIT 1

GOLD DEMAND NEARS RECORD IN LONDON

(By Alfred Friendly)

LONDON, March 13.—Demand for gold, leading to almost frenzied trading, rose today to one of the highest levels in the history of the London gold market.

Similarly furious trading took place in Paris, and was reflected as well in Zurich, Frankfurt and Brussels exchanges.

Some London dealers reported a larger turnover than last Friday, when it is said to have approached 100 tons, or about one month's production for the non-Communist world.

London is the world's focal point for heavy purchases of gold. The price is set each day at a meeting of five leading dealers in bullion. The amount of traffic at that meeting is a closely guarded secret, but close estimates of the activity can be gleaned from sources within the business.

In one of the highest estimates of today's transactions, The Times of London said today's demand was between 100 and 200 tons. At the peak of last fall's rush for gold, the previous most active period, about 100 tons was being sold a day on the London market.

The vast purchases, 10 to 20 times the normal rate, demonstrated that the would-be reassuring statement Sunday from Basel, Switzerland, by the seven nations supporting the London gold pool had been unavailing. The gold pool nations pledged to support the present $35-an-ounce price.

Other factors affecting the gold market, at least temporarily, were reports that both Italy and Belgium had withdrawn from the pool. The central banks of the two countries denied the rumors categorically and officially.

Some London dealers said trading approached "pandemonium" and others that they had to shut off their teletype machines for periods while they dealt with orders on hand. Some dealers reportedly took the unprecedented step of turning away small-order customers.

Observers here seemed unanimous on the point that only a statement by the pool-supporting members pledging their entire $25 billion of gold reserves to the pool, or else an American gesture to correct its international payments deficit, would stop the speculative drive.

These observers already took for granted that the United States would enact legislation freeing the "gold cover" reserves.

The overwhelming share of the buying obviously was not done by the usual middlemen who "retail" their purchases in small bits to small hoarders in Asia, India, the Middle East and even France. Rather, it was the "big fellows"—skeptical of U.S. ability to maintain the parity of $35.20 to the ounce and to cut its payments deficit—who were converting more of their holdings into gold.

The dollar price of gold this morning at its daily ceremonial "fixing" around the green baize table in N. M. Rothchild and Sons' conference room was $35.19¾, just within the official ceiling. But by afternoon, prices were at the 7-year peak of $35.25.

The effects spread like ripples, or rather waves, in a pool. Silver rose by the abnormal amount of 15 cents to a record $2.37½ an ounce.

British sterling, becoming suspect as a currency per se and associated by some traders with the dollar, fell to $2.39 7/16. The discount on it for delivery three months in the future rose to a record 7 cents.

On the heels of gold sales of 40 or more tons daily last week, and something of the same continuing this week despite the Basel statement, the consensus of analysts was that about $500 million in gold was being drained into private hands every week. Accordingly, action of some kind or other was thought inescapable.

In an editorial Thursday, the Financial Times of London will say that U.S. "congressional approval of a tax increase would do more than any number of statements to save the situation."

A mere presidential reiteration to defend the gold price, or even by a powerful group of international bankers will not be sufficient, the authoritative newspaper argues: "There are simply too many loose dollars floating about and until there is some definite sign that the supply will be curtailed speculation will go on."

Several factors contributed to the pressure against sterling. There is probably a general feeling by investors seeking protection against parity changes that it would be prudent to get out of all currencies that are, or could be, suspect. Also, there was reported to be considerable selling of sterling with which to buy dollars—with which to buy gold.

The very bad showing of Britain's payments balance, expected but always something of a shock when appearing in official statistics as it did today, and the doubled trade deficit for February, also expected but also announced officially today contributed to the general distrust.

Also, at least in speculators' circles, talk of a second devaluation continues. Naturally, the price of the pound in terms of gold would shift if the dollar parity were changed. But it is unlikely that even if Britain wanted to, it could get away with further devaluation against other currencies. The affected nations would simply follow suit, devaluing to match.

A weakening of the pound, on the other hand, could have an extremely adverse effect on the dollar. Some observers think that if another run on the pound should develop, the dollar could not survive it.

EXHIBIT 2

STATEMENTS BY SENATOR SYMINGTON ON BALANCE OF PAYMENTS OR TOPICS WITH REFERENCE TO BALANCE OF PAYMENTS

November 18-December 19, 1963: "The Balance of Payments Problem" Series of five statements, November 18, November 20, November 22, December 5 and December 19.

January 14, 1964: "Proposed Additional Capital for Inter-American Development Bank."

January 14, 1964: "Skepticism About Asserted Improvement in the U.S. Balance of Payments Deficits."

February 4, 1965: "The Continuing Unfavorable Balance of Payments and What To Do About It."

July 29, 1965: "The Growing Danger of Our Continuing Unfavorable Balance of Payments."

August 3, 1965: "The Growing Danger of Our Continuing Unfavorable Balance of Payments."

September 16, 1965: "Recommendations for Overcoming the Continuing Unfavorable Balance of Payments."

September 20, 1965: "Symington To Vote Against Foreign Aid Appropriations."

June 8, 1966: "The Cost of Vietnam."

June 8, 1966: "The Continuing Unfavorable Balance of Payments—Growing Danger."

June 16, 1966: "Why the Necessity for More World Bank Bonds?"

June 29, 1966: "The World Bank and Its Soft Loan Window."

July 11, 1966: "Secretary Connor—The Growing Danger of Our Continuing Unfavorable Balance of Payments."

July 22, 1966: "Foreign Aid and the Other Programs—How Long Can the Money Hold Out?"

July 26, 1966: "Soft Loans and the World Bank."

July 28, 1966: "Reduction of United States Forces in Europe."

August 18, 1966: "Should We Have a Tax Increase?"

August 24, 1966: "The World Bank and Its Soft Loans."

September 6, 1966: "Reduction of U.S. Forces in Europe."

September 16, 1966: "High Interest Rates, Inflation, Public Policy, Recent Actions of Our Government and Recent Actions of General DeGaulle."

September 27, 1966: "U.S. Industrial and Agricultural Trade with Europe—The Growing Problem."

September 29, 1966: "As Gold Flows Out."

October 3, 1966: "Continuing Loss of Gold."

October 4, 1966: "Reasons for Limiting Poverty Program Authorizations to the Amount Requested."

January 23, 1967: "Vietnam—The High Price."

April 18, 1967: "The Continuing Unfavorable Balance of Payments; Stormy Weather Ahead."

April 21, 1967: "Kennedy Round Negotiations—Agriculture."

April 24, 1967: "The Kennedy Round—Will the American Farmer Be Sold Out?"

August 23, 1967: "Dangers in the $900 Million Request For Fund For Special Operations—Inter-American Development Bank."

November 1, 1967: "The Growing Fiscal and Monetary Problems."

November 14, 1967: "Vietnam and the Economy."

November 27, 1967: "The Dollar, The Pound, and United States Foreign Trade."

December 4, 1967: "The Middle East, General De Gaulle, and World Peace."

December 7, 1967: "Germans Say Faith in Dollar Is Tied To Payments Balance."

Mr. SYMINGTON. Mr. President, I have looked with interest at the amendment of the distinguished Senator from Colorado [Mr. DOMINICK] with respect to the debts owed us by foreign countries. And note from a list given me by the able and distinguished chairman of the Committee on Banking and Currency that Great Britain is included in the list of countries who owe us money.

When in 1944 the Bretton Woods agreement set up the International Monetary Fund, in effect it made the pound also synonymous with gold along with the dollar. I could vote for this amendment with the exception of Great Britain, whose problems have been compounded by General de Gaulle's refusal to admit Britain into the Common Market.

So, Mr. President, I ask my able friend from Colorado, would he be willing to modify his amendment in order to exclude Great Britain from the countries in question?

Mr. DOMINICK. Let me say to my good friend from Missouri that I was just drawing up a modification of the amendment in order to comply with his suggestion, which I think is a very good one.

It is worth while to point out for the RECORD, however, that the United Kingdom, presumably, in support of the London gold pool—but I am not sure—took $878.5 million of our gold last year, of

which seven-eighths occurred in the last quarter, following devaluation of the pound.

We are trying not to have it go down again. It seems to me that perhaps the amendment should be modified. In 1966, for example, Great Britain sold to us almost $80 million worth of gold. In 1965, Great Britain sold us gold in the amount of $149 million. Thus, Great Britain has been selling us gold instead of taking it away, until the last devaluation. I would suggest at this point that I modify my amendment, provided, however, that the action shall not apply to Great Britain.

Mr. SYMINGTON. I thank the Senator.

Mr. DOMINICK. Mr. President, I ask unanimous consent to modify my amendment.

Mr. SPARKMAN. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado? The Chair hears none, and the amendment is modified accordingly.

Mr. SYMINGTON. May I respectfully present that it is becoming more and more clear the gold which is now being taken out of the United States is increasingly being taken out by private hoarders of gold in many countries.

I saw a statement the other day estimating some $5 billion has been hoarded in France, aside from the tremendous amount of gold General de Gaulle has obtained by selling his dollars back to us for gold, to the point where today France holds more gold than any other country in the free world except the United States.

No doubt as a hedge against inflation many Americans would be interested in having a little gold in their own safe deposit boxes. We are the only country that will buy or sell gold at $35 an ounce. We are also the only country in the world which forbids by law its citizens to have $1 worth of gold as a hedge.

Mr. President, as a result of the decision of the junior Senator from Colorado to modify his amendment, I intend to vote for it.

Mr. HOLLAND. Mr. President, of course I share a feeling of sympathy for the Senator from Missouri. I invite attention to the fact that by excluding Great Britain, however, we will be placing ourselves in a very difficult situation with other countries. I remember that the Senator from Colorado, in mentioning World War II debts, mentioned quite a number of Latin American countries. I personally would not want to do something more gracious and more kind to Great Britain than I would to any of the Latin American countries which have been sticking with us, although I exclude a few, and there may be some others which should be excluded. World War II indebtedness does include a large number, as I recall, of Latin American countries for substantial amounts.

Mr. DOMINICK. Great Britain is not in default under its World War II obligations, so far as I know. I will check the figure again, but I do not think it is.

Most of the gold that has been withdrawn by Great Britain has been for the purpose of reinforcing the gold pool. Thus, South American countries are not directly involved nor as formidably as is Great Britain.

Mr. HOLLAND. Mr. President, will the Senator make available to us the list of indebtedness of the Latin-American countries to our country? To me this is a most disturbing question. Much as I would like to show special recognition and special consideration to Great Britain, I certainly want to give the same sort of consideration to these Latin-American countries.

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

Mr. HOLLAND. I yield.

Mr. SYMINGTON. The able and distinguished Senator from Florida mentioned the word "sympathy." My suggestion for this modification of the amendment has nothing whatever to do with any sympathy. Because of the international agreement at Bretton Woods, which in turn created the International Monetary Fund, whether we like it or not the dollar and the pound are synonymous with gold in international trade. Therefore, my reason for the amendment was in the interest of the United States and based on what I believe is best for the United States.

Mr. HOLLAND. For the same reason of personal interest in our own country, which has so many mutual commitments with Latin America, and because of our doing so much for the Alliance for Progress, I certainly would not want to see any other nation preferred to our Latin-American friends if we are going to start making exclusions.

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

Mr. HOLLAND. I yield.

Mr. COOPER. I call to the attention of the Senator from Florida, and also to the attention of the Senator from Colorado, the fact that on February 5 of this year the Senator from Arkansas [Mr. FULBRIGHT] placed in the RECORD a list of countries which are indebted to the United States. There are some nine Latin-American countries in arrears.

Mr. HOLLAND. Twenty is the whole number of Latin-American countries, other than Cuba.

Mr. COOPER. Of these some nine are in arrears.

Mr. HOLLAND. Mr. President, I could not vote for the amendment with the exclusion simply of Great Britain.

Mr. COOPER. Will the Senator yield further?

Mr. HOLLAND. I yield.

Mr. COOPER. It is not a question of sympathy for those countries, but it seems to me if the amendment should be adopted it would hurt the United States and it would hurt in the very situation we are trying to cure. The countries which do not owe us would become fearful about conditions that they would demand gold for their dollars. I think we would place ourselves in a most difficult position once we start to pick and choose the countries we wish to deal with respecting the convertibility of the dollar.

Mr. HOLLAND. I noted on the list of World War I debts that Italy was included, to the tune of over $1 billion, and is in default. I call attention to the fact that if we start making exclusions we are on dangerous ground. As far as the Senator from Florida is concerned, he is interested in not showing preference of this kind, which I think will bring us into great trouble. I thoroughly agree with the Senator from Kentucky on that point.

Mr. ALLOTT. Mr. President, I want to say just a few words in behalf of my colleague's amendment. The point has been made by the distinguished senior Senator from Florida that these dollar credits may be transferred. He is wholly correct in that, but I think there is a logical answer to it, and the distinction which the distinguished senior Senator from Missouri has made in exempting Great Britain I think is a wholly justified one.

There is one thing about this amendment we cannot escape. There is not a Senator who can go home and answer the question, "Why aren't we doing something to collect our foreign debts?" How many times has a Senator been asked that question? I have never had an answer for it. I have seen no great inclination—in fact, none—on the part of this administration, nor the preceding one, nor the one preceding that, to bring forward the debts that are owed to us. If this amendment does nothing else, it will do one thing. It will register, in a way we can positively register it, the fact that we do regard these as debts and that we intend to have them paid some day.

As to the question raised—a legitimate one—by the distinguished senior Senator from Florida, I have this to say: We know where our dollar credits are. If a country which could not redeem under this amendment transferred those dollar credits to another country, we would also know that, and we could make a note of that fact in our little notebooks, so that when we saw them coming again with their tincups, we could keep that fact in the back of our minds.

How long is it going to take us in this country just to achieve a little hardheaded business mien that the rest of the world adopts toward us, while, as someone said a few minutes ago, we play the part of the sucker?

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. LONG of Louisiana. I have mentioned this subject in speeches I have made on occasion to Chamber of Commerce groups and various and sundry other groups in Louisiana, the State which I have the honor to represent in part. I must say that there is nothing that audiences approve of more or are more in complete accord with and in acceptance of, at least in my State, than a statement that we pay no more of our gold out to Mr. de Gaulle; that we ask him to pay off that $5 billion he owes us.

I would say that, as far as the people of this country are concerned, the ordinary layman, the man out on the street, cannot possibly understand an argument why we would become a bunch of international beggars before we would ask those who owe us money to pay us something before they empty Fort Knox.

Mr. ALLOTT. Mr. President, will the

Senator answer this question? He is a man of great business ability and great business experience. We are talking about banking here, are we not? Is it not a fact that if one owes a note to a bank and he has deposits in that bank, the bank can set those deposits against that note, before it even tells him, whether that person says anything about it—yes or no? Is that not a fact?

Mr. LONG of Louisiana. I have seen it done. A bank would simply call the note and place it against the account, and the fellow would not have 1 cent left in his account because the bank paid the note off against it.

Mr. ALLOTT. Of course. Yet the Senate and Congress as a whole refuse to assume the attitude—the ordinary business attitude—which is the method of transaction of business in this country, as it certainly is all over the world.

Mr. LONG of Louisiana. I regret to say that the State Department has people who in all seasons, in good years and bad, and in all administrations, Republican and Democratic, like to pretend that we have succeeded in forgiving that debt, a debt which we have not forgiven. But the contracts do not say so anywhere. The money is owed. Yet the State Department pretends it is not owed.

Some business interests in this country think they might be embarrassed in their international dealings if the U.S. Government were to call upon the nations where they have investments to pay us what they honestly owe us and have agreed to pay. But I would be the first to say that in the course of going broke, we ought to be calling in the debts that nations owe us. What would a bank do if there were a run on the bank? It would call on the people who owed the bank and say that they should pay off their debts.

Mr. ALLOTT. And first.

Mr. LONG of Louisiana. Yes. The bank would call on those people in a hurry. If a bank held a demand note on a person and he did not have enough to pay it off, the bank would first take from his account the amount owed on the note.

Mr. ALLOTT. The Senator is correct. I appreciate his statement. I merely wanted to make the point.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado.

Mr. SYMINGTON. Mr. President, I support the position taken by the assistant majority leader, Mr. LONG of Louisiana, with respect to these debts as compared with normal business transactions.

The United States since just before World War II has lent some $180 billion to foreign countries. This includes UNRRA and lend lease. That is more than half of the current national debt of the United States.

Now we have another problem which we can sum up in one word—Vietnam. On January 22, 1967, I asked the Secretary of Defense, "How long do you think we can spend $2.5 billion a month fighting this war this way in Vietnam?"

His answer was interesting. He said, "Forever."

In April 1967, before the Joint Economic Committee, that type and character of approach to our financial problems, monetary and fiscal, was nailed down by the Assistant Secretary of Defense Comptroller. In testimony 11 months ago, before the Joint Economic Committee, he said:

> At first glance, the defense budget does not seem to have a major impact on the United States economy.

When $77 billion "does not seem to have a major impact," then you have some kind of rationalization, or extrapolation, or syllogistic argument which it is hard for me to understand.

The fiscal leaders and monetary leaders of this Nation are pointing out to us, quite properly, that we are in a crisis when it comes to the value of the dollar. We know this. We can read all about it in the papers because we know we are losing hundreds upon hundreds of millions of dollars of gold, now, every week. I think it is about time that the fiscally careless, in all segments of our economy, think more about what is going to happen to the less fortunate of this country, through inflation, and less about the problems of others in other parts of the world.

If it is right for us to be in Vietnam—and that is another story—if it is right, we are also fighting and giving up both the lives of our youth and our treasure as much for the countries of Europe which have attained unprecedented prosperity since World War II as we are for the people of the United States.

Mr. ALLOTT. May I say, Mr. President, that is as beautiful a piece of pansophy as I have ever heard, and I approve of it completely.

Mr. SPARKMAN. Mr. President, just one word before we vote.

I believe it is very questionable to pick out one country to be favored. I believe the Senator from Florida has made that amply clear.

But there is something else. This thing that is going on over in Europe now—the markets are closed there for today, but they will be open again in the morning—constitutes a real crisis. I say to the Senate that it is of the utmost importance that we finish with this bill and send it directly to the President. If we agree to a single amendment, that becomes impossible, because it then has to wait for a conference with the House of Representatives, and we will be fiddling while Rome burns. We will be watching our financial structure destroyed.

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

Mr. SPARKMAN. I yield

Mr. MANSFIELD. Mr. President, I wholeheartedly concur in what the distinguished chairman of the committee, the manager of the bill, has just said.

We do face a real crisis. I am not at all certain that Congress is fully aware of just what confronts this country at this particular time and on this particular day. I certainly hope that we can pass this bill unamended. I would ask the Senate to please vote down the pending amendment, because it really does not mean a great deal, when you think of it. I would hope that we would not set one country apart. I would hope we would not take it out on our neighbors in Latin America, and I would hope we would place the interest of this country first, by voting this amendment down.

Mr. SPARKMAN. Mr. President, I am ready to vote.

Mr. SYMINGTON. Mr. President, again, I do not want to be in a position of favoring any one country for sentimental reasons over any other country. As stated, when the Bretton Woods agreement of 1944 was arrived at, it made the dollar and the pound synonymous with gold.

The dollar is in some trouble, one of the reasons being its last line of defense fell when the pound was devalued.

Therefore, the monetary and fiscal position of the United Kingdom in its relationship with the United States is different from that of any other country with respect to international trade.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to my able friend from Louisiana.

Mr. LONG of Louisiana. Mr. President, if this amendment were agreed to, even as amended, would it not make clear that if we find ourselves in sufficient trouble, we would expect to call even upon Britain to pay us?

Mr. SYMINGTON. The Senator is correct. As I stated a few minutes ago, if we take this gold cover off and continue to lose gold in the future as we have in recent days, in some 118 days we will not have any gold left.

At that point, whether or not we went off the gold standard would be academic. We would be off.

Mr. HOLLAND. Mr. President, I cannot let this debate end without again emphasizing something that I think ought to be emphasized, which is that we are living in the Western Hemisphere. The Latin nations in this hemisphere are our friends. We are trying our best to help them attain a better situation. We have entered into a very formal arrangement with them to do just that.

The friendship that exists now is better than it used to be some time ago. We have worked toward that end. We have an interparliamentary exchange with Mexico every year to that end. We have done things in Central America with American money in the effort to help them advance. Recently I was in Nicaragua for an important occasion there which marked the termination of an obligation that we had entered into with them some years ago.

Mr. President, I just do not see how any American Senator, remembering our closeness to Latin America in this hemisphere, and that this hemisphere is going to stand or fall more or less together, could possibly agree to this amendment, which, as I understand it, now gives preference to Great Britain and exclusion to Great Britain, even though their obligation to us is much greater than are the obligations of Latin America.

Mr. President, I will not be party to any such proceeding, and I do not believe that the Senate and the House of Representatives should be party to such a proceeding. If such a thing were to go to the President with such a provision in it, I do not have the slightest doubt as to what his attitude would be, though I have no authority at all to speak for him.

We cannot afford to take a position indicating that we feel closer to one of our great allies overseas in Europe—Britain, which country we do all feel very close to—than we feel to our neighbors and friends in Latin America.

As now modified, the pending amendment would place us in a very invidious situation in that regard. I shall certainly not vote for it.

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

Mr. HOLLAND. I yield.

Mr. DOMINICK. Mr. President, I want to clear up the record. I think that we are getting rather excited about something that we perhaps should not get quite as excited about.

Most of the things as far as Great Britain is concerned rise out of World War I, and no Latin American countries owe us money from World War I. The only Latin American country that was even there was Nicaragua, and we cancelled that debt by agreement. There are approximately nine countries that owe us money from World War II. They can pay us that debt and then get gold afterwards. However, those countries do not owe us $5 billion as Great Britain does.

Mr. HOLLAND. The amendment would cover indebtedness owing to us from any country. I remember very well how Brazil and Colombia stood by us in time of war and I remember how we have tried to make out a mutual arrangement to advance those countries.

I cannot see the Senate slapping the face of our Latin American friends in the way proposed by the amendment as now modified.

Mr. DODD. Mr. President, I think amendment No. 610 submitted by the junior Senator from Colorado [Mr. DOMINICK] has much merit, and under ordinary circumstances I would vote for it.

However, it is of the utmost importance that the basic legislation dealing with the removal of the gold cover be acted on without delay. It is clear that if amendments are attached to the basic legislation, they are bound to delay passage and even to imperil it.

For this reason, and for this reason only, I feel constrained to vote against all amendments.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified (No. 610), of the Senator from Colorado. 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. BYRD of West Virginia. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I also announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], the Senator from Virginia [Mr. SPONG], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], and the Senator from Oregon [Mr. MORSE] would each vote "nay."

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from California would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

On this vote the Senator from California [Mr. KUCHEL] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from California would vote "yea," and the Senator from Rhode Island would vote "nay."

The result was announced—yeas 37, nays 39, as follows:

[No. 61 Leg.]

YEAS—37

Allott	Ellender	Murphy
Baker	Ervin	Pearson
Bayh	Fannin	Randolph
Bible	Hansen	Ribicoff
Brewster	Hartke	Russell
Byrd, Va.	Hatfield	Scott
Byrd, W. Va.	Hickenlooper	Symington
Cannon	Hruska	Thurmond
Church	Jordan, Idaho	Tower
Cotton	Long, La.	Williams, Del.
Curtis	McGovern	Young, N. Dak.
Dirksen	Miller	
Dominick	Mundt	

NAYS—39

Aiken	Hayden	Montoya
Anderson	Hill	Moss
Bennett	Holland	Muskie
Boggs	Hollings	Pell
Brooke	Inouye	Percy
Burdick	Jackson	Proxmire
Case	Javits	Smith
Cooper	Jordan, N.C.	Sparkman
Dodd	Kennedy, N.Y.	Stennis
Fong	Mansfield	Tydings
Griffin	McGee	Williams, N.J.
Gruening	McIntyre	Yarborough
Harris	Metcalf	Young, Ohio

NOT VOTING—24

Bartlett	Kuchel	Morse
Carlson	Lausche	Morton
Clark	Long, Mo.	Nelson
Eastland	Magnuson	Pastore
Fulbright	McCarthy	Prouty
Gore	McClellan	Smathers
Hart	Mondale	Spong
Kennedy, Mass.	Monroney	Talmadge

So Mr. DOMINICK's modified amendment (No. 610) was rejected.

AMENDMENT NO. 614

Mr. TOWER. Mr. President, I call up my amendment, No. 614, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the bill insert the following:

"SEC. 13. (a) The President shall establish a Joint Commission on the Gold Reserves (hereinafter referred to as the 'Commission') to be composed of the Secretary of the Treasury as Chairman; the Secretary of Commerce; the Director of the Bureau of the Budget; six Members of the Senate to be appointed by the President of the Senate; six Members of the House of Representatives to be appointed by the Speaker; and eight public members to be appointed by the President, none of whom shall be associated or identified with the gold industry.

"(b) No public official or Member of Congress serving as a member of the Commission shall continue to serve as such after he has ceased to hold the office by virtue of which he became a member of the Commission. Any vacancy on the Commission shall be filled in the same manner as the original appointment.

"(c) The Commission shall study the gold policies of the United States, including, but not limited to, the means for maintaining adequate reserves in gold to meet present and foreseeable needs, the role which gold plays in achieving liquidity in world trade, the alternatives to the present reliance on gold in the settlement of international balances, and the feasibility of developing and implementing additions to the world monetary reserves through international agreement. The Commission shall, from time to time, give its advice and recommendations with respect to matters falling within the purview of its study to the President and the Congress.

"(d) There are authorized to be appropriated such amounts as may be necessary to carry out this section. Any sums so appropriated shall remain available until expended."

Mr. MANSFIELD. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. TOWER. I yield to the distinguished Senator from Montana, with the understanding that I do not lose my right to the floor.

Mr. MANSFIELD. Mr. President, after consultation with the distinguished Senator from Texas [Mr. TOWER], the distinguished minority leader, and the distinguished manager of the bill, I ask unanimous consent that there be a time limitation of 30 minutes on the pending amendment, the time to be equally divided between the distinguished Senator from Texas and the distinguished chairman of the committee, the Senator from Alabama [Mr. SPARKMAN].

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

Mr. TOWER. Mr. President, I yield myself as much time as necessary.

My amendment would create a joint congressional committee on the balance-of-payments problem. It would consist of 12 Members of the Senate and 12 Members of the House of Representatives, to be appointed by the President of the Senate and the Speaker of the House, respectively.

The PRESIDING OFFICER. The Senate will be in order.

Mr. YOUNG of Ohio. Mr. President,

unless we have order, I am going to ask the Chair to clear the Chamber of all the attachés who are waiting here out of curiosity and who are interfering with our procedure. I am not going to do it now, but unless order is maintained, I shall do so. The attachés cannot help any Senator. They cannot tell any Senator how he is going to vote. They are simply here because they are overpaid and underworked, and they are here out of curiosity; and unless they keep quiet, I am going to ask the Chair to clear the Chamber.

The PRESIDING OFFICER. The Senate will be in order.

Mr. TOWER. Mr. President, most of the conversation is not occurring among attachés but among my own brethren on the Senate floor.

Mr. President, this would be a purely bipartisan committee, made up of equal party membership from both Houses. The function of the committee would be to study the balance-of-payments problem and report back to Congress within 90 days with specific recommendations toward remedying our balance-of-payments problem.

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

Mr. TOWER. I yield to the distinguished Senator from New York.

Mr. JAVITS. May I say to the Senator that I have read his amendment. I believe it is a fine amendment. The only difficulty is our real embarrassment with this bill. Our situation is so desperate that we simply have to unlimber our guns and not permit anything to get in the muzzle.

I hope that the manager of the bill can give the Senator from Texas such assurance with respect to seriously taking this matter up as an independent proposition and dealing with it and reporting it promptly, so that we could do what the Senator suggests, which I believe is very constructive, without the bone in our throat which this situation represents at this time, and which I believe is responsible for many of these votes, including the vote on the last amendment.

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

Mr. TOWER. I yield to the distinguished Senator from Alabama, on his time.

Mr. SPARKMAN. Yes, on my time, Mr. President.

Let me say, in response to the Senator from New York, that I have in mind a proposal for the Senator from Texas: The Joint Economic Committee has a Subcommittee on Economy in Government. I have the honor to be a member of that committee. The distinguished Senator from Wisconsin, who is on our Committee on Banking and Currency, is the chairman of that subcommittee. In addition to that, we have a Subcommittee on International Finance of the Committee on Banking and Currency. The Senator knows that the distinguished Senator from Maine [Mr. MUSKIE] is the chairman of that subcommittee. I do not know whether the Senator from Texas is on that subcommittee or not.

Mr. TOWER. I am.

Mr. SPARKMAN. The Senator is on that subcommittee.

It seems to me that between those two committees and their subcommittees there should be ample opportunity to do all of the study and research that needs to be done.

However, I would say this to the Senator from Texas. I have not discussed this with him before this time.

The Senator from Texas is a high-ranking member of the Committee on Banking and Currency. He knows how our committee runs. He and I cooperate with each other quite well. He is the ranking member of the subcommittee of which I am a member and we work closely together on that committee. The Senator from Utah [Mr. BENNETT] is the ranking minority member on that committee. I am sure he will join me in this statement.

If the Senator from Texas would not insist on this amendment to this bill, but instead, if he thinks well of it, would introduce it as a separate measure—and, after all, there is no emergency on this measure as there is on the matter we are seeking to reach by this bill—I assure him that we will certainly work out an arrangement to give this matter special consideration as it should have. I hope the Senator from Utah will join me in this expression, as well as the Senator from Wisconsin, who is the ranking majority member.

The Senator from Texas can write his own ticket on that in the hearings, and we can discuss it.

Mr. TOWER. Mr. President, if I may respond to my distinguished friend from Alabama, I do not know of anyone in the Senate with whom I have had a more harmonious relationship than the Senator from Alabama. It has always been a pleasure to serve on his committee. I am sure I would get that cooperation.

I would like to note, however, that I think there is an urgency about this proposal. It is suggested that there are already subcommittees that have authority to deal with this matter. However, right now, we are dealing with the question of confidence abroad. I do not think that removal of the gold cover is automatically going to restore confidence. I do not believe that and I do not believe that anybody else here believes that, either. The reason why confidence has deteriorated is that of the fiscal policy of the United States and its implementation, and the fact that we have an unfavorable balance of payments.

I think because this situation is critical and because the confidence is not going to be automatically restored by removing the gold cover we must take other affirmative and constructive steps. We can talk about the subcommittees, but——

Mr. SPARKMAN. Mr. President, will the Senator yield at that point?

Mr. TOWER. I shall yield in a moment. First, I wish to finish this thought; then, I shall be delighted to yield to the Senator.

I think there is a necessity to show the world financial community that we recognize the urgent necessity of solving our balance-of-payments problem in an effort to restore confidence in the European financial community.

I am not saying I am going to press the matter tonight, but I hope, if I do not press the matter tonight, we will take some early action of this sort because then we will have a committee specifically charged with the responsibility of studying the problem in depth and reporting back in a short period of time to Congress. This action is urgent along with a tax surcharge or a cut in expenditures.

This is not going to be a panacea. Opinion in the European and London markets has been that whether or not we remove the gold cover it will not restore confidence and stop the run on gold. I think we have to take other constructive steps, and I think this is one of those steps.

Mr. SPARKMAN. Mr. President, will the Senator yield to me on my time?

Mr. TOWER. I yield to my friend.

Mr. SPARKMAN. I cannot quarrel with the Senator with respect to what he has said. I have said repeatedly during the course of the consideration of this bill that this was not a complete panacea. It does not cure all the ills. It is a first step.

I agree with the Senator that we have got to do something about our international balance of payments. We have to bring them in line. There is no question about it. I agree with the Senator completely.

I am not saying the subcommittees would necessarily do this job. I have said I am perfectly willing to have the Senator present his proposal before the Committee on Banking and Currency and there it can be considered by the full committee with the Senator sitting there and taking part. For my part I promise I will do all I can to get the kind of hearings he wants to have. The Senator knows, as I have said, that in the past he has had no trouble writing his own ticket. I am sure the Senator from Utah [Mr. BENNETT] joins with me in the proposal I make.

Mr. TOWER. I would not say that I could write the ticket as I wanted.

Mr. SPARKMAN. It depends on what ticket the Senator is talking about.

Mr. TOWER. I think this is an urgent matter and even though other committees may be competent to deal with this matter, this would be a committee with the specific responsibility to report in a certain period of time, and this would dramatize to the European community our desire to take early and constructive steps to remedy the problems.

Mr. SPARKMAN. I believe I have given the Senator the best assurance possible.

Mr. TOWER. I appreciate the Senator's statement because it is urgent that we consider the matter at the earliest opportunity.

Mr. SPARKMAN. I am prepared to do that.

Mr. BENNETT. Mr. President, I am happy to join with the chairman in working on these hearings. I suggest that this could be set up probably next week.

Mr. SPARKMAN. I do not know about next week because we are engaged in hearings before the Housing subcommittee; but I would suggest the possibility of the latter part of next week.

Mr. BENNETT. Maybe we could put aside those hearings for a day or so.

Mr. SPARKMAN. We can give this matter high priority.

Mr. TOWER. I thank the Senator, and with that understanding I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 609

Mr. ALLOTT. Mr. President, I call up my amendment No. 609, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 1, after line 10, insert a new section as follows:

"SEC. 3. The first sentence of the first paragraphs of section 16 of the Federal Reserve Act (12 U.S.C. 411) is amended by striking out the period and inserting in lieu thereof the following: ': *Provided*, That the Board shall not authorize the issuance of Federal Reserve notes for advances to Federal Reserve banks in any year, if such issuance will result in an expansion of the aggregate principal amount of such notes outstanding on December 31 of the year immediately preceding such issuance by more than 4 per centum.'"

Renumber succeeding sections accordingly.

Mr. ALLOTT. Mr. President, we are dealing tonight with an emergency measure. The pressure that has been placed on the Senate on this particular day, of course, is very great. I think that tonight we will number those who are able to withstand the pressure and those who are not.

The amendment I have offered is one which goes to the very essence of the bill. I do not have to repeat all of the things that have been said on the floor today. I must say that my comments are going to be extremely brief in support of the amendment, and I should like to refer Senators to my more extensive remarks made yesterday in support of my amendment, beginning on page 6380 of the CONGRESSIONAL RECORD of March 13, 1968.

Mr. President, the latest report we have tonight is that some $600 million worth of gold was sold today. There is no one in this Chamber who believes that by the passage of this bill we are going to stop the speculation in gold. Those who have kept up with and studied this question a long time know that the thing that is bothering our European friends, in particular, and our Far East friends in India and other places who are speculators, is the fact that we have repeatedly failed to face the basic problems in this Nation which have caused this situation.

I hold in my hand a copy of the hearings of the Committee on Banking and Currency. Someone in my office has written underneath it something which I think is so true that it should bring tears to our eyes. What is written there is, "Gold cover, or the consequences of a crisis mentality."

Tonight we are facing the consequences of a crisis mentality.

I hold in my hand a document, the monthly review of the Federal Reserve Bank of San Francisco, and I want to read just one short part from it, on page 27, February 1968 issue:

Monetary expansion of 1967 owed much to the open market operations of the Federal Reserve. The securities and holdings of the System open market account increased by over five and one-half billion dollars during the year. This, the largest net open market purchase of securities for any year since 1945, was accompanied by a record expansion in bank credit and in the money supply.

Now, Mr. President, this amendment would limit expansion of currency by the Federal Reserve System to 4 percent per year. It would permit an increase of $1.7 billion in Federal Reserve notes for 1968 over the $42.4 billion in circulation during December 1967.

I repeat: It would permit a $1.7 billion increase in Federal Reserve notes over the $42.4 billion in circulation during December 1967.

If our monetary policies are not inflationary, and if all the good, fine, and idealistic wishes and thoughts which have been expressed in this Chamber today are true, this should be adequate to carry on our commerce. If it is not sufficient, then we here in Congress should know about it. Such an insufficiency would, in my opinion, cast doubt upon the stewardship of the Federal Reserve Board over our monetary system—if in effect such doubt has not already been cast.

Congress should reevaluate the wisdom of past actions in light of present events.

I am mindful that our currency expanded at an average rate of only about $800 million per annum during the years 1945–67. My amendment would permit an expansion of more than double the average annual expansion of the past 22 years.

Therefore, I do not consider a 4-percent restriction on the expansion of currency an unreasonable restraint. If our money managers claim this is an unreasonable restraint, then my answer to them is that perhaps we need more restraint and at the minimum they should come back to Congress for a modification of it.

I am aware of the fact that the currency is not the whole money supply. Demand deposits are also part of it—the larger part. But the two are inescapably related, and so long as that relationship exists, restraint on one will be, to a more or lesser extent, a restraint upon the other. To put it precisely, restraint upon one part will act as a restraint upon the whole. With this restraint the Federal Reserve Board will be forced to hold a tighter rein on the expansion of credit, and keep the reserve requirements at a noninflationary level.

In the form reported, the last vestige of restraint on money and currency, and particularly currency expansion, is removed by this bill. Money expansion decisions would be left and will be left, if the bill is passed in its present form, to the sole discretion of the Federal Reserve Board which is answerable to no one, since its members are appointed for a term of 14 years. Upon enactment of this legislation, Congress would have made complete the shifting of its constitutional responsibilities under article I, section 8, to the Federal Reserve Board.

Now I am not suggesting that Congress carry out a day-to-day management of our currency and money supply, but it certainly should not short circuit the alarm system, nor should it abdicate its broad money policy responsibilities.

Further, it will be noted that while our 22-year overall expansion of currency between 1945 and 1967 was 71 percent, or about 3 percent per year, but our currency expanded 5.9 percent in 1966 over 1965, and 5.4 percent in 1967 over 1966. These were years of high inflation.

Mr. President, I do not believe that there is anyone on the floor of the Senate who believes this has not contributed materially—not been the sole cause—but contributed materially to our present situation.

I should like to quote from an economist—I do not quote from economists very often—Mr. Milton Friedman, on page 155 of the hearings which are entitled "Gold Cover, or the Consequences of a Crisis Mentality." I am fully aware that Milton Friedman, like a lot of our good and loyal friends in the Senate, believes that we are in a crisis that can only be cured by removal of the gold cover.

He said this:

Removal of the gold cover will make it crystal clear that the emperor is naked, that there is no effective restraint on the powers of monetary authority the men in charge of our monetary system may give the board of governors of the Federal Reserve System. The presidents of the Federal Reserve Banks and the Secretary of the Treasury are and have been able and disinterested public servants. Yet it is undesirable in a democracy, and unfair to them, that they should have enormous power with only the vaguest mandates about how to use that power, and no effective legislative control over the exercise of that power.

Mr. SYMINGTON. Mr. President, will the able Senator yield?

Mr. ALLOTT. I yield.

Mr. SYMINGTON. Who made that statement?

Mr. ALLOTT. Milton Friedman.

Mr. SYMINGTON. I thank the Senator.

Mr. ALLOTT. Now, Mr. President, I close with these few remarks: We have been told that we have to pass this bill, that the actions of the past few days place us in jeopardy.

For many years I have been told by my friends in Europe that the things, which even the managers of the bill agree are the cause of our present situation were going to occur, and that we were going to reach the tragic point we reach tonight.

I do not believe that there is anyone on the floor of the Senate who believes that by the passage of this bill we will for one moment stop the gold drain on this country.

I have seen no inclination either on the part of the Congress—and we must take our own fair share of the burden—or upon the part of the Chief Executive, his Cabinet members, and their departments, to exercise restraints and the discipline which are going to be necessary to cure the problem in this country.

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

Mr. ALLOTT. I yield.

Mr. SYMINGTON. The able senior Senator mentioned that we have lost some $600 million in gold today. I mentioned 118 days.

Mr. ALLOTT. May I correct something? I may have misstated the figure. The purchases today in Europe, according to the latest dispatches I have, were $600 million in gold, which does not mean that all of it came from the United States. This does not mean all of it came from the United States.

Mr. SYMINGTON. I understand. If it all did come from the United States however, then it would take just 19 days to lose the remaining $11.4 billion in gold that we have left, would it not?

Mr. ALLOTT. It certainly would.

Mr. SYMINGTON. For many years I have probably bored my colleagues by talking so much about the increasing danger of an increasing unfavorable balance of payments. I have also talked about it with the heads of our monetary system and the heads of our fiscal system.

Does the Senator know of anything done that has made any major impression on our continuing unfavorable balance of payments?

Mr. ALLOTT. I do not.

Mr. SYMINGTON. Every time a particular group in government comes before us, they explain why, as a result of their adjustments, the balance of payments will be improved. But when you add up all the pluses, you get a larger minus than before. Is not that a fair observation, based on the Senator's service on the Appropriations Committee, where he and I have discussed this matter?

Mr. ALLOTT. That is quite true.

Mr. SYMINGTON. If the efforts in the future to control the balance of payments are affected by continuing a war which now members of the Appropriations Committee staff believe is costing some $32 billion a year, and if we go through with the programs currently being presented to the Foreign Relations Committee, is it not true there is no possible way we can prevent the balance of payments from worsening instead of improving?

Mr. ALLOTT. I think that is true, yes.

Mr. SYMINGTON. Under those circumstances, if we take off the gold cover, let me ask my good friend from Colorado how long he thinks it will take before our leaders approach the International Monetary Fund to discuss some new currency? How long will it be before they sit down at the poker table to discuss the future of a new international currency, but without any chips in the form of gold?

Mr. ALLOTT. I am glad the Senator asked that as a hypothetical question, because I cannot answer; but I think with the unwillingness of the United States—and I say the Congress is responsible, as well as the administration; the administration is the one that sets the basic policy—I can see no change, and the drain is going to continue.

Mr. SYMINGTON. If the amendment of the distinguished junior Senator from Colorado [Mr. DOMINICK], with modifications, had been passed, an amendment which simply said that countries which owed us money should not turn in dollars to get our gold, because of our problems—that was the gist of the amendment—although I have been working for many years on this balance-of-payments problem, I believe I would have voted to take off the gold cover of 25 percent against Federal currency. However, inasmuch as the amendment did not pass, and based on the observations of other Senators, including the able senior Senator from Colorado [Mr. ALLOTT], I can no longer vote to remove the gold cover as an emergency measure at this time, because I think to do so would endanger further our already serious monetary position.

I would rather have a crisis and $11 billion of gold in the Treasury of the United States than I would a crisis without any gold in the Treasury of the United States.

Mr. ALLOTT. I thank the Senator very much. He has made the point that I was just coming to.

I shall detain my colleagues but a few moments longer.

Mr. President, I think we come—and others have reached the conclusion—to saying that we are at the place where we will not stop the drain of gold, so the only restraint left in the hands of Congress, under the constitutional requirements, as I see it, is a restraint of an amendment such as this.

The argument may well be used that 4 percent is not enough. I think it is. I think it is enough for an expansion of our trade within the country. I think it is sufficient. If it is not enough, then certainly they can come to us and ask us for a modification.

The next question is, When do we act? Are we going to face the situation tonight, or are we going to wait until the reserves go down to $7.5 billion? Are we going to wait until they get down to $5 billion? Or are we going to wait until they get down to $4 billion and then panic and come on the floor of the Senate and the House of Representatives and say, "We have reached the place beyond which we can go no further. We have got to create a national emergency reserve of gold"?

Mr. President, that is what is going to occur. So is it better, as the senior Senator from Missouri has just said, to face up to it now, when we have roughly $11.5 billion of gold in the Treasury, or is it better to face the problem when we get down to $2 billion? That is the question. The question is, Will Congress retain some control over monetary policy? If the amendment is adopted, we will. The gold cover restraint will be gone if this bill is passed; but my amendment would replace it with a statutory restraint. In my opinion, it is the least we can do and keep faith with the American people.

Mr. STENNIS. Mr. President, I shall detain the Senate only a very brief time. I have not had anything to say about this measure, important as I think it is, because it is something that I certainly do not fully understand. I have voted against all amendments because I thought that if the bill was going to pass, it ought to be a clean bill, a complete bill, and in such shape as would enable us to meet the emergency to our advantage. But I just have not been convinced yet that the bill is even an appreciable start toward solving this grave problem. It seems to me it could make it worse.

I know the problems that go along with this situation. We are continuing to run enormous deficits, with no substantial effort to stop them. I know we are expanding the cost of domestic programs in terms of billions and billions of dollars each year. I believe the war is far from an end, and I do not see any likelihood of its cost being decreased. I believe it will be increased.

We do not come to grips with the idea of passing a tax to help meet that war expenditure, or a tax for any purpose. I am willing to meet that situation and vote for a tax bill.

I believe those are the things we will have to do in order to really meet this problem, which I think is very grave. I would be willing to try some of those hard things.

I do not like the idea proposed. It came along at a time when the idea of something to back our money was considered good banking, good finance, good government. I have a remnant of that left in me. These other matters not having been tackled, I am prepared, with great regret, to vote against the measure.

Mr. PROXMIRE. Mr. President, I shall be brief.

In response to the distinguished Senator from Colorado, let me simply say that his amendment, which is, of course, sincerely offered, to limit the increase in Federal Reserve notes, the purpose being to limit the money supply, would limit one of the factors, certainly, responsible for our difficulties.

But what the amendment of the Senator from Colorado seeks to do is simply to limit the currency. Federal Reserve notes are the principal currency, of course, that we have. What the Senator overlooks, however, Mr. President, is that the main part of our money supply is not in the form of currency; it is in demand deposits. The fact is that our money supply is, at the present time, $182 billion, of which $40.5 billion is in currency and $142 billion in demand deposits.

We might just as well limit the amount of coins we can have, the amount of 50-cent pieces, or 25-cent pieces, or dimes, and expect that by doing that, we would have an effect on trade and on the money supply.

This amendment could be a nuisance. But what would happen, if it passed, would be that people will carry on business with checking accounts, credit cards, and other mechanisms.

Dr. Friedman, of the University of Chicago, the one expert economist quoted by the distinguished Senator from Colorado, has persuaded our Joint Economic Committee that we should ask Federal Reserve to limit the increase in the money supply to about 4 or 5 percent a year; and we agree. We said that last year, and have said it in our report this year. But I am sure Dr. Friedman would be among the first to say that it would be hopeless to attempt to limit the money supply by limiting the currency. It would indeed be hopeless. In 1966 the Federal Reserve Board increased the amount of our currency by $2.4 billion.

The money supply increased by $3.6 billion.

Last year, in 1967, the amount of currency was increased by $2 billion or less than in 1966 but the money supply was increased by more than $11 billion.

The amendment of the Senator from Colorado will not accomplish its aim, and I hope that it will be rejected.

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

Mr. PROXMIRE. I am happy to yield.

Mr. SPARKMAN. We have a Federal Reserve Board which has the job of regulating the flow of money according to the needs of the country; is that not true?

Mr. PROXMIRE. The Senator is correct.

Mr. SPARKMAN. The Senator from Mississippi mentioned some things that should be done. I call the attention of the Senate to the fact that just within the last couple of hours, the Federal Reserve Board has announced an increase in the rediscount rate from 4½ percent to 5 percent. That is an unusually large increase. They usually change it by only a quarter of 1 percent.

Mr. PROXMIRE. Tremendously restrictive; there is no question but that it will slow down inflation.

Mr. SPARKMAN. Yes; this will slow down inflation, and will have an effect on the money supply in the form of deposits.

Mr. PROXMIRE. Very seriously, yes. It means less borrowing, an inflation slowdown, and a retarding of the economy generally. It also means greater investment at home and less abroad.

Mr. SPARKMAN. That is correct; and is it not true that the Federal Reserve Board has all the powers necessary to regulate the flow of money in accordance with the needs of our economy?

Mr. PROXMIRE. The Senator is correct. And furthermore, whatever criticism one may have of the Federal Reserve Board, it is a conservative Board, deeply concerned with the necessity for correcting our adverse balance of payments. The Board is headed by William McChesney Martin, a man who has the confidence of business and conservatives generally in this country. I think to put shackles on him in this way is not appropriate. He is not the man, at least in this case, who can be found guilty, found responsible for the adverse balance of payments, for inflation, or for the gold outflow.

Mr. SPARKMAN. The Senator is correct, and I join him in expressing the hope that the amendment will be voted down, in order that we may send the bill quickly to the White House for approval.

Mr. ALLOTT. Mr. President, I shall not detain the Senate long; but as I said yesterday, this is the most important bill that this Congress will enact, or fail to enact, this year. The reverberations and the consequences of it will live with each of us all of our lives, and with our children.

The Senator who is managing the bill at the moment is entirely correct—currency is just one part of the money supply. It is between one-fourth and one-fifth of the total money supply in the United States. In a way, to attack it as I have done, is a case of the tail wagging the dog.

But, Mr. President, the tail is the only part of the dog I can get hold of. I am going to hang onto it, and try to keep it from wagging the dog clear out of the ball park.

We can limit the money supply; and, believe me, if we pass this bill unamended, as they are pleading with us to do, the only thing that stands between us and the printing press is the will of somebody, we know not whom. If the Federal Reserve System had done its job completely, and Congress and the administration had done theirs, we would not be in the position we are in today.

I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, I intend to vote against the amendment, and support a clean bill, as a member of the Committee on Banking and Currency, but I should like to say, having voted against all of these amendments, that I am very sympathetic with the objectives of my worthy colleagues, who are attempting to put some degree of sanity into our fiscal and monetary policy.

I think we would be derelict in our duties if we felt we had accomplished anything when we left the Senate Chamber tonight. This is not going to stem the run on gold. We are not going to see that tide turned until suddenly the world regains confidence in America's integrity and our ability to manage our fiscal and monetary policy correctly.

I think the action of the Federal Reserve Board today in raising the rediscount rate to 5 percent will not stem the tide. It will be a small indication that we are starting to move, and the necessity for more such indications to the world is why I feel desperately that this measure tonight is needed. But I think our colloquy on these amendments has been exceedingly helpful to indicate our strong impression to the administration that the administration must now exert the leadership necessary to reaffirm the confidence the world should have in this great American economy, which is really the force that stands behind the American dollar.

I would respectfully and earnestly suggest that the crisis is of such a proportion tonight that the President should give careful consideration to whether he should not come before a joint session of Congress and address Congress and the world, as well as the American people, whether he should not come and notify the world that we recognize we must start to act and do something, and then present a program to Congress and the people that we can act upon following his presentation.

That program must present, in specific detail, a $6 billion to $8 billion budget cut as a bare minimum. I would hope it would be a $10 billion budget cut. The President must show how we are willing to sacrifice on certain programs that can be deferred and delayed because of the necessity to bring our fiscal house back into balance.

I hope at the same time he would argue forcefully and effectively, with an expense cut in one hand, for the tax increase which we know—all of us in our hearts know—we must have in this country. Our mail is running universally against it, because of the unpopularity of the spending program. But our job is not to go with our mail, and there is not a Senator here who has ever voted just because the mail runs against an issue. We know we have to have a tax increase. We know we have to pay for the appropriations that we vote here, day after day.

It is the uncertainty in the world that America will take the advice that we have been so freely giving to the rest of the world for the last 25 years that has precipitated and created this crisis tonight.

I think if the President would say that we are going to start a program to bring our troops back from Europe, we could save $2 billion if we were to bring back 60 percent of our troops from Europe.

Nothing would more dramatically illustrate to the world and particularly to Europe that we intend to do something about this constant drain and constant balance-of-payments problem. And if we do act and act decisively and have courageous leadership to say what we will have to do, this country will stand behind it.

The American dollar is as sound as it has ever been. This is the greatest economy in the world. It is not a pittance of gold that stands behind that dollar; it is the integrity of our people and the productivity of our people. The fiscal budget at the Federal level must reflect our ability to manage our affairs properly.

I think by our action tonight, if we feel that we have done our job, we will be deluding the country and the world. If we start immediately to do the kind of job necessary and follow through with it, it will not be merely a bandaid treatment. We have to give it the major surgery this economy needs.

Mr. ALLOTT. Mr. President, I agree with some of the sentiments expressed by the Senator. But I cannot see why we should apply a bandaid when we are bleeding to death. And that is what we are doing now.

I call the attention of the Senator, particularly, for his future study, to a tabulation which was printed in the CONGRESSIONAL RECORD on March 13, by the senior Senator from Colorado, on page 6382, a tabulation which gives us a really clear picture of our balance of trade and shows that our favorable balance fell drastically in the last 3 years. If we express it in percentage of total exports, then the 26.3 percent of 1964 is down to 11.8 percent in 1967. That ought to be warning enough to anybody.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I concur in the remarks of the junior Senator from Illinois. If we take no step other than to remove the gold cover, such as cutting back on expenditures and raising taxes, we will have accomplished nothing except that we will have bought a little time.

It has been with that thought that for months I have been advocating that we approach the problem of a tax increase

and mandatory expenditure reductions. I introduced the only bill which has been introduced in either the House or the Senate that would require such an expenditure cut along with an increase in Federal income taxes.

This afternoon in the Finance Committee when I offered the President's own 10-percent tax increase accompanied by a section which would reduce expenditures by $8 billion, it was defeated by one vote. If the Finance Committee could have reported that measure to the floor of the Senate today, backed by strong administration support, it would have been notice to the world that we were willing to take these necessary steps to balance our budget. This would have done as much, if not more, toward restoring confidence in the American dollar than any action we can take on the pending measure.

We lost that effort by a margin of one vote. However, I am proud of the fact that our party recognized that it must be fiscally responsible and unanimously backed that proposal.

I regret to say that we only got two members of the President's party to support the effort to cut back spending by $8 billion and to raise taxes by 10 percent. Not only did we not get any support from the administration, but Secretary Fowler, speaking for the administration, strongly recommended against the enactment of that package program. I do not understand it. When we pick up tonight's paper, no doubt we shall see that the Secretary of the Treasury is portrayed as expressing his great hope that we can hold down spending and increase taxes. However, when the chips were down in the Finance Committee, the Secretary went on record officially as saying he is opposed to this same proposal.

That is why we have such a credibility gap. We came within one vote, and we did that in spite of, and not as a result of, any effort or support from the Johnson administration.

I hope that before it is too late they will wake up to the fact that they must act more responsible and cooperate in holding down the cost of Government. We cannot do it alone. We must have their help. We just cannot afford guns and butter in the midst of a full-scale war in Vietnam.

I thank the Senator from Colorado.

Mr. DIRKSEN. Mr. President, just to make sure I heard correctly, the distinguished Senator from Delaware said that he would offer this proposal when we bring the tax measure to the floor.

Mr. WILLIAMS of Delaware. The Senator is correct.

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

Mr. ALLOTT. I yield.

Mr. CURTIS. Mr. President, it has been said that the passage of the pending measure without taking steps to cure the situation which we face will not accomplish what needs to be accomplished.

I would like to have the response of the distinguished Senator from Colorado who studied this measure in depth. Can the Senator answer the reverse of that question—whether the passage of the pending bill, without taking any of these steps, will do any harm?

Mr. ALLOTT. The harm it will do is that it will let the other nations of the world drain us of our gold supply so that some day we will be sitting here again with perhaps $1 billion, $2 billion, or $3 billion in gold, and facing the same situation instead of having $11 billion plus in gold.

Mr. CURTIS. Mr. President, I thank the Senator. Would the Senator agree with me that if we, as the representatives of the people, surrender the hold we have on this $11 billion of gold tonight without taking any of the steps that seem to be recognized as necessary, we will have surrendered a very vital bargaining power with the forces in government that are resisting those factors?

Mr. ALLOTT. We certainly have. We will have surrendered it entirely to those forces, and we will have surrendered our last real vestige of control over the money supply of this country.

Mr. CURTIS. I thank the Senator.

Mr. ALLOTT. I thank the Senator very much.

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

Mr. ALLOTT. I yield.

Mr. SYMINGTON. Mr. President, the able junior Senator from Illinois mentioned the tax increase. Does the Senator from Colorado know the amount, roughly that the 10-percent tax increase will bring in return to the Treasury? I think it is approximately $9 billion.

Mr. ALLOTT. I do not know. However, I heard the figure of $10.4 billion.

Mr. DIRKSEN. The figure is $9.8 billion.

Mr. ALLOTT. The senior Senator from Illinois states that it is $9.8 billion. The figure of $10.4 billion was used on the floor earlier today.

Mr. SYMINGTON. Then let us say about $10 billion. Is it not true that, with all the supplementals, plus the increasing cost of the war, the way things are going, the national deficit could be near $30 billion?

Mr. ALLOTT. In this year, or in the next year?

Mr. SYMINGTON. In the next fiscal year.

Mr. ALLOTT. I do not think it is unthinkable at all that it would be in that neighborhood in the next fiscal year.

Mr. SYMINGTON. Would the Senator care to say what he thinks it will be in this fiscal year, based on his experience?

Mr. ALLOTT. I would say that in no degree would I put an estimate of less than $20 billion on it.

Mr. SYMINGTON. Then in that case, even if we do pass a tax increase measure, what we will have done is to cure only 50 percent of the basic problem. Is that a fair statement?

Mr. ALLOTT. The Senator is correct. And we will not have cured that for this fiscal year.

Mr. SYMINGTON. I understand. It has also been mentioned that gold is not necessarily the basis for the value of the dollar. That as I see it, is a fair statement for an American citizen to make. But is it not a fact, inasmuch as we have $11 billion in gold reserves and owe more than $30 billion to various foreigners who feel that gold is essential to the value of the dollar, that we should be reasonably careful in removing the last remnant of gold.

Should we not consider what those outside the country, who possess this tremendous call on our gold, think about what we are doing?

Mr. ALLOTT. The Senator is correct; because, while many of our economists may say that this gold is not significant and that we should go on a sort of a super barter or paper barter system, the facts face us that the nations of the world are calling upon us for our gold, and they have depleted us down to the point where we are on the narrow edge, if we are not over it.

Mr. SYMINGTON. Is it not true that, whereas the interest of foreign central banks is primarily in gold itself, thousands upon thousands of citizens of foreign countries own our securities? And if they decide that the value of the dollar was not going to be protected by failure to meet our balance-of-payments problems, is it not true they might sell heavily the securities they now own.

I recently checked and found that to date there has been no heavy sale of foreign securities on our stock markets. But if those people decided we were not going to protect the value of our currency, would it not be logical for them to start selling their holdings of U.S. securities?

Mr. ALLOTT. I believe it would be an entirely logical consequence.

Mr. SYMINGTON. If that is true, is it not one more reason for not lifting the gold cover from our Federal currency, so as to show these people that we were working hard to preserve the gold cover, to in turn, protect our currency?

Mr. ALLOTT. I believe so.

I cannot understand the argument that by taking off the gold cover, we are exhibiting strength and bravery and resolve. To me, we are doing just the reverse, and I do not believe that we will convince anybody in the world that we are taking a brave and a firm and a hard stand by passing this bill. I think we would be doing just the opposite, because they have us on the run; and when we take off the gold cover tonight, they will know they have us on the run.

Mr. President, one remark in conclusion: We were told at the time of the repeal of the Silver Purchase Act in 1963, and again when we took the gold cover from behind the Federal Reserve deposits in 1965, "We're in an emergency. We have to do this. We have to do it to buy time." And some of my friends, who are much more knowledgeable in this area than I, told me this. They said, "Gordon, we want you to do this. We want you to vote for these things." I did not. "We want you to do this because we have to buy time."

Well, we bought almost 3 years to the month, this year, on the gold for our Federal Reserve deposits; and here we are, Mr. President, where I said we would be at that time, and where we are tonight.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. YOUNG of North Dakota. On page 6377 of the CONGRESSIONAL RECORD of March 13, is a table showing the deficits from 1948 to date, and in the 3 years of the Korean war we only had a total deficit of approximately $13 billion. The

estimated deficit for this year alone is approximately $18 billion. That in itself would indicate that we have a horrible fiscal policy we are embarked upon.

Mr. ALLOTT. The Senator is correct.

Mr. President, I yield the floor. I am ready to vote.

The PRESIDING OFFICER (Mr. McGEE in the chair). The question is on agreeing to the amendment of the Senator from Colorado.

Mr. ALLOTT. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado. 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. BYRD of West Virginia. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I also announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from New York [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. SPONG], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. CLARK], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mr. MORSE], the Senator from Wisconsin [Mr. NELSON], and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

If present and voting, the Senator from California [Mr. KUCHEL] would vote "nay."

The result was announced—yeas 19, nays 58, as follows:

[No. 62 Leg.]

YEAS—19

Allott	Curtis	Fong
Baker	Dominick	Griffin
Cotton	Fannin	Hansen
Hatfield	Miller	Williams, Del.
Hickenlooper	Murphy	Young, N. Dak.
Hruska	Thurmond	
Jordan, Idaho	Tower	

NAYS—58

Aiken	Harris	Muskie
Anderson	Hartke	Pearson
Bayh	Hayden	Pell
Bennett	Hill	Percy
Bible	Holland	Proxmire
Boggs	Hollings	Randolph
Brewster	Inouye	Ribicoff
Brooke	Jackson	Russell
Burdick	Javits	Scott
Byrd, Va.	Jordan, N.C.	Smathers
Byrd, W. Va.	Long, La.	Smith
Cannon	Mansfield	Sparkman
Case	McCarthy	Stennis
Church	McGee	Symington
Cooper	McGovern	Tydings
Dirksen	McIntyre	Williams, N.J.
Dodd	Metcalf	Yarborough
Ellender	Montoya	Young, Ohio
Ervin	Moss	
Gruening	Mundt	

NOT VOTING—23

Bartlett	Kennedy, N.Y.	Morse
Carlson	Kuchel	Morton
Clark	Lausche	Nelson
Eastland	Long, Mo.	Pastore
Fulbright	Magnuson	Prouty
Gore	McClellan	Spong
Hart	Mondale	Talmadge
Kennedy, Mass.	Monroney	

So Mr. ALLOTT's amendment (No. 609) was rejected.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be offered, the question is on the third reading of the bill.

The bill was read a third time.

Mr. SPONG. Mr. President. The Senate currently is considering legislation to remove the 25-percent gold reserve behind Federal Reserve notes.

The Senate Banking and Currency Committee, which has jurisdiction over this matter and on which I serve, had before it many distinguished witnesses who argued for the removal of the gold cover. Some of those appearing were David Rockefeller, William McChesney Martin, and Milton Friedman.

The testimony of William McChesney Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, was among the most persuasive presented to the committee. He described our current predicament: At the present time we have gold stocks of approximately $12 billion, and a current gold cover requirement of $10.7 billion. Thus we have $1.3 billion in "free gold." The normal annual increase in gold required as reserves for domestic use is $700 million. In 2 years—without making allowances for an outflow of gold to foreign countries—the available "free gold" will be depleted.

With these facts facing us, Chairman Martin said that it was apparent that the gold reserve would have to be removed in order for the country to meet the currency demands of our growing economy and to make it absolutely clear to the world that the United States would maintain the convertibility of the dollar into gold.

Chairman Martin anticipated the consequences of not totally eliminating the gold cover when he said:

> Speculation against the dollar might be encouraged if the gold cover requirement were regarded as immobilizing part of our reserves; the labeling of only part of our gold reserves as "free" might seem to imply that the rest of our reserves are somehow unavailable to perform their primary function of maintaining the convertibility of the dollar. Any possible misunderstanding on this point should be put at rest. This legislation would do that.

Faced with the current status of our gold stocks, the prospects of further deficits in our international balance of payments, and continuing pressure on the dollar abroad, I believe that Congress has no alternative but to remove the gold cover.

But it should be made clear that the removal of the gold cover will not solve the U.S. balance-of-payments problem, but will only enable us to take necessary remedial action.

This is the point made effectively by the American Bankers Association when it reversed its previous opposition to the removal of the gold cover and stated:

> The continued efficient operation of the international monetary system—based upon gold and the dollar—is threatened by the statutory requirement that Federal Reserve Notes be backed by 25 percent in gold.

The ABA pointed out that the removal of the gold cover would be useless unless the Congress and the administration take firm steps to eliminate our chronic balance-of-payments deficit.

I agree that we must not waste the time we buy by the removal of the gold cover. The United States must take decisive action to bring our balance of payments into equilibrium. The strength of the dollar and the health of the international monetary system will be seriously threatened by a continuance of this deficit.

The first step in meeting this problem is a limitation on the inflationary pressures in our economy. There must be a reduction in Government expenditures and a limit on deficit spending by the Federal Government.

Painful as it may be, Congress must go beyond this and enact programs to limit both business and governmental expenditures abroad, to expand exports, and to increase the flow of funds to our shores.

If we do not take vigorous action now we face a real threat of the devaluation of the dollar and the resulting consequences.

Mr. BROOKE. Mr. President, as a member of the Banking and Currency Committee, I reluctantly voted for repeal of the gold cover. I will do so again today in the belief that this represents the only responsible course open to the Congress at this time.

In 1944, at Bretton Woods, the United States pledged that it would freely buy and sell gold at the fixed price of $35 an ounce. That pledge is the kingpin of the International Monetary Fund, which for 27 years has operated to prevent such worldwide monetary crises as those which occurred before World War II, and which would be so much more disastrous in the even more interdependent world of today. There is nothing selfless about this willingness of the United States to "give away" gold for dollars; the preservation of international financial stability is as important to the United States as to any other nation. An international monetary system based on the

U.S. pledge is the only assured means of preventing financial chaos.

Today, U.S. gold reserves above the gold cover are perilously small, and the day when the United States will be unable to fulfill its pledge is very close. Removal of the gold cover will free an additional $10.7 billion to meet foreign claims and will reassure the world that the United States will meet its commitment to buy and sell gold at $35 an ounce. This will strengthen international confidence in the dollar and hopefully will actually reduce the tendency of foreign governments to exchange dollars for gold.

But, Mr. President, I would like it to be on the record that while I believe that removal of the gold cover is the choice that the Congress must make, I recognize that it is not a solution to a problem but a means of buying time to solve that problem. My vote for repeal of the gold cover is based on my faith that the Congress and the President will use this time wisely. I know that if we do not do so, repeal of the gold cover today will only postpone the crisis.

For the last 10 years, the United States has experienced an average annual balance-of-payments deficit of $2.5 billion. As a result of the exchange of these foreign-held dollars for gold, Treasury gold reserves have dropped by over $10 billion. In 1967, the deficit reached the astonishing figure of $3.6 billion, leaving just over a billion dollars above the gold cover to meet claims made with foreign dollar holdings which may be as high as $30 billion.

Mr. President, it is astounding that the United States has allowed the situation to deteriorate to this point. It is unthinkable that we could allow it to persist any longer. Action must be taken and taken immediately. The two greatest sources of the deficit are private foreign investment and U.S. Government spending abroad. The President has already acted to curb foreign investment temporarily, but any action in this area must be limited because investments abroad represent not only dollar outflow but also dollar returns on those investments. U.S. Government spending abroad, however, must be registered solely on the expenditure side of the ledger. Those expenditures are almost entirely military, and it is clear now, if it has not been before, that they must be reduced substantially. Our allies must be persuaded to assume some of our military obligations. In asking them to do so, we must remember that it is to their advantage as well as ours that the United States reduce its dollar outflow.

In addition, the United States must make a concerted effort to maintain and strengthen our competitive position in world trade. The United States has long enjoyed a trade surplus, but the size of that surplus is shrinking, while the U.S. share of the world export market has dropped steadily. Special efforts must be made to encourage exports, but, more importantly, the United States must return to a responsible noninflationary fiscal policy. Unless inflation and spiraling costs are halted, the high prices of U.S. products will leave them unable to compete on the world export market and unable to compete with imported articles here at home. Reduction in the balance-of-payments deficit and an easing of the gold crisis is dependent upon halting inflation here at home. That means that nonessential spending must be cut, and, if necessary, a tax increase enacted.

None of these measures is pleasant, but all of them are essential. In addition, as the senior Senator from New York has so ably pointed out, these actions must be accompanied by a concerted effort to reevaluate and revise the international monetary system. We are playing the ostrich if we pretend that gold can forever remain the primary international reserve. There is simply not enough gold to serve this purpose in a world of rapidly growing economies and populations, where, in addition, we are daily finding new industrial areas in which gold is essential.

It is the responsibility of the administration, of Treasury officials, and of representatives to the IMF, to explore the alternative of creating new reserves, or developing an international monetary system that is not based on gold. But this transition must be an orderly one, and in the meantime the United States must remain ready to buy and sell gold at $35 an ounce. The role of the U.S. Congress in these negotiations may seem small, but it is actually of vital importance—it is our task to indicate our support for these explorations and to educate the American people to their importance.

These are the difficult tasks that lie ahead of us. If we fail to remove the gold cover today, we will face a crisis immediately. If we remove the gold cover and do not reduce the balance-of-payments deficit, halt inflation, and explore alternatives to gold, we will only postpone the crisis. My vote today for a repeal of the gold cover is a vote of confidence that the President, the Congress, and the people will use the time that we "buy" wisely, and will prevent that crisis from ever becoming a reality.

Mr. CHURCH. Mr. President, I rise to register my opposition to the pending bill, S. 2857, which would remove the 25-percent gold reserve requirement covering Federal Reserve notes. And, at the outset, let me make it clear that the dramatic transactions in gold over the weekend have only intensified my strenuous objections to the bill.

This measure is merely the latest in a long series of palliatives recommended by the executive branch, which tinker with, rather than squarely face, the problems involved in our international and domestic monetary policies. I say this with full recognition for the moves forecast by the President in January are offered to cope with these problems on a short-term basis. In fact, the majority of the economists who are most knowledgeable about the subject have pointed out that, even if these measures are approved by the Congress, they will not go to the root of the matter. Worse, they represent in toto an approach which avoids fundamentals in favor of stopgap palliatives; and, in the process, display the continuing resort to more restrictions on our own citizens.

I know quite well that many reputable witnesses have spoken in support of removal of the gold cover. Furthermore, I should make it clear that I have no sentimental or anachronistic regard for gold as a magic commodity.

My objection is based on the point that we are tackling—or, rather, we are supposedly tackling—a problem not exactly backward, but tangentially. To attempt to cope with the issue posed by our balance-of-payments deficit and consequent gold loss by removing the gold cover for our currency seems, to me, tantamount to a doctor treating measles by administering to the spots. At the same time, we are offered no cure whatever for overcoming the difficulties caused by the persistent deficit in our international accounts.

Mr. President, let us, instead, try to go to the heart of the matter. For I suggest the central focus of the problem is not difficult to identify. The central factor today is that the drain on our gold is basically attributable to the short-term dollar surpluses which have been built up in Western Europe over the last several years. Of course, speculation is a vital component of the problem, but it is not the basic cause of our difficulties, nor would it persist if we had a comprehensive and believable financial and monetary program on the tracks.

Now it is clear that, strictly speaking, we are not running a balance-of-payments deficit with Western European countries. On the other hand, we look at our overall balance-of-payments tabulations and see a painfully obvious deficit item of almost $1 billion resulting from our massive military deployment in Western Europe. In 1966, military expenditures in that area on the debit side amounted to over $1½ billion, offset—in a way which I do not regard as a healthy stimulant domestically—by a credit of over a half billion dollars attributable to purchases of American armaments and other military transactions. There is also the mitigating factor of West German purchases of U.S. bonds, but this factor merely delays and disguises, and may even worsen, the ultimate reckoning.

Beyond this we must recognize the fact that our payments deficits originate worldwide, and primarily in the Far East, as a result of military and foreign aid expenditures. And Western European and other developed countries are earning their surplus dollars through trade with those other world areas.

This, Mr. President, is the central problem which is neither met by the proposed legislation before us nor by the current thinking of the administration. I recognize that every Senator, if not every citizen, has his own views regarding the proper categories which should be cut in order to try to remedy our balance-of-payments deficit. And I recognize that a good case may be made for a number of these candidates for retrenchment. But I do not see how we can fail to recognize the basic source of our difficulties if we are going to make any progress whatever in coping with the underlying problem.

Let me emphasize at this point that I have been a stanch supporter of the

North Atlantic Alliance since its inception. At the same time, I believe our distinguished majority leader has been performing a notable service to the country in singling out and judiciously dealing with the question of whether we really must, for all time, keep more than five divisions of American troops on the soil of Western Europe. With every recognition for the great complexity of the question, I just cannot believe that we must stay locked into an ironclad commitment of indefinite duration to keep so large a number of American troops in Europe.

I do not go so far as to say—as some European commentators have—that it is only necesasry for one American soldier to be placed in a position of jeopardy on the borders of Eastern Germany to insure the credibility of the continuing American commitment to the defense of Western Europe. Neither do I argue that a mere token force of a few battalions is all that is needed to preserve European confidence in the validity of the American pledge. What I do say, however, is that neither military, political, nor psychological grounds exist for believing that a force of more than five divisions must be held as sacrosanct.

I strongly recommend to the executive branch of our Government that they immediately undertake conversations with our NATO allies to secure their understanding and cooperation concerning our balance-of-payments problem and the central role played in that problem by the nature of our military expenditures. Surely, we could present to them more forcefully than we have the fact that they are making virtually no contribution in support of our fearsomely expensive—both in terms of men and money—commitment in Southeast Asia. On the contrary, it is a plain fact that the developed countries are economically benefiting from the war in Vietnam in balance-of-payments terms.

It may well be that such a new and forceful presentation of the case to our European friends will not result in any agreed action, much less a consensus. In that event, having undertaken the kind of consultation required by both the letter and the spirit of our alliance, I would then proceed unilaterally to substantially reduce the number of American troops stationed in Western Europe—mindful that the Western Europeans themselves are rich and fully capable of making up the difference in the interests of their own defense.

In doing this I would make it entirely clear to our allies that only the most urgent financial difficulties are compelling us to take such a course.

Under these circumstances, I believe that our allies would see that our hand was forced and not that our ultimate commitment to share in the defense of Europe had changed. There might be the shock which comes from first plunging into a pool of cold water, but I feel certain that the European temperature would quickly adjust to that of the pool. It is even conceivable that the Europeans themselves might undertake to do far more than they have done in defense of their security interests—and I feel strongly that they are in a financial position to do so.

Mr. President, it seems clear to me that the United States is overextended and overcommitted abroad and the Government is continuing to refuse to acknowledge this fundamental fact. The measure that is now up for consideration is no more than a palliative: a way of continuing to evade the verities of our situation and the actions needed to correct it. For these reasons, I must cast a protest vote against the bill.

Mr. DIRKSEN. Mr. President, I ask for recognition.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. COOPER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DIRKSEN. Mr. President, when I left my office last night—and it was late—I was deeply distressed in spirit. I felt reasonably sure that I was going to vote for this bill.

I listened to the Chairman of the Federal Reserve Board at our policy luncheon on Tuesday. He made what appeared to be a persuasive case. Then, today two other things happened. First was the meeting in the office of the majority leader, attended by Mr. Martin, Chairman of the Federal Reserve Board, the Secretary of the Treasury, and perhaps a dozen Senators. It was stated there that this was D-day; we were at the bottom of the barrel; which meant, of course, that we were right at the 25-percent limit, and from here on out it would appear that we could not meet our commitments.

I regret to say, Mr. President, that that is not quite the whole story. I was further distressed this afternoon in the Committee on Finance when first the distinguished Senator from Delaware [Mr. WILLIAMS], and subsequently the distinguished Senator from Florida [Mr. SMATHERS] offered an amendment to the excise tax bill which will be on this floor very shortly. In that amendment they proposed an $8 billion cut in expenditures, and a 10-percent surtax. On both occasions I voted for the proposal and I would do it all over again.

It seems to me that it is the only sensible proposal to meet our budget deficit and come to grips with this gold imbalance in our international payments. The country and the world is watching us. One would think that tomorrow morning the sky is going to fall. Anybody who has lived in my generation must remember the story about Chicken Little, which I learned as a child. One will recall that Chicken Little mentioned that the sky fell in.

With the gyrations of the stock market today, and, at last count, having dropped by 11 points, it would appear that we expect doom sometime tomorrow. But there will be no doom because there is a story in connection with this bill that either has not been told or I have not heard it.

The Congress saw fit a few years back to amend the Federal Reserve Act and to provide that all of our gold is free; every bit of the $11.9 billion we still have left. However, it is available only because a penalty is attached and because it is self-disciplinary. The question is, Are we prepared to accept that discipline?

The law provides authority for the Federal Reserve System to drop the 25-percent reserve requirement in an emergency. No legislation is required to authorize this; it can be done now. But, there is a penalty. That penalty is charged against the Federal Reserve System and all the banks that belong to the system. It means an increase in the rediscount rate. This is a course that those in authority do not like to take. But when the pain is there, it should be suffered. Was it not Jacob of old who said, "Lord, let me not die without pain"?

This is the pain that we wrote into the statute, that gold reserves can automatically drop from 20 to 17½ percent. And there is still a penalty because the rediscount rate must be raised. The law provides for that. If there is anyone who doubts it, let him stand up in his place now and dispute what I say.

We can drop that reserve to 15 percent, or roughly $6.1 billion, but there is another penalty, and that penalty is an increase in the rediscount rate, which means that when we get down to 15 percent, the rediscount rate will be 7⅝ percent, and it must be charged against the banks in the Federal Reserve System. That is the law. We wrote that law. It is on the books today.

I am a little bit surprised that it has not been alluded to in the conferences I have attended, and in the discussions where I have had a chance to participate. I said nothing about it because I thought that was the business of someone else, either from the Federal Reserve System or from the Committee on Banking and Currency. But that is where we are tonight. as we prepare to vote on this bill.

The sky is not going to fall. The stock market can go down, as it has done so many, many times; but the gold will still be intact. It can be paid out below the 25-percent reserve; but someone must pay the bill. That someone is the Federal Reserve System, in the form of an increased rediscount rate.

It means that the commercial banks of the country, when they want to borrow from the Federal Reserve, are going to have to pay the higher rate. They do not want to pay the higher rate. If I were a big banker, I probably would not want to do it, either. But that is not the question here. The question is whether, tomorrow morning, when the bill is passed, whether we are out of gold or whether we are not, or whether we can pay out. We can pay out, any old time. We can meet our commitments as they come. But, it is going to cost us. Someone must pay the fiddler. That someone is going to be the Federal Reserve System.

If anyone wishes to dispute this argument, I will sit in my chair and let him take issue with what I say as to whether it is the law.

Thus, I am comforted somewhat in spirit tonight. I shall go back to my office and go home not quite so weary, not quite so dispirited, Mr. President, as I was last night, or as I was at 1:30, when I left Bill Martin and Henry Fowler with a heavy heart because I thought the sky was going to cave in.

It will be painful, but maybe the time has arrived for this country to face up to a little discipline in the monetary field. We have failed to do it up to now. But this time we did. I have no quarrel with those who say that this is a crisis. It is a crisis in a sense.

Mr. President, the Chinese characters for the word "crisis" are two ideograms. The first one means "danger." The second one means "challenge." That is the Chinese idea of a crisis.

Accordingly, Mr. President, we are confronted with a danger, but that danger is a challenge to everyone in this body. It is a challenge to the American people as well.

It has been said that the weakness of a democracy is that it refuses, in an anxious hour, to face up to a challenge.

That is what prompts the central bankers in Europe. That was part of the message that Mr. Martin of the Federal Reserve Board brought back. He said, in effect, that they said to him, "You are overextended abroad and you are undercommitted at home." That was his language. They chided him about it. He said, this noon, that he failed and came back empty handed.

Well, I wonder whether this body is going to face up to the challenge.

What should have been here this afternoon, and it could not, by any parliamentary device, have been here, was a proposal of the Senator from Delaware [Mr. WILLIAMS], and the proposal of the Senator from Florida [Mr. HOLLAND], that we impose the surtax—the full 10 percent; not discount it to 8 percent on corporations and 6 percent on individuals, but 10 percent across the board. Then, an $8 billion cut in expenditures. It did not leave it to some amorphous figure. It did not leave it to a vague state but to a clear $8 billion. We failed in the Finance Committee by one vote. That is where the issue could have been resolved. That would be the message that should be sent to the central bankers of Europe, Japan, Latin America, and elsewhere.

Mr. President, I repeat, I do not believe that the sky is going to fall, as Chicken Little said long ago.

There is too much vitality in this country.

I do not want to go down the drain. I do not want to make a mistake but, on the other hand, I want to be sure that I have all the facts at my command when I vote.

It is with something of a heavy heart tonight, Mr. President, that I shall vote against the bill. No one knows how sorry I am about it.

When the Chairman of the Federal Reserve Board, the Secretary, and a number of Senators were in my office on Tuesday afternoon, I talked to the President of the United States. I think I should say that I called him earlier but he was on a long-distance call. Then he called me back.

I said, "Mr. President, you are in the middle of a sticky situation. What the real 'sticky wicket' is, is the reduction in your budget. The Chairman of the Federal Reserve Board is sitting in my office as I speak to you, Mr. President, and I want you to know what is happening and what is being discussed."

I know that the next morning, the Chairman of the Federal Reserve Board was at a 7 o'clock breakfast with the President; but before he left my office I said, "Bill, I want you to tell the President everything that was discussed in this office this afternoon."

I do not believe in surprises. I want the Chief of this Nation to know what the sentiments are here, and how we feel, before we come to grips with this problem, having done all that I thought I could do, first to advise him exactly what the situation was, and what the thinking of a great many Members was, and then to take counsel all over again and try to reorient my own mind and to reorient my own heart, because this is not an easy vote. But I have canvassed my spirit as best I can. In view of the fact that the Federal Reserve System or this country still has every dollar of that more than $11 billion as free gold, it can use it to settle international balances, if we are willing to pay the price in the form of an increased rediscount rate. That is the rest of the story.

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

Mr. DIRKSEN. I yield.

Mr. CURTIS. Is it correct that what the Senator is saying is that the passage of this measure is not necessary in order to meet the demands for gold, but, in reality, the passage of the measure removes the penalty imposed in the existing law?

Mr. DIRKSEN. That is correct. I would rather not discuss it beyond this point. All I want to say is that the gold is still free. It can still be paid out. We can still meet our commitments. The question is, Are we and the bankers and the country ready to face up to the challenge and pay that increased rediscount rate? That is the question before the country. That is my story.

The PRESIDING OFFICER. The question is on final passage.

Several Senators requested the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I shall take only a little time because I, like my colleagues, am anxious to reach a vote on this matter. I agree with my distinguished counterpart, the minority leader, when he says we are in a sticky situation. We are in a critical situation, and it is of the utmost importance that this bill pass tonight if we are to begin—and I emphasize the word "begin"—to face up to the responsibilities, in a financial sense, which are beginning to creep up on us. We must adopt measures even that are long overdue. Today the stock market fell 11 points. I do not own a share of stock. I do not fully understand the stock market. But an 11-point drop sounds serious. Yes, the Federal Reserve raised the rediscount rate from 4½ to 5 percent, the highest since 1929, a fateful year, as some of us will recall.

Yes, this is a critical period, and if we will only pass this bill, not that by doing so will we be solving the economic ills which are in the offing, but we will be taking the first short step toward giving the people who are in control of our financial institutions, people like Bill Martin, whom I am sure everyone admires, men like Henry Fowler, Secretary of the Treasury, and all those who have been working hard, not only in this country, but abroad, the means with which to meet the problem.

Yes, there was a meeting this afternoon, called at my request, to discuss this critical situation. Everyone had a chance to make their views known. It was worthwhile.

So tonight is a time of great importance in the economic history of this country. All the arguments have been made. This is not "band aid" legislation. The disguished Senator from Alabama [Mr. SPARKMAN] and the distinguished Senator from Wisconsin [Mr. PROXMIRE] both have made the case before us.

So I hope, may I say to my colleagues here, that we will face up to the moment of history which confronts us at this time and vote to approve the bill which is before us.

Mr. LONG of Louisiana. Mr. President, I wish to refer to a discussion of the tax bill which the Finance Committee reported today. That is a bill to extend the tax on automobiles and telephones, a tax which presently exists. The committee voted to extend those taxes.

The committee did not vote to add the President's surtax proposal.

The committee did not vote to take over the functions of the Appropriations Committee to tell that committee that it must hold itself to a figure $8 billion below the President's recommendations. That just happens to be the function of the Appropriations Committee; and if any amendment is to be offered to put a ceiling on the amount the Appropriations Committee can appropriate, as far as this Senator is concerned, he would like to see it offered here on the floor, when the Appropriations Committee can speak for itself, and not offer it in the Finance Committee, where members of the Appropriations Committee are not present.

There is an ancient tradition that a Senator should not serve on both the Finance Committee and the Appropriations Committee.

I respect the Appropriations Committee. I also respect the House of Representatives, which has been studying the surtax proposal for quite some time. There are some very fine people in the House of Representatives. I have great admiration for the chairman of the Ways and Means Committee. Every one of the Members of the House has to run for office this year. A big surtax bill to increase taxes by $9.5 billion is not going to pass merely because it passes the Senate. It will have to pass the House, where every one of those Members have to be reelected this year, if they want to continue to serve. I have had Members of the Senate tell me their mail is running 100 to 1 against that big tax increase.

If this Senator had some indication that the House would like us to pass the surtax and bring it to them as a Senate committee amendment, I might feel differently; but I see no such indications. I would prefer that the House do whatever its Members wish, and decide whether they want to initiate that legislation.

Under the Constitution, it is the House which must initiate revenue bills. If the House does, it will be considered over here, as far as this Senator is concerned.

But that bill has nothing to do with the balance of payments in any real sense. The real fact is that over $30 billion of American money is held by foreigners overseas, and that is three times the amount of gold that we hold.

An American citizen cannot call upon this Government to pay in gold for any of the more or less $330 billion of national debt that we owe, or for the currency that we have in this country. He cannot get gold for it, but foreigners can.

As long as we pursue the policy that we have been pursuing, of big national deficits in our foreign accounts—which many of us would like to do something to correct, but which we have been unsuccessful in doing—we are going to have this problem. We do not have enough gold to pay for that.

The Senator from Missouri [Mr. SYMINGTON] said he studied the figures—they sound correct—that since the beginning of World War II, if we include United Nations Relief and Rehabilitation Agency, lend-lease along with foreign aid, we have given away about $180 billion. So we now find that the $23 billion in gold that we had is down to $11 billon. It will go down further, in short order, at the rate it is going because of the defense trade, and aid programs we have been pursuing.

Frankly, I have reserved judgment on this matter, as this matter has been debated. Listening to the debate, I have been convinced that what we do tonight is not going to make a lot of difference, because until our policies in international affairs are changed, such as stationing large amounts of troops in areas overseas where no war is going on, such as Western Europe and Japan, and as long as we continue the trade policies we have at this time, we are going to have a big deficit, and the gold will be gone sooner or later.

Frankly, I am beginning to be a little curious to see what is going to happen when the day finally arrives that we are no longer able to pay off.

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

Mr. LONG of Louisiana. I yield.

Mr. SYMINGTON. Is it not true that in 1949 the United States had some $24.6 billion in gold, and owed about $7 billion abroad, whereas today, as of yesterday morning, the United States had $11,400 million in gold, and owes abroad, in current liabilities that can be called tomorrow by foreign central banks, over $30 billion?

Mr. LONG of Louisiana. The Senator is correct. That is the situation, and we have about one-third of what it takes to pay it.

Mr. SYMINGTON. Is it not true that, with the exception of the year 1957, we have run a deficit in our balance of payments every year since 1949?

Mr. LONG of Louisiana. Yes.

Mr. SYMINGTON. And is it not true that this deficit was accelerated sharply around 1958?

Mr. LONG of Louisiana. The Senator is correct.

Mr. SYMINGTON. Is it not true that every year in recent years we have been assured we were going to see the balance-of-payments deficit eliminated. Nevertheless, it is worse today than ever before in our history?

Mr. LONG of Louisiana. Yes.

Mr. SYMINGTON. Under those circumstances, does the Senator not think that before we decide whether we want the new currency now recommended by the International Monetary Fund we should work out with the other countries what the new currency should be and what will be the nature of the reserves behind it?

Mr. LONG of Louisiana. Mr. President, the Senator's argument makes a great deal of sense.

SEVERAL SENATORS. Vote! Vote!

Mr. LONG of Louisiana. Mr. President, I expect to yield the floor in a few moments, but if Senators think this Senator is going to sit down just by their shouting "Vote!" they do not know the Senator from Louisiana. I might decide to talk for a while.

There has been a series of actions by this country, in its foreign programs, that, on hindsight, have not been wise. One of them was the manner in which the Marshall plan was handled. It cost about $17 billion. While all that giveaway was going on, it occurred to one of us to ask, "Suppose this thing actually works, and, after giving those countries $17 billion, they become prosperous and are able to pay it back; would it not be better to lend it on generous terms?"

We were told, "Oh, they will never be able to pay. That will not work.

We can see now how valuable the advice of our State Department has been.

It has been suggested on other occasions that we might not need to have all those troops in Europe. We were told, "Oh, yes, you must not bring a single man home. You must maintain the six divisions, at all events. None of it must be reduced."

At times we have asked, "Cannot some of this aid be reduced, especially to the rich countries?" We were very long in doing anything about that.

I recall when former Secretary of the Treasury Robert Anderson during the Eisenhower administration said he was very much concerned about this matter, and pointed out how difficult it was to change outdated policies and get this thing turned around and headed in the other direction when circumstances had changed. We were told at that time that he did not have enough influence in the Cabinet to have his way, that others in the Department of State had more than he did, so he could not help us.

Mr. SYMINGTON. Mr. President, this is very important. May we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG of Louisiana. So, Mr. President, tonight we do not have enough gold with which to pay; but at least most of these countries the central banks of which are calling for our gold owe us money; so tonight we have an opportunity to ask them to pay us some of that.

Let us not fool ourselves; our State Department and our own banking people are very anxious to pretend that that debt does not exist, and get rid of that $17 billion which those countries owe us. That will be the final foolhardy act. We cannot pay them, and still will not ask them to pay us. That will help American corporations dealing in those foreign countries, and will save some of those nations from the embarrassment of having to tell those companies that those companies will not be able to sell them as much of their commodities as they would like, or as much as they had planned to buy, because the United States is asking them to pay what they owe us. That embarrassment will be avoided, and that money saved, and perhaps there might be some satisfaction on the part of the State Department that our Ambassador will be spared embarrassment, and will be more socially acceptable in those capitals where he has been playing Santa Claus for all these many years; in that, at least for a short period of time, we will still be able to pretend that we can play that Santa Claus role a little longer.

But let us face it, Mr. President; it is those international policies, and the matter of the State Department prevailing over the Treasury year after year, that has put us in this situation. Sooner or later we are going to have to change some of those policies, and do something about our balance of trade, do something about the fact that we have a great flow of imports, in many industries, where we used to have a surplus. Until we do something about those things, we are just postponing the day, depleting our gold reserves to pay more and more gold out to try to postpone facing the fact that we are still continuing a series of policies adopted immediately after World War II, when we had all the world's gold.

We are still proceeding on the theory that we can afford policies which the Treasury has been telling both Democratic and Republican administrations for many years we could not afford, but as to which the State Department has been prevailing, time and time again, with first one President and then another. Finally the time must come that we have to face facts.

I shall be curious to see, if this bill passes tonight, what happens within a year, when all the gold is gone.

I recall when Douglas Dillon appeared before our Foreign Relations Committee, during the Eisenhower administrations and I asked him some questions about the fact that all the gold was going to be gone, the way it was going.

I recall his answer to me at that time. He said:

> When the gold is gone, we can use something else as currency.

I have read the record subsequently, and it did not read that way. Someone who advised him in the State Department found some other language to use, but that is what the man said, and that is, in effect, the policy we have been pursuing.

So, as I say, Mr. President, I am getting more and more curious to see just what the answer to that $64 question is going to be. What currency are we going to use when all the gold is gone?

Mr. MILLER. Mr. President, I shall not detain the Senate more than a minute; but, in response to the Senator from Louisiana, there was such an amendment on the floor this afternoon as he suggested. In response to my colleague from Illinois, the Senate had the opportunity this afternoon to do exactly what he is talking about.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. MILLER. The Senate will remember that my amendment provided for the $8 billion cut in expenditures, and it also provided that the effective date of this bill we pass here would be the date of enactment of a 10-percent tax increase.

My fellow Senators did not see fit to agree to it. I can see why, a fortiori, they did not see fit to do it in the Finance Committee. But as sure as we are here tonight, the raising of the gold cover is not going to strengthen the confidence of the international bankers in the American dollar. The only way to do that will be for us to discipline ourselves by an expenditure reduction and a tax increase.

The Senate was unable to determine that we would face that decision this afternoon; and so, with the information the minority leader has given us tonight, I cannot support this bill.

Mr. BYRD of Virginia. Mr. President, I shall be very brief.

In the pending legislation, the Senate is faced with two choices—each of which comes close to being unacceptable.

One is whether we refuse congressional action to permit our Government to repurchase dollar with gold; the other is to give congressional authority which could lead to the dissipation of our entire gold supply.

I have been worrying about the matter for several weeks, and have read the 1945 debates in the Senate when the gold cover supporting our domestic currency was changed from 40 to 25 percent. Clearly it was the conviction of nearly all Senators that there should be a gold backing to our currency.

As I see it, this Nation is facing a financial crisis—and at this late date there appears no good way to deal with it, only the least bad way.

The crisis we face in gold began in 1958.

It was in that year that we lost more gold than during any other year—$2.2 billion. And it was during that fiscal year, which began July 1, 1958, that the United States ran up the biggest peacetime deficit in history—$12.4 billion.

To me it is clear that there is a firm and definite relationship between deficit financing and loss of gold.

It first made itself manifest in 1958. It becomes dramatically evident this year when our gold loss is reaching a floodtide, resulting, I believe, from the continued and increased deficits which this year will approximate $20 billion—and a predicted deficit for next year of $15 billion, even if a 10-percent tax increase is enacted.

The loss of gold results from the international loss of confidence in the future of the dollar; that confidence is lost because we consistently have refused to put our financial house in order.

It seems to me that our dollar can be weakened in the international markets regardless of which decision the Senate makes today. It has been ably and effectively argued by the distinguished chairman of the Senate Banking and Currency Committee, the Senator from Alabama [Mr. SPARKMAN], and by the distinguished senior Senator from Wisconsin [Mr. PROXMIRE] that to refuse to eliminate the gold cover, thus making all of our gold available to foreign banks, would have a detrimental effect on the U.S. dollar overseas.

It has been equally effectively argued by such a recognized expert on international financial matters as the chairman of the board of the Swiss Bank Corp.:

> The declaration that the dollar will be defended up to the last ounce of gold, is no longer being taken seriously by anybody and had better not be repeated, since it implies the possibility of developments which, if they should materialize, would be bound to shake the confidence in the dollar still more.
>
> Everybody knows that a world power like the U.S. cannot afford the risk of being one day without a minimum of the only unconditionally acceptable means of payment, namely gold.

Just 3 years ago this month, the Congress took similar action as is being sought today. It enacted legislation to eliminate the gold reserve requirement for Federal Reserve bank deposits, thus freeing some $5 billion in gold for use in meeting this country's international obligations.

That action was taken to give the Government time to correct the fundamental problem. The fundamental problem is deficit spending at home and abroad. Yet, deficit spending has continued and the deficits have increased.

Today—only 3 years later—that $5 billion has gone with the wind. We now are faced with a new gold crisis.

In the last 10 years, the gold stock of this country has been reduced by almost half—from $22.7 billion in 1958, to less than $12 billion in 1968. There now remains only about $1 billion of free gold available to meet this country's obligations in the world's money market.

Mr. President, at this point in my remarks I ask unanimous consent to have printed in the RECORD tables showing the decline in U.S. Treasury gold stocks from 1948 through 1967, the deficit in the Nation's administrative budget for the period 1948 through the current fiscal year, and the national debt during that period.

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

U.S. Treasury gold stock, 1948–67

[In millions of dollars]

End of calendar year:	
1948	24,244
1949	24,427
1950	22,706
1951	22,695
1952	23,187
1953	22,030
1954	21,713
1955	21,690
1956	21,949
1957	22,781
1958	20,534
1959	19,456
1960	17,767
1961	16,889
1962	15,978
1963	15,513
1964	15,388
1965	13,733
1966	13,159
1967 (November)	12,908
1967 (December)	11,984

Source: U.S. Treasury Department.

THE ADMINISTRATIVE BUDGET DEFICIT, FISCAL YEARS 1948 THROUGH 1968

[In millions of dollars]

	Receipts	Expenditures	Deficit	Debt
1948	41,375	32,955	+8,419	252,366
1949	37,663	39,474	−1,811	252,798
1950	36,422	39,544	−3,122	257,377
1951	47,480	43,970	+3,510	255,251
1952	61,287	65,303	−4,017	259,151
1953	64,671	74,120	−9,449	266,123
1954	64,420	67,537	−3,117	271,341
1955	60,209	64,389	−4,180	274,418
1956	67,850	66,224	+1,626	272,825
1957	70,562	68,966	+1,596	270,634
1958	68,550	71,369	−2,819	276,444
1959	67,915	80,342	−12,427	284,817
1960	77,763	76,539	+1,224	286,471
1961	77,659	81,515	−3,856	289,211
1962	81,409	87,787	−6,378	298,645
1963	86,376	92,642	−6,266	306,466
1964	89,459	97,684	−8,226	312,526
1965	93,072	96,507	−3,435	317,864
1966	104,727	106,978	−2,251	320,369
1967	115,849	125,718	−9,869	326,733
1968 estimated	118,575	137,182	−18,607	351,599

Mr. BYRD of Virginia. Mr. President, an examination of these tables makes clear that the loss of our gold began with the whopping $12.4 billion deficit for the fiscal year beginning July 1958—and has reached floodtide with the prospect of two even greater deficits for 1968 and 1969; namely, $20 billion and $15 billion, respectively. As the national debt has gone up, our gold supply has gone down.

As I see it, what is needed to resolve our gold problem is to restore confidence in the fiscal policies of this Government. With each year of deficit spending in the United States, with each deficit in our balance of payments, and with each advance of inflation in this country, confidence in the dollar abroad has weakened.

If this were not the case, there would be no need for foreign governments and banks to make claims against our gold. They would be willing to continue to hold U.S. dollars in lieu of gold.

I believe we ought to look upon the uncomfortable position of the United States with regard to gold today as a constructive warning that something is basically wrong with the management of our fiscal affairs.

Gold, which puts some impersonal restraint on Government, is an alarm bell—and it has been ringing for 10 years.

It is like a fever, which is a sign there is a deeper sickness in the body.

Mr. President, in considering this legislation to put our last gold reserves in the pot, so to speak, it is appropriate to ask what we will have gained if the

Government does not take the steps necessary to restore confidence in the dollar.

If nothing substantive is done about the basic problem, then I question whether we will not be merely feeding a new round of speculation and a new round of demands on our gold.

Yet the new budget which the President has submitted calls for new spending authorizations totaling $16 billion—and budget figures show we face a deficit of $15 billion next year—on top of a $20 billion deficit this year.

So while the real cause of our current difficulties has not been corrected, we are asked to throw all of our gold in the pot on the assumption that this will restore international confidence in the dollar.

This is a gamble—just as it is a gamble on the international fate of our dollar not to make this gold available.

I reluctantly supported the Church-Tower amendment to cut the gold cover from 25 percent to 12½ percent, which would give the Government additional time to take firm steps to put our financial house in better order. But that failed by a vote of 40 to 45.

Now we are faced with two alternatives, each of which comes very close to being unacceptable.

I have concluded that our Nation cannot afford the risk of being without a minimum of the only unconditionally acceptable means of international payment; namely, gold.

Therefore, I shall vote against the pending legislation.

Mr. BENNETT. Mr. President, I will only take a minute or two to put into arithmetic the information that my beloved minority leader presented to the Senate.

I hope that no one will take comfort from that alternative, believing that it is unrelated altogether merely because it was only going to tax the bank. That alternative was explained in detail on the floor of the Senate in January.

It would have this effect. The Federal Reserve Board, as he announced, raised the rediscount rate to 5 percent today. The rediscount rate is the basis on which all interest rates, both for business and private loans, are based. And they are all higher, necessarily.

If we reduced the gold from the present 25 percent to a 20-percent cover, the rediscount rate would be raised to 6 percent. If we reduced it to 15 percent, the rediscount rate must be raised to 9 percent. And if we reduce it to the 12½ percent suggested by the Tower amendment, the rediscount rate would have to be raised to 10 percent.

That is the basic rate underlying our whole infrastructure. And if we were to cut the gold down to 10 percent, the rediscount rate would be an impossible 12 percent.

I think any basic bank rate above 7 percent would be disastrous. So I just offer these figures to suggest that it is not safe to rely on this program, which was intended entirely to be an emergency situation that could be used for a day or two and then abandoned.

Mr. SPARKMAN. Mr. President, I wish to supplement what the distinguished and able Senator from Utah has said. During the time that the Senator delivered his speech, I held before me the law. The law has not been read. First of all, this is what it says:

> The Board of Governors of the Federal Reserve System shall be authorized and empowered—

Listen to this—

> to suspend for a period of not exceeding 30 days, and from time to time to renew such suspension for periods not exceeding 15 days.

And each time that it takes that action, as the Senator from Utah has said, it must raise the rediscount rate. I believe the Senator said that when it gets to 12½ percent, the rediscount rate would be 9 percent.

Mr. BENNETT. Ten percent.

Mr. SPARKMAN. The distinguished minority leader said the Reserve banks have to pay that. It sounds pretty much as though it is a tax on the banks. But here is something else it says:

> The tax shall be paid by the Reserve Bank, but the Reserve Bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Board of Directors of the Federal Reserve System.

In other words, any bank, a member of the Federal Reserve, wanting to get money from the Federal Reserve, or to rediscount payment, would have to pay the basic rate of 10 percent.

Now, what does that mean? I was about to say "to your local banks." Let us go beyond that. What does it mean to the small businessman who has to go to that bank to borrow money? What does it mean to the homebuilder, to the man who wants to buy a house?

I have heard many Senators on the floor of the Senate deplore high interest rates. Yet, the alternative proposed to us is one that will drive interest rates sky high for the consumer, for the man who has to borrow money, for the small businessman, for the industrialist, and for everybody else.

He says it is something we should take; it is a discipline. It is a discipline for which the small businessman must pay. It is a discipline for which the family that wants to buy a home must pay.

We are now working on a housing bill. We are doing our best to provide a program under which people of low income can afford to buy homes. But if every bank has to pay a 10-percent rate, I shudder to think what the home buyer will have to pay. It would kill any chance we have to provide housing for people with low incomes.

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

Mr. SPARKMAN. I yield.

Mr. SYMINGTON. Does the able and distinguished Senator from Alabama believe the working people of this country, all little people, are hurt more by high interest rates or by inflation. Apparently we want to eat our cake and have it, too; and have our guns, and also our butter? As a result, if we take off this cover and continue the present policies, as so ably pointed out by the distinguished chairman of the Committee on Finance, the distinguished Senator from Virginia, and equally by the distinguished minority leader, will it really make much difference whether or not we have a high interest rate?

Is it more important to have a slightly higher interest rate——

Mr. SPARKMAN. Slightly higher? Ten percent basic.

Mr. SYMINGTON. It is slightly higher unless we want to lose all our gold.

Mr. SPARKMAN. No, 12½ percent.

Mr. SYMINGTON. This is the same old argument we have had before by those who do not fear inflation. If we vote to take this gold cover off, the dollar will be further devalued; and that will hurt the rich people some, but ruin the little people.

Mr. SPARKMAN. Mr. President, certainly, I dread inflation, and I will do everything I can to fight it. I have lived through two periods when we had price and wage controls in this country, and I do not want that experience again. I am against inflation. But do not think that pushing interest rates above 10 percent will cure inflation.

I support the tax increase. I do not know whether the Senator from Missouri supports it. I support it, because I believe it is necessary. I will support the budget cuts.

I have said many times on the floor of the Senate that we must do many things, that several steps must be taken. But we must take them step by step, and this is the initial step.

Something was said about the stock market today reaching a low point. I wish to make a prediction: If this bill is not passed tonight, the stock market will be worse than that tomorrow. In fact, I will hazard a guess that it will not even open.

Mr. President, I am ready to vote.

Mr. AIKEN. Mr. President, the cost of a home was doubled in the last 3 years, and the administration has done nothing about it. Have we any reason to believe they are any nearer right tonight than they have been in the last 3 years?

The PRESIDING OFFICER. The question is, Shall the bill pass? 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. BARTLETT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Michigan [Mr. HART], the Senator from New York [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. SPONG], and the Sen-

ator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Michigan [Mr. HART], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Minnesota [Mr. MONDALE], the Senator from Wisconsin [Mr. NELSON], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Virginia [Mr. SPONG] would each vote "yea."

On this vote, the Senator from Oregon [Mr. MORSE] is paired with the Senator from Georgia [Mr. TALMADGE]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Georgia would vote "nay."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Arkansas would vote "nay."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Alaska would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from California would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 39, nays 37, as follows:

[No. 63 Leg.]

YEAS—39

Bayh	Hayden	Moss
Bennett	Hill	Muskie
Boggs	Holland	Pell
Brewster	Hollings	Percy
Brooke	Inouye	Proxmire
Byrd, W. Va.	Jackson	Randolph
Case	Javits	Ribicoff
Cooper	Jordan, N.C.	Scott
Dodd	Mansfield	Smathers
Fong	McGee	Sparkman
Gore	McIntyre	Tydings
Harris	Metcalf	Williams, N.J.
Hartke	Montoya	Yarborough

NAYS—37

Aiken	Ervin	Murphy
Allott	Fannin	Pearson
Baker	Griffin	Russell
Bible	Gruening	Smith
Burdick	Hansen	Stennis
Byrd, Va.	Hatfield	Symington
Cannon	Hickenlooper	Thurmond
Church	Hruska	Tower
Cotton	Jordan, Idaho	Williams, Del.
Curtis	Long, La.	Young, N. Dak.
Dirksen	McGovern	Young, Ohio
Dominick	Miller	
Ellender	Mundt	

NOT VOTING—24

Anderson	Hart	Magnuson
Bartlett	Kennedy, Mass.	McCarthy
Carlson	Kennedy, N.Y.	McClellan
Clark	Kuchel	Mondale
Eastland	Lausche	Monroney
Fulbright	Long, Mo.	Morse
Morton	Pastore	Spong
Nelson	Prouty	Talmadge

So the bill (H.R. 14743) was passed.

Mr. MANSFIELD. Mr. President, for the past 3 days, the Senator from Alabama [Mr. SPARKMAN], the distinguished chairman of the Committee on Banking and Currency, has displayed his profound understanding of this Nation's fiscal status. His superb handling of this measure that would permit the 25-percent gold cover currently required to be used to maintain the security of the dollar, served more than anything to assure its success. With its adoption, the Senate has told the world in effect that we will go all the way to put every ounce of our gold behind the U.S. dollar and preserve its value. Let no nation be mistaken.

Might I say that no Senator has expressed those sentiments better, nor with more understanding, than did Senator SPARKMAN. He brought to the discussion the great wisdom and clarity of thought that has characterized his many years of public service. The American people are again grateful for his outstanding leadership.

The able and distinguished senior Senator from Utah [Mr. BENNETT] is similarly to be commended for adding his strong support to this measure. As the ranking minority member of the committee, he has consistently rendered invaluable service with his astute appreciation of our monetary position. His participation in this instance was no exception.

Other Senators, too, should be singled out for joining to assure the exceedingly successful disposition of this matter with such a highly thoughtful discussion.

The Senator from Wisconsin [Mr. PROXMIRE] displayed his particularly wise and broad understanding of international economics in urging the adoption of this measure. He argued with that same high degree of persuasiveness that has characterized his many outstanding contributions.

The opponents of the bill are also to be commended. With their splendid cooperation, the Senate was able to complete action with the reasonable dispatch that was required.

The distinguished Senators from Colorado [Mr. ALLOTT and Mr. DOMINICK] opposed the bill with strong and able advocacy urging amendments and making their views clearly understood. They in no way impeded its efficient disposition, however. Nor did the distinguished minority leader [Mr. DIRKSEN], whose strong and sincere views were expressed shortly before the final vote.

The distinguished Senator from Texas [Mr. TOWER] and the distinguished Senator from Nebraska [Mr. CURTIS] are similarly to be commended.

I only add that the Senate this evening rose to the occasion and unequivocally took what I believe will be the first of many significant steps that will secure our world economic condition. This is a fine beginning and presages, may I say to our friends abroad, similar steps in the not-too-distant future.

LEGISLATIVE PROGRAM—ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, tomorrow we will take up some of the money resolutions that have been on the calendar for almost 2 months.

Therefore, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 noon tomorrow.

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

ORDER FOR ADJOURNMENT FROM TOMORROW UNTIL MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stand in adjournment until 12 noon on Monday next.

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

LEGISLATIVE PROGRAM—RECOGNITION OF SENATOR STENNIS ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the transaction of routine morning business on Monday next the distinguished Senator from Mississippi [Mr. STENNIS] be recognized for the purpose of beginning debate on the resolution of the Select Committee on Standards and Conduct, which will be laid before the Senate today or tomorrow.

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

Mr. STENNIS. Mr. President, that resolution will be the pending business.

Mr. MANSFIELD. Mr. President, that resolution will be the pending business at the conclusion of the transaction of routine morning business on Monday next, regardless of what happens to the money resolution tomorrow.

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

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

Mr. MANSFIELD. I yield.

Mr. STENNIS. Mr. President, the resolution will take the form of a proposed amendment to the standing rules of the Senate.

Tomorrow at noon, when the Senate convenes, I shall present the resolution together with the report thereon and a special explanation will be on the desk of each Senator. Theretofore, at 10 a.m. I shall send copies of the proposed resolution to the Press Galleries for release when introduced.

IMPROVEMENT OF JUDICIAL MACHINERY FOR THE SELECTION OF FEDERAL JURIES

Mr. TYDINGS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 989.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 989) to provide improved judicial machinery for the selection of Federal juries, and for

other purposes which were, on page 1, line 4, strike out "1967" and insert "1968".

On page 4, line 1, after "therewith." insert "Modifications of the plan made at the instance of the district court shall become effective after approval by the panel."

On page 5, strike out lines 16 through 20, and insert "title. The plan for the District of Columbia may".

On page 5, lines 22 and 23, strike out "lists, and that the" and insert "lists. The".

On page 6, line 2, strike out "section" and insert "sections".

On page 9, line 11, strike out "1967" and insert "1968".

On page 9, lines 18 and 19, strike out "district court" and insert "panel".

On page 11, line 9, strike out "shall,", and insert "may, at the discretion of the district court,".

On page 18, lines 11 and 12, strike out "and such failure is likely to be prejudicial to the moving party,".

On page 18, lines 17 and 18, strike out "and such failure is likely to be prejudicial to the moving party,".

On page 19, line 2, after "title." insert "Nothing in this section shall preclude any person or the United States from pursuing any other remedy, civil or criminal, which may be available for the vindication or enforcement of any law prohibiting discrimination on account of race, color, religion, sex, national origin or economic status in the selection of persons for service on grand or petit juries."

On page 19, line 3, strike out "any".

On page 19, line 5, after "except" insert "pursuant to the district court plan or".

On page 19, line 13, strike out "the" where it appears the second time, and insert "such a".

On page 22, strike out lines 4, down to and including line 7 on page 23, and insert:

(h) "juror qualification form" shall mean a form prescribed by the Administrative Office of the United States Courts and approved by the Judicial Conference of the United States, which shall elicit the name, address, age, education, length of residence within the judicial district, distance from residence to place of holding court, prior jury service, and citizenship of a potential juror, and whether he should be excused or exempted from jury service, has any physical or mental infirmity impairing his capacity to serve as juror, is able to read, write, speak and understand the English language, has pending against him any charge for the commission of a State or Federal criminal offense punishable by imprisonment for more than one year, or has been convicted in any State or Federal court of record of a crime punishable by imprisonment for more than one year and has not had his civil rights restored by pardon or amnesty. The form shall request, but not require, the race and occupation of a potential juror and any other matter not inconsistent with the provisions of this title and required by the district court plan in the interests of the sound administration of justice. The form also shall elicit the sworn statement that his responses are true to the best of his knowledge. Notarization shall not be required. The form shall contain words clearly informing the person that the furnishing of any information with respect to his race, color, religion, national origin, economic status, or occupation is not a prerequisite to his qualification for jury service, and that such information need not be furnished if the person finds it objectionable to do so.

On page 23, line 17, after "roads," insert "for toll tunnels,".

Mr. TYDINGS. Mr. President, S. 989 is the Federal jury selection bill on which hearings were held before the Subcommittee on Improvements in Judicial Machinery throughout the calendar year 1967. The bill was passed unanimously by the Senate. The House passed the Senate bill in its entirety but asked for 10 amendments.

Mr. ERVIN. Mr. President, as the distinguished Senator from Maryland has stated, the House adopted 10 amendments to the bill. I do not consider any of them of grave importance except one. As the bill passed the Senate, it provided that where a litigant suffered no prejudice by reason of any failure to comply with the provisions of the bill, he could not take advantage of the fact that the procedures of the bill had not been complied with. The House changed this provision to eleminate the prejudice requirement.

I think that was an unfortunate change in the bill because I do not believe any man should be able to raise a legal point unless he is prejudiced by the point he desires to raise.

If I thought that I could persuade the House to change its position on that amendment, I would do so because I think it is an unfortunate change. But I do not believe that I could persuade the House to change it.

For that reason, I want the RECORD to show that I shall not concur in the House amendments.

However, let me say that the Senator from Maryland deserves the thanks of Congress for the great work he has done on this bill. I did not like the theory on which the bill was based, in that it abandons the effort to get the best qualified men on a jury; but as a result of the hard work of the Senator from Maryland, he has brought forth a bill as good as can be written to carry out the theory on which the bill is based.

The Senator from Maryland deserves the thanks of the Senate for his great work on this bill.

Mr. TYDINGS. Mr. President, I thank my distinguished colleague, the Senator from North Carolina [Mr. ERVIN]. Let me add that without his untiring efforts and willingness to assist us in attempting to perfect the legislation, it would have been impossible to achieve a jury reform bill of the excellent quality which is now before the Senate.

For the purposes of the RECORD, I should also like to commend the distinguished Senator from Nebraska [Mr. HRUSKA] who, with the Senator from North Carolina and myself, spent literally weeks in hearings on the bill, and working over the provisions of the bill. As a result, the final draft was accepted by the House in its entirety, save only for the 10 amendments, seven of which were really more technical than substantive in nature.

Mr. President, before moving that the House amendments be accepted, I should like to clarify just one point and that is the seventh House amendment pertaining to the exclusivity of the remedies contained in the bill.

On the floor of the House, there was an unfortunate statement made indicating because of the House amendment No. 7, a nonlitigant obtains the right to enforce the provisions of the bill.

In that connection, I invite attention to and reiterate the statement contained in both the House and Senate reports, that—

No citizen has the right to be selected or the right to serve.

I believe that the statement made on the House floor is inconsistent with the understanding of the Senate in our passage of the bill and, I might add, inconsistent with the understanding of the House. I believe that the statement on the House floor in this regard is incorrect. This matter is clearly set forth in both reports. My distinguished colleagues the Senator from North Carolina [Mr. ERVIN] and the Senator from Nebraska [Mr. HRUSKA] concur in this understanding of the language and the meaning of the bill.

Mr. President, the final passage of this legislation culminates a long search for a satisfactory method of selecting Federal jurors. It is, I believe, a successful culmination to the search.

The initial Federal jury selection provisions were contained in the First Judiciary Act of 1789. These provisions directed that jurors in the newly established Federal courts should be chosen "by lot or otherwise in each State respectively, according to the mode of forming juries therein now practiced, so far as the laws of the same shall render such designation practicable by the courts or marshal of the United States." This act established a static conformity between the selection systems of the district courts and the State courts as of the date of its enactment.

As early as 1798 in a letter to a fellow Virginian, Thomas Jefferson, was contemplating reform of the Federal jury selection system to allow for the evolution of the Federal selection procedures to correspond to the evolving State selection procedures. However, the Sixth Congress, by the act of May 13, 1800, reenacted the original jury selection provision without substantial change. The reenactment only had the effect of advancing from 1789 to 1800 the date of the State procedure which it required the Federal courts to follow.

In the early 1800's, there was a great deal of criticism about the way in which marshals and judges were selecting potential grand and petit jurors, particularly in a number of Sedition Act trials. Political affiliation was frequently being employed as an unofficial criterion to insure juries sympathetic to the Federalist position. This practice came to a head in the impeachment trial of Judge Samuel Chase. One of the charges against Chase was the packing of a jury with only ardent Federalists. Although Chase retained his position on the bench, the point was clearly made to the Federalist

judiciary that political affiliation was not an appropriate selection criterion.

In May of 1807, on the occasion of the trial of Aaron Burr, presided over by Chief Justice John Marshall, the acts of the marshal in calling jurors were challenged. Aaron Burr objected to the marshal's taking the initiative to summon additional persons for the grand jury when he determined that some of the persons initially summoned might be unable to serve. Burr's objections were sustained. In the subsequent selection of petit jurors for the Burr trial, Burr again objected because of the alleged lack of impartiality of the potential jurors. Chief Justice Marshall delivered a ringing opinion in which he indicated that impartiality among jurors is a prime requisite. At the same time, the Chief Justice directed the marshal not to interrogate potential jurors as to their impartiality. The Chief Justice indicated that the interrogation would take place under his direction in open court.

Congress amended the selection procedures in the act of July 20, 1840, which departed from the static conformity date of the first two versions of the jury selection provisions and permitted each Federal court from time to time to change its procedure in accordance with current changes in State law. It specifically empowered the district courts to modify or supplement State procedure by rule or order.

The method of selection then remained substantially the same until after the Civil War. Difficulty arose following the Civil War due to the operation of some State laws which resulted in the disqualification of jurors on the ground of race or color. The Attorney General in a report in 1873 recommended the repeal of the Federal statute requiring jurors to possess the qualifications fixed by the State laws. However his objection, based on disqualification by the States of potential jurors on the basis of race, was met instead by the 1875 Civil Rights Act, which prohibited disqualification from jury service on account of race, color, or previous condition of servitude. It applied to both the State and Federal courts.

In 1879, as part of a judicial appropriation bill, there were attached provisions which again affected the selection process. This act reaffirmed the prohibition of disqualification in the Federal courts on the basis of race, color. or previous condition of servitude. Additionally it required selection without reference to party affiliation. Otherwise, it preserved the reliance on State selection criteria. However, it also contained a general authorization for adoption by the district courts of a uniform jury commissioner system. In this respect it followed the recommendations of successive Attorneys General in 1873, 1877, and 1878. It provided for the public selection of juror names from a box containing 300 names placed there by a clerk and a commissioner. The act of 1879 also contained a provision which permitted any judge in his discretion to order the names drawn from State jury boxes.

Federal jury selection continued to function more or less in this manner until the 1940's. During this interval, there was a multiplication of the criteria for selection being established under State law and carried over into the Federal courts. Some of the criteria employed were age, citizenship, good moral character, ability to read, write, speak or understand English, mental capacity, property ownership, residence, sex, status as a taxpayer, sobriety, status as a voter, criminal record, status as a poll taxpayer, and prior jury service. There was also an increasing multiplicity of the grounds for exemption from jury service. There were by 1941, according to the various State laws, 68 general classes of exemptions. These grounds were in some instances so broad as to make it impossible to obtain any true cross section of the community in the selection of jurors.

In 1941 a committee under the chairmanship of Judge John C. Knox, of the southern district of New York, undertook a comprehensive empirical investigation of existing practices as a background for proposed jury selection reforms. The report of that committee made in 1943, emphasized the difficulties which were arising because Federal selection procedures were tied to a great variety of State practices.

Further impetus to revision of the jury system came from the decision in *Thiel* v. *Southern Pacific Co.*, 328 U.S. 217 (1946). In this decision, Justice Murphy declared:

> The American tradition of trial by jury, . . . necessarily contemplates an impartial jury drawn from a cross-section of the community.

In 1948 Congress was partially successful in creating independent Federal juror qualifications. The 1948 modification, however, failed to include any guidelines for the process of selecting or testing the qualifications of prospective jurors, and it also preserved State criteria in addition to the Federal criteria.

In 1957, Congress enlarged upon the 1948 change by establishing Federal juror qualifications—such as ability to read, write, speak, and understand English, lack of criminal record, and lack of mental infirmity—that were completely independent from State requirements. But again uniformity was not achieved because these statutory standards were often treated as minimum qualification requirements to which each jury official added his own subjective notions of the characteristics essential for jury service. In September 1957, a new study was undertaken to update the Knox report. This study was reported by the Judicial Conference in 1960, and it noted that despite the 1957 reforms, difficulties remained in the selection process as a whole. The source of juror names remained unspecified and, in fact, names were still obtained from key men and unofficial lists in many districts.

In 1962, a bill proposed by the Judicial Conference's Committee on the Operation of the Jury System was introduced as H.R. 3284 in the 88th Congress. It contained, among other things, machinery to root out systematic exclusion of particular classes of individuals from the jury panel, and provided for the use of questionnaires in selecting qualified jurors. No action was taken on this bill during the 88th Congress, but it was reintroduced in the 89th Congress as H.R. 5640, which was passed by the House.

Interest in the subject of jury selection increased, and in 1966 this interest had reached the point that 34 jury bills were pending before the Congress. The major proposal under consideration was title I of the 1966 civil rights bill, introduced in the House as H.R. 14765—passed by the House on August 9, 1966—and in the Senate as S. 3296. The civil rights bill of 1966 was filibustered in the Senate. The major arguments against title I were that the Judicial Conference did not have an opportunity to consider the measure and that title I, if passed without amendment, would create serious administrative problems in the impaneling of Federal juries. Title I was the predecessor of S. 1319, introduced in the 90th Congress.

In 1966 the Judicial Conference Committee on the Operation of the Jury System was reactivated, and under the chairmanship of Judge Irving R. Kaufman of the Court of Appeals for the Second Circuit of New York, the Conference undertook to draft alternative jury legislation. At the Committee's suggestion the Conference endorsed the principle of random selection to achieve representative juries. The Committee established a Subcommittee chaired by Chief Judge William H. Becker of the Western District of Missouri. The Subcommittee subsequently drafted a bill and report which it submitted to the Kaufman committee for approval in January 1967.

At this same time, I introduced for study five bills representing a variety of approaches to jury selection reform. In February 1967, the President sent to Congress the civil rights bill of 1967. In its major principles, title I of that bill did not differ from the Kaufman committee's proposal or from the administration's 1966 proposal. But the Kaufman committee chose to go forward with its own measure since it contained important differences in detail that were responsive in the main to changes suggested by district judges throughout the country.

On February 16, 1967, I introduced the Kaufman committee's proposal as S. 989. This measure had the approval of the Judicial Conference. S. 989 was thoroughly studied by the Subcommittee on Improvements in Judicial Machinery. The subcommittee held extensive hearings on the bill, and also consulted with judges, district court clerks, and attorneys. After making over 100 amendments to improve the administrability and flexibility of the bill, the subcommittee favorably reported it. The Judiciary Committee of the Senate also favorably reported the bill and it was passed by the Senate in December, 1967. This bill was passed by the House with but the 10 minor amendments to which I have referred.

Mr. President, I now move that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maryland.

The motion was agreed to.

Mr. ERVIN. I would like the RECORD to show that I do not concur in the House amendments for the reason that I have stated.

S. 3170—INTRODUCTION OF BILL TO REDUCE THE COST OF MUNICIPAL FINANCE

Mr. PROXMIRE. Mr. President, I introduce today a bill, for appropriate reference, to assist our hard-pressed State and local governments in raising the funds they need in today's capital market. The bill would make it easier for State and local governments to borrow funds at more reasonable rates of interest. At the same time, it would save the Federal Government money by substituting an interest subsidy approach for the existing system. Before explaining the details of the proposal, I believe it would be wise to describe briefly the present status of municipal finance.

TRENDS IN THE MUNICIPAL BOND MARKET

Mr. President, in 1965 the Joint Economic Committee conducted a study of projected municipal bond issues over the next decade. The study showed our State and local governments will require $328 billion to finance essential public facilities such as roads, schools, and hospitals from 1966 through 1975. About half of this investment will be financed through the capital markets in the form of State and local bond issues. The annual volume of bond issues is expected to increase from about $14.5 billion in 1967 to over $22 billion in 1975.

Mr. President, these are truly staggering figures. Capital, of course, is a scarce resource and has many competing uses. If State and local governments are to increase their rate of spending, they must be prepared to pay higher interest rates in order to bid the necessary funds away from other potential uses. This means the interest burden on municipal bonds can continue to grow even more than it has.

Over the past 18 years, for example, the interest rate on high-grade municipal securities has risen from a rate of 1.98 percent in 1950 to a rate of 4.36 percent at the present. The rate of interest has more than doubled in the last 18 years.

Because of rising interest costs, many hard-pressed municipalities cannot afford to finance the needed public facilities required for a growing population. The high cost of borrowing affects the number of schools and new classrooms which can be constructed each year. It limits the number of hospital beds which can become available. It limits badly needed local expenditures for roads and highways, libraries, and parks. It slows down the fight against air and water pollution.

Under our Internal Revenue Code, State, and local bond issues are, of course, exempt from Federal income tax. This permits State and local governments to borrow at a somewhat lower rate of interest. However, the escalation of interest rates has affected all issues, including tax-exempt State and local bonds.

The problem of borrowing is particularly acute for our smaller towns. The municipal bond rating services only issue ratings for bond issues above a certain size. Moody's Investors Service rates bond issues larger than $600,000. Standard and Poor's has rated bond issues over a million dollars, although their rating service is being discontinued. However, out of the 94,000 bond issues in the last 15 years, only 20,000 issues received a rating.

The consequences of not obtaining a rating are serious for the small municipality. This means that smaller communities are denied access to national or regional capital markets because investors are unfamiliar with the credit rating of the municipality. The market for its bonds are consequently restricted. As a result, our smaller towns and communities are forced to pay higher interest rates regardless of their individual risk experiences.

As a matter of historical fact, the risk on municipal bonds is nearly infinitesimal. During the 20-year period between 1946 and 1965 State and local governments floated approximately 120,000 bond issues. Only 30 defaults were recorded. In other words, the loss ratio is less than three one-hundredths of 1 percent, a truly insignificant amount.

Despite the record of this excellent loss ratio, the bond rating services apparently operate on the assumption that a major depression of 1929 to 1933 magnitude is possible and that the interest on local borrowing must reflect this potential risk. I submit that the passage of the Full Employment Act of 1946 and the solemn commitment of the Federal Government to maintain prosperity has precluded the possibility of another large-scale depression of 1929 to 1933 proportions. There are no sound economic reasons why our State and local governments should not be able to borrow nearly as cheaply as the Federal Government itself can borrow.

PROPOSED SOLUTION

Mr. President, the bill I have introduced would reduce the cost of borrowing to State and local governments by providing a Federal guarantee of State and local bond issues together with an interest rate subsidy of 33 percent. In return, the State and local governments would waive the tax exemption status of such bonds to which they are entitled under existing law. Several bond attorneys have confirmed the workability of this procedure. According to experts on public finance, the Federal cost of providing the interest subsidy would be more than offset by increased tax revenues. At the same time, the cities would benefit by lower interest rates. Moreover, the tax loophole which enables the holders of tax-exempt bonds to avoid Federal income tax would be partially closed.

At present, a man with $10 million could avoid paying any income taxes if he invested in municipal bonds, receiving an income of $500,000 a year, or $10,000 a week, and he would pay no income taxes at all. This measure would be helpful in plugging loopholes of that kind.

I would now like to outline in somewhat greater detail the specific features of the proposal.

FEDERAL GUARANTEE

For those State and local governments which will waive the tax exemption privilege, the Federal Government would be empowered to guarantee their bond issues against potential default. The availability of the guarantee would, of course, make State and local bonds virtually a riskless investment. It should lower the interest on most municipal bonds to a rate equivalent to a triple A rating. Since most municipal bonds fall into AA, A, BAA, or even lower ratings, this would mean a substantial lowering in the rate of interest. Smaller towns and municipalities whose issues are unrated will benefit the most.

The Federal guarantee would be issued by the Federal Government only after a determination that the issue is economically sound taking into consideration the debt paying capacity of the issuer, and the issuer's debt repayment record over the last 25 years. It is expected that virtually all municipal bonds would be eligible for the Federal guarantee.

INTEREST RATE SUBSIDY

In addition to the guarantee, the Federal Government would also be able to subsidize the rate of interest paid by the borrower over the life of the issue. This subsidy would reduce the total interest rate paid by 33 percent. The Federal Government would then enter into long term contracts to make such payments over the life of the issue. These contracts would be similar to Federal assistance payments under the public housing program which have proved successful in achieving investor acceptance and confidence.

The economic impact of the Federal guarantee, the interest rate subsidy, and the waiver of the tax exemption privilege will result in a combined saving both to the municipalities and the Federal Government. A simple example will illustrate this point. Because of the present tax exempt status of State and local bonds, the Federal Treasury loses 42 cents in revenue for every dollar of interest paid by a State or local government. According to the Treasury Department, the average tax bracket of all investors holding State and local bonds is 42 percent. Thus, every additional dollar of interest income earned by investors in State and local tax exempt bonds results in a revenue loss of 42 cents which would have been earned by the Treasury had the investors invested in nontax exempt securities.

Although the Treasury loses 42 cents on the dollar, the gain by localities is not as great. When the rate of interest charged on tax-exempt State and local bonds is compared to the rate on comparable securities which are not tax exempt, we find the rate on tax-exempt bonds is only 25 percent less. In other words, for every dollar of interest paid, State and local governments save only 25 cents because of the tax-exempt feature.

Thus, in simple terms, the Federal Government loses 42 cents on the dol-

lar while the cities gain only 25 cents on the dollar. The difference represents a healthy tax bonanza which goes to the holders of these bonds.

Under my proposal the Federal Government would subsidize one-third of the interest cost to the municipality. This means that for every dollar of interest paid by the municipality the Federal Government would contribute 33 cents, provided the city waived its tax-exempt privilege. In so doing, the Federal Government would gain 42 cents in additional tax revenue from those who invest in State and local bonds. Thus, the cost of the subsidy would be more than offset by the increase in tax revenue.

The proposal should also be attractive from the point of view of the city. At the present time, it is reducing its interest costs only 25 percent by virtue of the tax-exempt privilege. However, if it waives the privilege it gets not only a reduction of 33 percent, but a Federal guarantee as well. The combined effect of the Federal guarantee and interest subsidy can result in a reduction of as much as 40 percent in interest costs to the municipality.

In addition to reducing the interest costs, the bill would also substantially broaden the market for State and local securities. Because of the tax-exempt status of State and local securities only certain investors are interested in purchasing them. These tend to be commercial banks, casualty insurance companies and wealthy individuals. On the other hand, the tax-exempt feature is not particularly advantageous to mutual life insurance companies, mutual savings banks, mutual savings and loan associations, pension funds, and State and local retirement funds, all extremely large potential investors. Thus, if the tax-exempt feature of State and local bonds is waived and the gross interest rate correspondently increased, the market for these securities will be considerably broadened. And although the gross interest rate will be increased, the net cost to the city will be reduced as a result of the 33-percent Federal subsidy. And once again, the cost of the Federal subsidy will be more than offset by increased Federal tax revenue.

MUNICIPAL DATA BANK

Mr. President, the third feature of my proposal is to establish a municipal financial data bank under the administration of the Federal Government. The data bank would be responsible for compiling and maintaining financial statistics on all American municipalities. Objective, accurate, and timely data would be made available to investors and other Federal agencies operating State and local credit assistance programs. The data bank would not evalute, interpret, or analyze the information so provided. This would continue to be a responsibility of the user, whether it would be a private rating agency, an investor, or another Federal agency.

The objective would be to assist the rating service and investing public in making wise investment decisions. Hearings before the Joint Economic Committee have shown that while the private rating services have struggled valiantly to keep up with the growing municipal bond market, they have not been able to compile systematically and comprehensively all the data needed to make a sound evaluation. The process is hit or miss. As a result, some cities suffer in their bond rating not because of any intrinsic lack of credit worthiness, but rather because the rating service did not have access to the relevant information or the information used was inaccurate or out of date.

The cost of the data bank would be fully financed by fees charged to the users of the service. It would be a self-liquidating operation and would not cost the Federal Government money. On the contrary, it should save the Federal Government money in other Federal credit assistance programs. By centralizing the data collective activities on municipal finance, it reduces unnecessary waste and supplication. Many Federal agencies are required now to investigate the financial characteristics of municipalities including the Farmers Home Administration, the Economic Development Administration, the Department of Housing and Urban Development, and the Department of Health, Education, and Welfare. Access to a central data bank on municipal finance will save these agencies money in their day-to-day activities.

The proposed new program which I have just outlined would be administered by a Federal Municipal Bond Guarantee Corporation. The Corporation would be organized under the Government Corporation Control Act and would be provided with the standard powers and authorities of Government corporations. Its administrative expenses and other costs would be fully paid for out of fees charged for the issuance of Federal guarantees. The cost of maintaining the municipal finance data bank would also be fully funded through fees collected from the users of this service. Thus, the cost of the corporation would have no budgetary impact.

Although I have proposed a separate Government corporation, I am not absolutely wedded to this principle. If it develops that during the course of the hearings that this Corporation should be under the administration of an existing department or agency, I would be willing to support such an amendment.

Finally, it should be mentioned, Mr. President, that the Federal guarantee and interest subsidy would not be available for industrial development bonds. These bonds are, of course, quite controversial and Treasury will deny tax-exempt status of any industrial revenue bonds sold after March 15, 1968. Nonetheless, my proposal deals only with bonds which finance strictly public facilities.

CONCLUSION

Mr. President, in concluding, I want to emphasize that the provisions of this bill are purely optional as far as State and local governments are concerned. The bill does not in any way repeal or alter the present tax-exempt status of municipal bonds. However, the city would be free to waive their tax-exemption status should it determine that the advantages under the Federal guarantee-subsidy program are greater than under the tax-exempt system. If for some reason State and local governments decided not to waive the tax-exempt status of their bonds they would, of course, be perfectly free to do so. They would merely continue to operate as they presently are.

The second important point to emphasize is that this proposal will save money both for State and local governments and for the Federal Government. By reducing the cost of borrowing to our hard-pressed municipalities, we will make it somewhat easier to finance the huge volume of essential public construction needed over the next decade.

This proposal has been discussed with various State and local organizations and officials in the Federal Government. Although no formal positions have been expressed, I am hopeful that the hearings on this measure will be able to demonstrate widespread support. The bill is certainly to the advantage of our State and local governments. It will also benefit the Treasury.

Mr. President, I ask unanimous consent that the bill be referred to the Committee on Banking and Currency. I also ask unanimous consent that a copy of the bill be printed in the RECORD.

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

The bill (S. 3170) to establish a Government corporation to assist in the expansion of the capital market for municipal securities while decreasing the cost of such capital to municipalities, introduced by Mr. PROXMIRE, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

S. 3170

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Municipal Capital Market Expansion Act of 1968".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds that the municipal security market, as now constituted, is forcing the Nation's municipalities and States to pay such a high rate of interest on their securities that they cannot afford to finance many needed public facilities. This high rate of interest is directly attributable to (1) the limited supply of private capital available in the present municipal securities market, (2) the institutional rigidities within such market, and (3) the failings of the existent municipal securities rating system which discriminates against most of the Nation's smaller communities and many of the larger cities and which fails to reflect the infinitesmially low rate of actual security defaults since World War II.

(b) It is the purpose of this Act to expand the municipal capital market and thereby enable State and local public bodies to borrow private capital funds at net interest costs lower than are now obtainable through the issuance of securities and to provide Federal financial assistance to achieve such lower net interest costs at a net gain to the United States Treasury.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Corporation" means the "Municipal Bond Guarantee Corporation".

(2) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(3) The term "State or local public body" means any public corporate body or political subdivision; any public agency or instrumentality of one or more States, municipalities, or political subdivisions of one or more States (including any public agency or instrumentality of one or more municipalities or other political subdivisions of one or more States); any Indian tribe; and any board or commission established under the laws of any State to finance specific capital improvement projects.

(4) The term "needed public facilities" means any public work, public facility, or equipment relating thereto deemed necessary by a State or local public body; but does not include any industrial or commercial facility for private use, by lease, conditional or installment sales contract, or other means of transfer, where such facility is or will be used primarily for the mining, manufacturing, assembling, fabricating, storing, processing, or sale of articles or commodities.

TITLE I—MUNICIPAL BOND GUARANTEE CORPORATION

ESTABLISHMENT OF CORPORATION

SEC. 101. There is hereby established a body corporate to be known as the "Municipal Bond Guarantee Corporation". The Corporation shall have its principal offices in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident of the District of Columbia. The Corporation may establish offices in such other places as it deems necessary or appropriate in the conduct of its business.

BOARD OF DIRECTORS

SEC. 102. (a)(1) The Corporation shall have a Board of Directors (hereinafter referred to as the "Board") consisting of —— members to be appointed by the President, not more than —— of whom shall be regular full-time officers or employees of the Federal Government. The Board shall be responsible for overall policymaking and general supervision of the Corporation.

(2) The President shall designate a Chairman and a Vice Chairman of the Board.

(3) Each member of the Board shall serve for a term of four years or until his successor has been appointed; except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(4) The Board shall meet at the call of the Chairman which shall be not less often than four times a year.

(b) Members of the Board, other than members who are regular full-time officers or employees of the Government, shall receive for their services, as members, the per diem equivalent to the rate for GS–18 when engaged in the performance of their duties, and each member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

EXECUTIVE DIRECTOR

SEC. 103. (a) Subject to the general supervision and overall policymaking of the Board, the management of the Corporation shall be vested in an Executive Director who shall be appointed by the President, by and with the advice and consent of the Senate.

(b) Section 5315 of title 5, United States Code, is amended by inserting at the end thereof a new paragraph as follows:

"(90) Executive Director, Municipal Bond Guarantee Corporation."

GENERAL POWERS OF CORPORATION

SEC. 104. (a) For the purpose of carrying out its functions under this Act, the Corporation shall have power—

(1) to have a corporate seal which may be altered at pleasure and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced;

(2) to sue and be sued;

(3) to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as the Corporation may deem appropriate, and consent to modification thereof, without regard to sections 3648 and 3709 of the Revised Statutes, as amended (31 U.S.C. 529 and 41 U.S.C. 5), and section 322 of the Act of June 30, 1932, as amended (40 U.S.C. 278a);

(4) to appoint and fix the compensation of such personnel as may be necessary for the conduct of its business in accordance with the provisions of title 5, United States Code, governing appointment in the competitive service, and chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, and to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, at rates for individuals not to exceed the per diem equivalent for GS–18;

(5) except as may be otherwise provided in this title, in the Government Corporation Control Act, or in any other laws specifically applicable to Government corporations, to determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid and accounted for;

(6) to issue such rules and regulations as may be deemed necessary or appropriate to carry out the purposes of this Act; and

(7) to exercise all powers specifically granted by the provisions of this Act and such incidental powers as are necessary to carry out the purposes of this Act.

(b) All suits of a civil nature at common law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States, except that no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property.

SERVICES AND FACILITIES OF OTHER AGENCIES—UTILIZATION OF PERSONNEL, SERVICES, FACILITIES, AND INFORMATION

SEC. 105. The Corporation may, with the consent of the agency concerned, accept and utilize on a reimbursable basis, the officers, employees, services, facilities, and information of any agency of the Federal Government, except that any such agency having custody of any data relating to any of the matters within the jurisdiction of the Corporation shall, to the extent permitted by law, upon request to the Corporation, make such data available to the Corporation without reimbursement.

FINALITY OF CERTAIN FINANCIAL TRANSACTIONS

SEC. 106. Notwithstanding the provisions of any other law, any financial transaction authorized under this Act shall be final and conclusive upon all officers of the United States.

TAXATION

SEC. 107. The Corporation, including its reserves, surplus, and income shall be exempt from all taxation now or hereafter imposed by the United States, or by any State, or any subdivision thereof, except any real property acquired by the Corporation shall be subject to taxation by any State or political subdivision thereof, to the same extent, according to its value as other real property is taxed.

GOVERNMENT CORPORATION CONTROL ACT

SEC. 108. Section 101 of the Government Corporation Control Act is amended by inserting after "Federal Housing Administration," the following: "Municipal Bond Guarantee Corporation,".

ANNUAL REPORT

SEC. 109. The Corporation shall submit to the President, for transmission to the Congress, a comprehensive annual report of its activities under this Act.

APPROPRIATIONS

SEC. 110. Except as otherwise specifically provided for in this Act, there are authorized to be appropriated such sums as may be necessary to enable the Corporation to carry out its functions under this Act.

TITLE II—FUNCTIONS OF THE CORPORATION

COMPREHENSIVE ECONOMIC AND FISCAL REPORTS

SEC. 201. (a) Upon the request of any State or local public body which intends to issue bonds or other securities to finance needed public facilities, or by any bond underwriting firm or bank planning to submit a bid for such bonds or other securities, or by any Federal agency that has received an application from a State or local public body for assistance in financing a public facility under a Government direct loan or loan guaranty program, the Corporation is authorized to provide a comprehensive report detailing the public body's economic and fiscal resources. Such report shall include, but not be limited to—

(1) a review of the economic circumstances of the area served by such body, such as demographic factors, business activity, construction patterns, income, employment, and public facilities infrastructure;

(2) an examination of such body's fiscal position including trends of revenues, expenditures, tax levies and collections, property valuations, Federal and State aids, direct and overlapping indebtedness;

(3) if revenue producing facilities are involved, an analysis of the relevant financial statements, rate schedules and users, and other financial developments; and

(4) appropriate economic, fiscal, and financial ratios, averages, and indexes and comparisons of such measures with national and regional averages.

Such report shall exclude qualitative judgments or comparable comments that in any way involve an evaluation of the investment merits of a prospective bond issue or reflect a credit evaluation of the State or local public body concerned.

(b) The Corporation is authorized to charge and collect a fee for reports provided under this section to cover administrative and other necessary expenses. Such fee shall not exceed, in the case of any such report, one-tenth of 1 per centum of the amount of the bonds or other securities to be issued or loans to be made, but in no event shall the fee for any such report be less than $100 or more than $5,000.

(c) All fees received in connection with reports provided under this section, all funds in the form of gifts, bequests, or demonstration grants received from private foundations or associations, Federal agencies, or other public bodies seeking to improve the quality and availability of information relating to the economic and fiscal circumstances of State and local public bodies, and all other receipts of the Corporation in connection with the performance of its functions under this section, shall be deposited in a revolving fund to be established by the Corporation which shall be known as the "Municipal Economic and Fiscal Reports Fund". All administrative and other expenses incurred by the Corporation in connection with the performance of its func-

tions under this section shall be paid from such fund.

(d) Notwithstanding any other provision of law, no application by a State or local public body for a loan under title II of the Housing Amendments of 1955, section 201 of the Public Works and Economic Development Act of 1965, section 306 of the Consolidated Farmers' Home Administration Act of 1961, or the Small Reclamation Projects Act of 1956 shall be approved unless there has been received by the administering Federal agency a comprehensive economic and fiscal report prepared under this section. Any fee paid in connection with any such report, as prescribed in subsection (b), may be included in the amount covered by the Federal loan or loan guarantee.

DEBT SERVICE GUARANTEE CONTRACTS

SEC. 202. (a) Upon the application of any State or local public body, the Corporation is authorized to enter into a debt service guarantee contract to guarantee the payment of principal and interest on bonds or other securities to be issued by such body to finance one or more needed public facilities. Any such contract shall obligate the Corporation, during any period in which the bonds or other securities are outstanding, to pay to a trustee under an indenture securing such bonds or other securities (or to a paying agent where no trustee is provided for), such amounts as may be needed, when added to the moneys available from the taxes, revenues, or other funds pledged by such body as security for such bonds or other securities (including all reserve funds therefor), to make payments of principal and interest when due.

(b) No guarantee contract shall be entered into under this section unless—

(1) a comprehensive economic and fiscal report has been prepared by the Corporation, pursuant to section 201, with respect to the State or local public body applying for the guarantee;

(2) the interest income from the bonds or other securities with respect to which the guarantee is entered into is subject to Federal taxation, and such bonds or other securities are to be issued and sold to persons or entities other than the United States or any agency thereof; and

(3) the Corporation determines that (A) such bonds or other securities contain satisfactory amortization provisions not in excess of the debt paying capacity of the borrower, and (B) the public facility project to be financed is economically sound.

In making the determinations under clause (3), the Corporation shall rely, to the fullest extent possible, upon the data contained in the comprehensive economic and fiscal report referred to in clause (1), and upon the borrower's debt repayment record during the twenty-five-year period preceding the date of application for a guarantee under this section.

(c) The Corporation is authorized to charge and collect an annual fee, as consideration for a guarantee of bonds or other securities under this section, to cover necessary administrative expenses and to provide a reserve for losses. Such fee shall not exceed two-tenths of 1 per centum per annum of the aggregate amount of bonds or other securities covered by the guarantee contract which are outstanding at the beginning of each year.

MUNICIPAL DEBT SERVICE GUARANTEE FUND

SEC. 203. (a) There is hereby established in the Treasury a revolving fund to be known as the "Municipal Debt Service Guarantee Fund" (hereinafter referred to as the "fund") which shall be used by the Corporation in carrying out section 202. Initial capital for the fund shall be obtained through the issuance by the Corporation of debenture notes, and notes so issued shall be subscribed to as follows:

(1) The Federal Deposit Insurance Corporation shall subscribe to such notes in a principal amount of $1,000,000.

(2) The Federal Savings and Loan Insurance Corporation shall subscribe to such notes in a principal amount of $100,000.

(3) Each Federal Reserve bank shall subscribe to such notes in a principal amount equal to two-tenths of 1 per centum of the surplus of such bank on January 1, 1968.

Subscriptions shall be accompanied by a certified check payable to the fund in an amount equal to one-half of the subscription. The remainder of such subscription shall be subject to call from time to time by the Corporation upon ninety days' notice. Notes so issued shall bear interest at a rate to be determined in accordance with subsection (c), and shall be repayable in annual installments, commencing not earlier than ten years from the date of receipt of the subscription price.

(b) All fees received in connection with guarantees issued under section 202, all receipts from the issuance of debenture notes, all funds borrowed from the Secretary of the Treasury pursuant to subsection (c), all earnings on the assets of the fund, and all other receipts of the Corporation in connection with the performance of its functions under section 202 shall be deposited in the fund. All payments to trustees (or paying agents) under section 202(a), repayments of debenture notes issued pursuant to subsection (a), repayments to the Secretary of the Treasury of sums borrowed pursuant to subsection (c), and all administrative expenses and other expenses of the Corporation in connection with the performance of its functions under section 202 shall be paid from the fund.

(c)(1) The Corporation is authorized to issue to the Secretary of the Treasury from time to time notes or other obligations for purchase by the Secretary in amounts sufficient, together with moneys in the fund, to make payments of principal and interests on all bonds or other securities guaranteed under section 202 in accordance with a debt service guarantee contract. Such obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury reflecting the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum.

(2) The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Corporation issued under this subsection, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act; and the purposes for which securities may be issued under such Act are extended to include the purchase of any such notes or other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

INTEREST REDUCTION GRANTS

SEC. 204. (a) In order to achieve a decrease in the interest cost burdens arising in the financing of needed public facilities, the Corporation is authorized to enter into contracts to make interest reduction grants to any State or local public body in connection with bonds or other securities issued by such body to finance needed public facilities; except that no grant shall be made hereunder in the case of any bonds or other securities the interest income from which is exempt in whole or in part from Federal taxation.

(b) The amount of any grant made under this section shall not exceed the sum of (1) the guaranty fee prescribed in section 202(c), and (2) 33⅓ per centum of the annual interest charge payable each year by the State or local public body on the bonds or other securities with respect to which such grant is made. Any such grant shall be payable for each of the years in which any of the bonds or other securities covered by the contract are outstanding.

(c) No grant shall be made under this section unless (1) the State or local public body has entered into a debt service guaranty contract pursuant to section 202, and (2) the Corporation finds that the interest charges on the bonds or other securities are reasonable, after taking into account the taxable status of the bonds or other securities, the availability of a Government guarantee, and the general level of interest rates then prevailing.

(d) The Corporation may make advance or progress payments on account of any contract entered into pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes.

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. Any sums so appropriated shall remain available until expended.

INVESTMENT OF FUNDS

SEC. 205. Moneys in the Municipal Economic and Fiscal Reports Fund and in the Municipal Debt Service Guarantee Fund may be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States, or in obligations eligible for investment of public funds. Such obligations may be sold and the proceeds derived therefrom may be reinvested in other obligations of the type herein prescribed. Income from such investment or reinvestment shall be deposited in the respective funds.

CONFORMING AMENDMENTS

SEC. 206. (a) Section 202(b)(1) of the Housing Amendments of 1955 is amended by striking the comma after "reasonable terms" and inserting in lieu thereof "with due allowance for the debt service guarantees authorized by the Municipal Capital Market Expansion Act of 1968,".

(b) Section 201(a)(2) of the Public Works and Economic Development Act of 1965 is amended by inserting after "on terms" the following: ", with due allowance for the debt service guarantees authorized by the Municipal Capital Market Expansion Act of 1968,".

PRINTING OF ADDITIONAL COPIES OF REPORT OF JOINT ECONOMIC COMMITTEE

Mr. PROXMIRE. Mr. President, I have cleared this matter with the chairman of the Committee on Rules and Administration [Mr. JORDAN of North Carolina] with the majority leader [Mr. MANSFIELD] with the acting majority leader [Mr. BYRD of West Virginia].

The Joint Economic Committee needs a resolution to authorize the printing of 6,500 additional copies of its economic report.

It is my understanding this matter has been cleared with all parties involved, on both sides of the aisle. The resolution will save money for the Treasury, because we are going to get these copies anyway, and it means they can be run off at one

time, in one run, and it will save a substantial amount.

I send the resolution to the desk and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The clerk will state the resolution.

The LEGISLATIVE CLERK. A resolution (S. Res. 265) authorizing the printing of additional copies of the Report of the Joint Economic Committee on the January 1968 Economic Report of the President together with statement of committee agreement, minority, and other views.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. BYRD of West Virginia. Mr. President, reserving the right to object, what is the amount involved?

Mr. PROXMIRE. The amount is 6,500 additional copies. Unfortunately, I cannot give the Senator the precise number of dollars involved. It is my understanding it is minimal.

This is something that has been done in the past. The Committee on Rules and Administration agrees that this will save money for the Federal Government.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to, as follows:

S. RES. 265

Resolved, That there be printed for the use of the Joint Economic Committee six thousand five hundred additional copies of its report to the 90th Congress, second session, entitled "Report of the Joint Economic Committee on the January 1968 Economic Report of the President together with Statement of Committee Agreement, Minority and Other Views," pursuant to Section 5(b)(3) of Public Law 307, 79th Congress, as amended.

AMENDMENT OF INTERNATIONAL CLAIMS SETTLEMENT ACT OF 1949

Mr. BYRD of West Virginia. Mr. President, on behalf of Senator FULBRIGHT, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 9063.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 9063) to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD of West Virginia. I move that the Senate insist upon its amendments and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. MORSE, Mr. LAUSCHE, Mr. HICKENLOOPER, and Mr. CASE conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. BYRD of West Virginia. Mr. President, I merely want to reiterate the words of the distinguished majority leader when he stated that the various money resolutions will be before the Senate tomorrow. I would urge that all chairmen of committees and subcommittees involved be present to discuss the resolutions. In all probability, there will be votes tomorrow.

Again I wish to indicate to the Senate, as the distinguished majority leader has already indicated, that on Monday, immediately after the transaction of morning business, the Senate will take up the resolution of the Select Committee on Standards and Conduct.

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 stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 34 minutes p.m.) the Senate adjourned until tomorrow, Friday, March 15, 1968, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 14, 1968:

IN THE NAVY

The following-named officers of the Navy for permanent promotion to the grade of rear admiral:

LINE

Thomas D. Davies	Ernest W. Dobie, Jr.
Fillmore B. Gilkeson	Dick H. Guinn
John R. Wadleigh	Maurice F. Weisner
Burton R. Shupper	Roy M. Isaman
Frederick E. Janney	Frederick H. Michaelis
Robert B. Erly	Roy G. Anderson
Valdemar G. Lambert	William E. Lemos
Ben B. Pickett	Gerald E. Miller
Leslie J. O'Brien, Jr.	Isaac C. Kidd, Jr.
William N. Leonard	James F. Calvert
Walter L. Small, Jr.	Elmo R. Zumwalt, Jr.
Lucien B. McDonald	James J. Stilwell
Leroy V. Swanson	John W. Dolan, Jr.
Frank W. Vannoy	William C. Hushing
Thomas J. Rudden, Jr.	James H. Smith, Jr.
Charles D. Nace	Kenan C. Childers, Jr.
Lloyd R. Vasey	

MEDICAL CORPS

Frank B. Voris

SUPPLY CORPS

Fowler W. Martin
Frederic W. Corle
Joseph L. Howard

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Charlie F. Moore, Sterrett, Ala., in place of O. A. Moore, Jr., resigned.

COLORADO

Carl F. Bisgaard, Bailey, Colo., in place of R. M. Burgess, retired.

CONNECTICUT

Francis A. Barrea, Windham, Conn., in place of N. A. Potter, retired.

KENTUCKY

David S. Miranda, Ashland, Ky., in place of H. D. Shanklin, retired.

John W. Roark, Lovelaceville, Ky., in place of Esther Culver, retired.

MINNESOTA

Richard D. Finn, Dexter, Minn., in place of B. H. Myhre, retired.

NEW JERSEY

William R. Lally, South Orange, N.J., in place of R. C. O'Hanlon, retired.

NEW MEXICO

Marvin J. Lewis, Ramah, N. Mex., in place of N. B. Wilkins, retired.

NEW YORK

Dominick J. Green, Frankfort, N.Y., in place of A. J. Oliver, deceased.

Harvey S. Tebo, Jr., Tupper Lake, NY., in place of P. H. McCarthy, Jr., retired.

OKLAHOMA

Raymond D. Gilbert, Eufaula, Okla, in place of J. E. Kirby, retired.

OREGON

Charles A. Schiedler, Scotts Mills, Oreg., in place of F. A. Miles, retired.

PENNSYLVANIA

Irene M. Del Vecchio, Canonsburg, Pa., in place of A. J. Del Vecchio, deceased.

Edward L. Miller, Sr., Shanksville, Pa., in place of J. M. Fox, retired.

William D. Hartman, Womelsdorf, Pa., in place of S. W. Spayd, deceased.

SOUTH CAROLINA

Herbert V. K. Stackley, Kingstree, S.C., in place of M. S. McFadden, retired.

Milton E. Murphy, Sr, Ridgeway, S.C., in place of J. W. Milling, Jr., resigned.

Cooley B. King, Williamston, S.C., in place of J H. Ford, deceased.

TENNESSEE

John A. Dudney, Kingsport, Tenn., in place of T. L. Duncan, retired.

TEXAS

Goodrich W. Longserre, Thompsons, Texas, in place of S. R. Selleh, retired.

UTAH

Grant B. Draper, Moroni, Utah, in place of L. Y. Monson, retired.

Philip Peterson, Richfield, Utah, in place of Roy Ross, deceased.

VERMONT

Florinda T. Letourneau, East Barre, Vt., in place of A. H. Morrie, retired.

Eugene E. Martin, Jr., Pittsfield, Vt., in place of E. B. Rooney, resigned.

VIRGINIA

Ernest W. McKay, Hampden Sydney, Va., in place of R. E. Rodgers, retired.

James E. Grove, New Hope, Va., in place of M. R. Spitzer, retired.

Robert K. Minnick, Timberville, Va., in place of H. M. Bowman, retired.

WASHINGTON

Alice L. Marll, Albion, Wash., in place of R. E. Emerson, retired.

Dewey L. Hunter, Bridgeport, Wash., in place of H. C. Loganecker, resigned.

Walter S. Watkins, Issaquah, Wash., in place of J. R. Stephenson, retired.

James E. Patton, Lebam, Wash., in place of J. S. Wise, retired.

Nettie H. Brown, Trout Lake, Wash., in place of M. R. Johnson, deceased.

WISCONSIN

Lee A. Anderson, Campbellsport, Wis., in place of R. P. Koenigs, transferred.

Walter L. Obershaw, Dickeyville, Wis., in place of J. A. Kowalski, retired.

Lawrence J. Scholze, Fairchild, Wis., in place of R. C. Mato, retired.

Lyle J. Pickel, Kieler, Wis., in place of C. J. Pickel, retired.

Earl E. Ackley, Trego, Wis., in place of T. F. McMahon, retired.