

into it. We wanted the banks to get into it, too. We thought when we put in these—at least I did, and I think many of the other members did—when we put in a provision permitting the banks to invest up to 1 percent in these small business investment companies that they would be taking participations, not organizing and setting

up these companies as subsidiaries and affiliates.

That may be a good thing. Maybe they have now found a way of doing this job that is necessary to be done. But before we let them go beyond the present 1 percent, let's find out whether they are going to be good operations. Let's find out if they

are going to be used for self-dealing or for double-dealing in doing some of the things that we had to condemn in the twenties and the thirties.

Let's make sure they are good operations before we let them get into it to any greater extent.

Mr. PATMAN. Thank you very kindly, sir.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 10, 1961

The House met at 12 o'clock noon.

Rev. Samuel Rice, Main Street Presbyterian Church, Honey Grove, Tex., offered the following prayer:

Almighty and most gracious God, Father of mankind, Maker of all good things, Sustainer and Preserver of all which Thou hast made; we pause in this place at this time to acknowledge Thee as our sovereign Lord.

We thank Thee for this Nation, for the principles on which it was founded and through which it has endured; for the rights insured us and for the freedoms we are privileged to enjoy.

Bless this day this body of Congress. Be with the Speaker and each Member. May Thy blessing fall upon our President and all who are in positions of authority over us, into whose hands falls the responsibility for reaching the decisions so important for our time. In these serious days, guide them in Thy way that their decisions may be in accord with Thy will for the common good of all mankind.

We pray for the nations of the world that all may come to know Thee and respond to Thy blessing.

And, O Lord, we pray for world peace. Cause us to realize that such peace may be won and preserved when we bring glory to Thee and exhibit a deep sense of brotherhood toward all men everywhere. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1085. An act to provide for the disposal of certain Federal property on the Minidoka project, Idaho, Shoshone project, Wyoming, and Yakima project, Washington, and for other purposes; and

S. 1294. An act to supplement and amend the act of June 30, 1948, relating to the Fort Hall Indian irrigation project, and to approve an order of the Secretary of the Interior issued under the act of June 22, 1936.

COMMITTEE ON RULES

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight Saturday night to file certain privileged reports.

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

There was no objection.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may have until midnight Saturday to file a report on the bill H.R. 84, the small producers bill on lead and zinc.

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

There was no objection.

CERTAIN AUTHORITY GRANTED THE SPEAKER AND CLERK OF THE HOUSE DURING BALANCE OF THE PRESENT SESSION

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House during the present session of the 87th Congress, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

Mr. GROSS. Mr. Speaker, reserving the right to object, are we going to enter into some recesses or adjournments of the House?

Mr. McCORMACK. For example, such as adjourning from Friday to Monday.

Mr. GROSS. That is all the gentleman has in mind?

Mr. McCORMACK. That is all.

Mr. GROSS. While I have the floor under a reservation of objection, can the gentleman tell us when we may expect to get out of Washington on a sine die adjournment?

Mr. McCORMACK. I have hopes, but not ideas.

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

There was no objection.

PERSONAL EXPLANATION

Mr. COHELAN. Mr. Speaker, I was absent on official business during rollcall No. 142 on yesterday. I would like the RECORD to show that had I been present I would have voted "aye."

THE LATE GENERAL BEDELL SMITH

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

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

There was no objection.

Mr. HARVEY of Indiana. Mr. Speaker, last night marked the passing of a great military man and a great Hoosier. Gen. Bedell Smith passed away and I know the whole Nation will mourn the loss.

I know I speak for all my Indiana colleagues in mourning his passing and extending our sympathy to his family.

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

Mr. HARVEY of Indiana. I yield.

Mr. BRAY. Gen. Bedell Smith is well known in Indiana. He lived in Indianapolis and went to the Manual Training High School. He was one of America's really great soldiers and statesmen. We all mourn the passing of a truly great American.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 143]

Adair	Fino	Martin, Mass.
Alexander	Griffiths	May
Anderson, III.	Hall	O'Konski
Blitch	Halleck	Powell
Buckley	Hardy	Rabaut
Carey	Harrison, Va.	Randall
Celler	Harsha	Rivers, S.C.
Coad	Healey	Roberts
Cook	Hoeven	Rostenkowski
Davis,	Hosmer	Rousselot
James C.	Huddleston	Santangelo
Davis, Tenn.	Jones, Mo.	Steed
Dawson	Kearns	Teague, Tex.
Derwinski	Kilburn	Thompson, La.
Diggs	Landrum	Vinson
Dooley	Lesinski	Weaver
Ellsworth	Lindsay	Wels
Evins	McMillan	Winstead
Farbstein	McVey	Yates

The SPEAKER pro tempore (Mr. ALBERT). On this roll 378 Members have answered to their names, a quorum.

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

DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, 1962

Mr. MAHON. Mr. Speaker, I call up the conference report on the bill (H.R. 7851) making appropriations for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes, and ask unanimous consent that the statement of the managers on the

part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement submitted by Mr. MAHON are as follows:

CONFERENCE REPORT (H. REPT. No. 873)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7851) "making appropriations for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 5, 34, 72, and 73.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 13, 27, 28, 29, 30, 31, 32, 33, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 63, 66, 67, 68, and 70, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,697,000,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,735,710,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,889,535,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$187,300,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$4,486,740,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$171,000,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$199,600,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,532,602,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert "\$2,680,888,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$852,012,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$264,600,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,199,614,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$514,500,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$401,604,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,744,784,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$1,100,932,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert:

"For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law, \$1,203,200,000, to remain available until expended."; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert:

"For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law, \$1,301,470,000, to remain available until expended."; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert:

"For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law, \$2,403,260,000, to remain available until expended,

of which \$185,800,000 shall be available only for the Dyna-Soar program"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows: In lieu of the number proposed, insert: "640"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 26, 41, 54, 64, 65, 69, 71, 74, and 75.

GEORGE MAHON,
HARRY R. SHEFFARD,
CLARENCE CANNON,
GERALD R. FORD, JR.,
JOHN TABER,

Managers on the Part of the House.

A. WILLIS ROBERTSON,
CARL HAYDEN,
RICHARD B. RUSSELL,
JOHN C. STENNIS,
HARRY F. BYRD,
LEVERETT H. SALTONSTALL,
(except to (1))
STYLES BRIDGES,
MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7851) making appropriations for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

DEPARTMENT OF DEFENSE

Title I. Military personnel

Amendment No. 1: Military personnel, Army: Appropriates \$3,697,000,000 instead of \$3,202,000,000 as proposed by the House and \$3,737,000,000 as proposed by the Senate.

Amendment No. 2: Military personnel, Army: Deletes language proposed by the Senate.

Amendment No. 3: Military personnel, Navy: Appropriates \$2,692,000,000 as proposed by the Senate instead of \$2,600,000,000 as proposed by the House.

Amendment No. 4: Military personnel, Air Force: Appropriates \$4,197,000,000 as proposed by the Senate instead of \$4,033,000,000 as proposed by the House.

Amendment No. 5: Reserve personnel, Air Force: Deletes language proposed by the Senate.

Amendment No. 6: Reserve personnel, Air Force: Appropriates \$56,000,000 as proposed by the Senate instead of \$52,000,000 as proposed by the House.

Title II. Operation and maintenance

Amendment No. 7: Operation and maintenance, Army: Appropriates \$3,735,710,000 instead of \$3,330,460,000 as proposed by the House and \$3,747,710,000 as proposed by the Senate.

Amendment No. 8: Operation and maintenance, Navy: Appropriates \$2,889,535,000 instead of \$2,695,885,000 as proposed by the House and \$2,896,900,000 as proposed by the Senate. The Committee of Conference is in agreement that the Navy should place its blue collar workers on a biweekly payroll basis as soon as practicable, but no later than January 1, 1962.

Amendment No. 9: Operation and maintenance, Marine Corps: Appropriates \$187,300,000 instead of \$186,700,000 as proposed by the House and \$187,900,000 as proposed by the Senate.

Amendment No. 10: Operation and maintenance, Air Force: Appropriates \$4,486,740,000 instead of \$4,299,740,000 as proposed

by the House and \$4,498,541,000 as proposed by the Senate. The Committee of Conference is in agreement that the study relating to ballistic missile site support aircraft should be expedited.

Amendment No. 11: Operation and maintenance, Army National Guard: Appropriates, \$171,000,000 instead of \$169,900,000 as proposed by the House and \$173,300,000 as proposed by the Senate. The Committee of Conference favors a retirement system for National Guard technicians, but feels that appropriate legislation should precede appropriations.

Amendment No. 12: Operation and maintenance, Air National Guard: Appropriates \$199,600,000 instead of \$193,600,000 as proposed by the House and \$206,400,000 as proposed by the Senate.

Amendment No. 13: Claims, Department of Defense: Makes technical correction as proposed by the Senate.

Title III. Procurement

Amendment No. 14: Procurement of equipment and missiles, Army: Appropriates \$2,532,602,000 instead of \$1,991,360,000 as proposed by the House and \$2,543,642,000 as proposed by the Senate. The conferees have approved \$282,000 for ammunition and rifles for the National Board for the Promotion of Rifle Practice as proposed by the Senate.

Amendment No. 15: Procurement of aircraft and missiles, Navy: Appropriates \$2,680,888,000 instead of \$2,148,160,000 as proposed by the House and \$2,691,760,000 as proposed by the Senate.

Amendment No. 16: Other procurement, Navy: Appropriates \$852,012,000 instead of \$689,920,000 as proposed by the House and \$855,320,000 as proposed by the Senate.

Amendment No. 17: Procurement, Marine Corps: Appropriates \$264,600,000 instead of \$198,940,000 as proposed by the House and \$265,940,000 as proposed by the Senate.

Amendment No. 18: Aircraft procurement, Air Force: Appropriates \$3,199,614,000 instead of \$2,916,684,000 as proposed by the House and \$3,223,444,000 as proposed by the Senate. The Committee on Conference has approved \$10,000,000 of the \$19,100,000 included in the budget estimates for the procurement of utility type aircraft, which can only be obligated when the Secretary of Defense has determined that such procurement is a part of a coordinated replacement program for such aircraft.

Amendment No. 19: Aircraft procurement, Air Force: Provides that \$514,500,000 of the amount appropriated for Aircraft Procurement, Air Force shall be available only for the procurement of long-range bombers instead of \$448,840,000 as proposed by the House and \$525,000,000 as proposed by the Senate.

Amendment No. 20: Airlift modernization, Air Force: Appropriates \$401,604,000 instead of \$320,656,000 as proposed by the House and \$403,256,000 as proposed by the Senate.

Amendment No. 21: Missile procurement, Air Force: Appropriates \$2,744,784,000 instead of \$2,736,160,000 as proposed by the House and \$2,744,960,000 as proposed by the Senate.

Amendment No. 22: Other procurement, Air Force: Appropriates \$1,100,932,000 instead of \$981,274,000 as proposed by the House and \$1,103,374,000 as proposed by the Senate.

Title IV. Research, development, test, and evaluation

Amendment No. 23: Research, development, test, and evaluation, Army: Appropriates \$1,203,200,000 instead of \$1,202,700,000 as proposed by the House and \$1,203,700,000 as proposed by the Senate, and deletes language proposed by the House and approves language as proposed by the Senate. It is the intent of the Committee of Conference that the cost of operation and maintenance of Department of Defense installations and facilities be financed on an annual basis corresponding with the fiscal year. This intent

also pertains to amendments numbered 24 and 25.

Amendment No. 24: Research, development, test, and evaluation, Navy: Appropriates \$1,301,470,000 instead of \$1,300,937,000 as proposed by the House and \$1,302,000,000 as proposed by the Senate, and deletes language as proposed by the House and approves language as proposed by the Senate.

Amendment No. 25: Research, development, test, and evaluation, Air Force: Appropriates \$2,403,260,000 instead of \$2,002,924,000 as proposed by the House and \$2,452,440,000 as proposed by the Senate. The Committee of Conference is in agreement that \$400,000,000 of this appropriation shall be available for the B-70 program. The language of the House has been deleted and the language as proposed by the Senate approved except that the limitation of the House making \$185,800,000 available only for the Dyna-Soar program has been restored.

Title V. Civil defense, Department of Defense

Amendment No. 26: Reported in disagreement.

Title VI. General provisions

Amendment No. 27: General provisions: Changes title number.

Amendments Nos. 28 through 33: General provisions: Change section numbers.

Amendment No. 34: General provision: Provides average payment of not to exceed \$275 per student for primary and secondary schooling for minor dependents in overseas areas, as proposed by the House, instead of \$285 as proposed by the Senate.

Amendments Nos. 35 through 40: General provisions: Change section numbers.

Amendment No. 41: General provisions: Reported in disagreement.

Amendments Nos. 42 through 53: General provisions: Change section numbers.

Amendment No. 54: General provisions: Reported in disagreement.

Amendments Nos. 55 through 63: General provisions: Change section numbers.

Amendment No. 64: General provisions: Reported in disagreement.

Amendment No. 65: General provisions: Reported in disagreement.

Amendment No. 66: General provisions: Strikes out language proposed by the House relating to flight pay.

Amendments Nos. 67 and 68: General provisions: Change section numbers.

Amendment No. 69: General provisions: Reported in disagreement.

Amendment No. 70: General provisions: Changes section number.

Amendment No. 71: General provisions: Reported in disagreement. The managers on the part of the House will move to recede and concur with an amendment adding the word "alteration" to the Senate language. The Committee of Conference is in agreement that the word "alteration" as proposed in this section is not synonymous with repair.

Amendment No. 72: General provisions: Strikes out language proposed by the Senate relating to retirement contributions for certain State civilian employees of the Army National Guard and the Air National Guard.

Amendment No. 73: General provisions: Strikes out language proposed by the Senate relating to representation allowances.

Amendment No. 74: General provisions: Reported in disagreement.

Amendment No. 75: General provisions: Reported in disagreement.

Amendment No. 76: General provisions: Changes section number.

GEORGE MAHON,
HARRY R. SHEPPARD,
CLARENCE CANNON,
GERALD R. FORD, JR.,
JOHN TAHER,

Managers on the Part of the House.

Mr. MAHON. Mr. Speaker, this is the conference report on the defense ap-

propriation bill. The comparable bill last year provided appropriations in the sum of \$39,996,608,000. The bill this year provides appropriations for the Department of Defense in the sum of \$46.5 billion, and if the House approves, \$207 million for civil defense. So to the extent of more than \$6 billion this is the largest peacetime defense bill in the history of our Government.

This bill is \$3.7 billion over the bill which passed the House earlier in the year.

The President in his address to the Nation on the 25th day of July said that we would stand firm in the face of international tension, threat, and difficulty, and that this could mean war. We would express the hope, however, that war will not come.

The Commander in Chief has asked for this additional program to make our country stronger. It was already strong, but this will make the country stronger. We hope to diminish the likelihood of war, we hope to strengthen the hands of the President and our representatives in negotiations, and we hope this action will tend to open the door over the long pull toward more peace and tranquillity and stability in the world.

The House went to conference with the other body. The other body had adopted the increases asked by the President. Generally speaking the House conferees, Democrats and Republicans alike, took a position in favor of following the leadership of the President in this matter.

So, generally speaking, we agreed to the add on of about \$3.5 billion.

The Chairman of the Joint Chiefs of Staff, the Secretary of Defense, and various civilian and military officials of the Department of Defense have urged approval of this program for a higher degree of readiness on the part of the Nation.

In the conference report I know of no specially controversial item of any great magnitude or significance. I shall place in the RECORD a general statement of what the final version of the defense appropriation bill contains.

Mr. Speaker, I have no desire to proceed at great length at this time. I will give abundant statistics—I hope they will be abundant—in the RECORD, which will be printed for today. I shall be glad to yield at this time to the gentleman from Michigan [Mr. FORD], the ranking minority member of our conference committee. May I say that he and I, the gentleman from California [Mr. SHEPPARD], and others, who worked on the conference, have worked together in a spirit of harmony, trying to carry out the will of the House and trying to do what is best for the country under the trying situation that confronts us today.

Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Speaker, the overall statement made by the gentleman from Texas, chairman of the subcommittee, and chairman of the House conferees, covers broadly the situation which we faced in conference. The material which I understand he will submit for the RECORD will lay out in detail the specifics

showing the facts from the beginning of this session up to this point. I hope that Members of the House will take time to read and analyze the various submissions, including the January budget, which called for approximately \$41 billion, the March amendment submitted by President Kennedy which called for an additional \$1.9 billion, the May add-on or amendment submitted by the President, which called for \$225 million in addition; and, finally, the July amendment which called for an additional \$3.4 billion.

I think it should be said here that despite the request in July by President Kennedy for an additional \$3.4 billion, our committee in a hearing which was attended by the Secretary of Defense, Mr. McNAMARA, and General Lemnitzer, was assured that this new request for money and this new request for an additional 225,327 men did not mean any change basically in our overall military strategy.

Both Secretary of Defense McNamara and General Lemnitzer, Chairman of the Joint Chiefs of Staff, repeatedly said that this new request for money in the July budget add-on request, which involves more personnel, did not significantly revise our military strategy. This assurance was encouraging to us on the committee, because I believe we, as a nation, do have sound military plans and programs. We feel that our strategy is basically right and that it would be most disturbing if there would be a complete revision in our overall military strategy approach to our world problems.

Several Members have asked me in the last month what justified, in broad terms, the request for an additional \$3.4 billion over and above what the House approved earlier this year. This question was also asked of Secretary McNamara and General Lemnitzer by members of our committee. Secretary McNamara stated to our committee, as he has stated to other committees in the last 3 weeks, that the changed Soviet attitude required this additional money for procurement and for personnel. He pointed out that the Soviet Union has recently canceled its previous decision to cut back military personnel. Secretary McNamara indicated that the Soviet Union had, in addition, programmed greater expenditures for their military forces. He also conveyed to us that there were other indications that could not be discussed in public that would justify the additional money and more personnel.

On the basis of this overall situation, the House conferees substantially agreed with the Senate decision on the \$3.4 billion. We did reduce the Senate bill approximately \$185 million.

I should say that with reference to the \$3.4 billion requested in July by President Kennedy, there is a substantial amount of money that may not be obligated and expended during this current fiscal year. This new money was requested in good faith. It may well be used; if necessary, it should be used. However, there are many contingencies in the plans which cannot be blueprinted specifically. There are many unforeseen difficulties down the road between now and the end of this fiscal year, and if these contin-

gencies and unforeseen emergencies do not arise, it is quite likely that a rather substantial amount of this new money included in the July amendment will not be obligated.

Our committee has the assurance of the Secretary of Defense that if the need does not arise this additional money will not be expended. Naturally, it would be beneficial from the point of view of the country and the Treasury if this money were not obligated and spent. However, because of the difficulties we face, the crisis not only in Berlin but elsewhere, this money must be made available to the Department of Defense for the buildup in personnel and for additional procurement between now and June 30.

Mr. Speaker, I believe under the circumstances the conference report should be approved by the Members of the House.

Mr. MAHON. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, I thank the gentleman.

I do want to get this matter in the Record and ask some questions, and I may need a little more time to do that. I have some specific points I want to try to pin down referring to certain items in the bill. Last year, when the conference report on the defense bill was before us I referred to page 43 of the House report where it spoke of the need for some positive integration of the long-line communications systems of all three services. I questioned the gentleman from Michigan [Mr. FORD] concerning this integration. The gentleman from Michigan [Mr. FORD] stated that, since the House action on the bill, the Secretary of Defense had signed the necessary documents to bring about this integration. I hoped that under the Secretary's directive creating a Defense Communications Agency there would be positive integration of the Department's long-haul, worldwide point-to-point communications system into a single Defense Communications System.

However, on May 9, 1961, the Chief of the Defense Communications Agency in testimony before the Senate Appropriations Committee stated the following:

Fundamentally the Defense Communications Agency is a management or control agency erected over the existing, inbusiness, departmental systems. It does not replace the latter nor does it duplicate them. The respective military departments will continue to operate and fund for their specific components of the worldwide communicating systems which have been identified as elements of the Defense Communications System.

Therefore, I would like to ask the gentleman from Michigan [Mr. FORD] for the record now whether we have an integrated communications system or has there simply been added, in name only, a Defense Communications Agency without integration of the existing and duplicating military communications systems?

Mr. FORD. The Defense Communications Agency was activated this spring. They made a presentation for the first time this year before the committee. At the moment this is going through some

growing pains. It is my feeling that a year from now we can give the gentleman a more authoritative answer on that point.

Mr. MAHON. Mr. Speaker, if the gentleman will yield, I think it might be said that the communications will still be operated by the services, but they will be supervised, controlled, and integrated by the Department of Defense itself. This operation is not proceeding as smoothly now as we believe it will in the future.

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

Mr. CURTIS of Missouri. I yield to the gentleman.

Mr. McCORMACK. Of course, authority in law exists as a result of which the Secretary of Defense has absolute authority to proceed without going to the Joint Chiefs of Staff and in case of any differences, they have to come to committees of the Congress. The gentleman is aware of that.

The SPEAKER pro tempore. The time of the gentleman from Missouri [Mr. CURTIS] has expired.

Mr. MAHON. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. CURTIS of Missouri. Mr. Speaker, I cannot ask these questions in 2 additional minutes. It so happens that the Defense appropriations bill is not just the concern of the Defense Appropriations Subcommittee.

There are other committees that are concerned about the impact of defense expenditures. We are talking about a budget that has a terrific impact on our entire economy. I wish that the gentleman from Texas would yield me sufficient time so that I could ask these questions and put them on record, so that we can move forward in trying to spend the defense dollar as effectively as possible. I cannot go into it in 2 minutes.

Mr. MAHON. How much time does my friend need?

Mr. CURTIS of Missouri. If the gentleman would yield me 5 minutes, I think I could use less.

Mr. MAHON. Mr. Speaker, I yield 5 additional minutes to the gentleman from Missouri.

Mr. CURTIS of Missouri. I thank the gentleman. I believe this is important enough to take the time of the House.

The next point, and this is something I wish to congratulate our own Appropriations Committee on, is the 2-percent cut on the procurement funds, which amounts to about \$300 million.

The House Appropriations Committee report states:

To fail to meet the economic challenge presented by the procurement and supply management requirements of the Department of Defense is to fail to meet the military challenge. * * * For several years we have seen some progress in the procurement and supply management program. It would be difficult, however, to exaggerate the necessity for making further progress in this area because much remains to be done. Billions of dollars plus military effectiveness are at stake.

Going further in the report, the committee states:

Congress reduced each procurement appropriation by 3 percent in the fiscal year

1961 Department of Defense Appropriations Act in an effort to compel prompt remedial action in the procurement field. The committee feels that although some improvements have been made that similar action is again necessary and therefore has reduced each procurement program by 2 percent, a total of \$308,286,000.

In assisting the gentleman from Texas [Mr. MAHON] in presenting this bill to the House, the gentleman from Michigan [Mr. FORD] said, with regard to the 3-percent procurement reduction of last year:

In interrogating the witnesses this year before the committee, not one witness said that our committee action and subsequent congressional action interfered seriously with their programs.

In other words, it would appear that the 3-percent procurement reduction effectively carried the message that the Congress meant business in serving notice that the admitted waste must be stopped and that procurement and supply management costs must be reduced.

I am also pleased to see the following statement in the Senate Appropriations Committee report:

Last year this committee underscored its grave concern with the numerous and admitted examples of waste and duplication in the area of procurement and supply management, and called on the Department of Defense to take immediate and vigorous steps to integrate its procurement, supply, and service activities.

The committee reiterates that it cannot stress too strongly to the Secretary of Defense the urgency of continued immediate and vigorous steps actually to integrate its procurement, supply, and service activities in order to provide maximum utilization of the defense dollar.

I also wish to congratulate the Secretary of Defense and the Deputy Secretary of Defense for standing firm for this 2-percent cut of this year in their appearances before the Senate Appropriations Committee.

Secretary McNamara said:

I think that in the circumstances we are in today, when we are asking for \$3 billion more, it makes even more important the saving of the 2 percent. We propose to try to live with it.

In this connection, I should like to ask the gentleman from Texas [Mr. MAHON] or the gentleman from Michigan [Mr. FORD] if it is their feeling that the rapid buildup in procurement expenditures might result in more waste in procurement? Does it not mean, therefore, that the Secretary of Defense, the Comptroller General, and the committees of Congress will have to be even more vigilant?

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

Mr. CURTIS of Missouri. I yield to the gentleman from Texas.

Mr. MAHON. I think it is most important that the management of our defense effort proceed with the greatest caution and care in order that waste may be avoided and prevented. I am convinced from the statement that the gentleman has read as made by the Secretary of Defense that a genuine effort will be made in that direction. The committee will do all it can to encourage those who administer the program to

make as much sense as possible out of all of these procurement programs and all the other programs. I hope the men at the top of the Pentagon can see to it that this program permeates throughout all the structure, including all the services.

Mr. CURTIS of Missouri. I thank the gentleman. I know the gentleman wants to cooperate, too.

Under existing law—namely, the O'Mahoney amendment of 1952 and the McCormack-Curtis amendment to the Department of Defense Reorganization Act of 1958—the Secretary of Defense has ample authority to integrate duplicative services and supply systems, merge overlapping depots and facilities, engage in more competitive and less negotiated bidding, and bring about other long-recommended reforms in procurement and supply management.

As a result of meetings and hearings of the Joint Economic Committee, Senator DOUGLAS, Congressman MCCORMACK, Congressman HEBERT, and I have had meetings with Secretary McNamara, and I am convinced that he plans definite action to bring about these reforms. I, personally, would urge upon him that the best way to accomplish this is through the consolidation of the common supply and service activities of the military service into a common agency operating at his office level which is independent of the Congress.

Insofar as I have been critical of the piecemeal, slow approach to, and the study and restudy of these problems, I shall now continue to be critical in the future. However, I want to publicly assure the Secretary, he will have my support for what it is worth in his efforts to improve procurement and supply management, and I hope that he will have the strong support of the President. Without that strong Presidential support, his effort may well be in vain.

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

Mr. CURTIS of Missouri. I yield to the gentleman from Massachusetts.

Mr. MORSE. Mr. Speaker, it is a pleasure to associate myself with the remarks of our distinguished colleague from Missouri [Mr. CURTIS].

I have sat through many hours of hearings in my Military Operations Subcommittee and I know of the numerous stumbling blocks that litter the way toward genuine unification of procurement and other activities in our defense establishment. It is with profound gratitude that I rise to compliment our House conferees who stood gamely by their guns during the conference on the Department of Defense Appropriation. Their firmness will result in a sizable savings for our taxpayers, without impairing our defense posture in any way.

Although the Senate concurred with the 2-percent cut we in the House voted in the procurement fund in the original defense appropriation bill, the Senate did not also apply this cut to the additional \$1.8 billion procurement appropriation carried in the supplementary request submitted in July.

I wish to personally congratulate the House conferees, Chairman CANNON of

the full Appropriations Committee; Chairman MAHON of the Defense Subcommittee; Congressman TABER, ranking minority member of the committee; Congressman FORD, ranking minority member of the subcommittee, and Congressman SHEPPARD. These gentlemen saw to it that the 2-percent cut was applied across the board to both the original and supplemental defense procurement appropriation.

As all of us who have served in the military know, there is, and always will be, a certain amount of waste involved. Some of it is unavoidable. But there is no reason for such waste in procurement practices and I am glad to see that the Congress has taken the initiative by stripping from the money bill some of the fat from the muscle and sinew of our defense efforts. I hope that the administration will follow suit by implementing Hoover Commission recommendations pertaining to the Defense Department.

Incidentally, I cannot think of a finer birthday present for our beloved former President Herbert Hoover, who is 87 today, than such action.

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. ROUSH. Mr. Speaker, we have neglected our civil defense efforts for too long. Year after year, the budget for civil defense has been trimmed and cut to the point where we have only given lipservice to this important activity. I oppose this amendment which would appropriate less than half of the money which the administration has requested.

This is an expenditure which I know has the support of all Americans. Since the President outlined the seriousness of the times we face, and described the necessity for an accelerated civil defense program, the papers in my district have been filled with local response to his plea. Local civil defense efforts are moving forward. The plans which have collected dust on the shelves of budgetless civil defense directors in towns, cities, and counties across my district are being opened and being acted upon.

Our people realize the need for civil defense. My district is in north central Indiana. There is an important SAC airbase in the northern part of the district, but that is the only truly strategic target in the district. My constituents would not be among those directly hit by nuclear attack, if war should come. With adequate civil defense preparations, the people in my district can all be saved from fallout dangers. Refugees from target areas which lie all around us can gather and take shelter there and regroup to carry the battle forward after the danger period passes. All this is possible only if adequate civil defense measures are prepared.

This is the story across the country. The people know the facts of nuclear war. They know the importance of civil defense and they want the protection it can offer. If we could put a price on human life and judge our total defense budget, I believe this expenditure of \$207 million would be our most efficient expenditure. It means the difference between fractional destruction of our pop-

ulation and total annihilation of our people.

It represents the cheapest insurance we can buy for our people. We cannot afford not to do less than exert maximum energies on this project. I say defeat this amendment and pass the full request for civil defense funds. We cannot conscientiously do less than this for our people.

Mr. SHRIVER. Mr. Speaker, I want to express my full support of H.R. 7851 as it has been reported back by the conferees of the House.

My mail, and a recent poll which I took in my district clearly indicate that Americans are willing to pay the necessary price to assure ourselves of the strongest possible defense system.

In many respects, I believe, American citizens are ahead of responsible leaders in Washington in regard to the commitments they are willing to make, and the steps they would like to see taken to halt Communist encroachment not only in Europe, Asia, and Africa but, indeed, in our own hemisphere as well.

Within this defense appropriations bill the Congress is providing the resources to substantially strengthen the capabilities of our Armed Forces in any emergency.

Significantly, one of the controversial items in this bill—that of continued emphasis on manned bomber production—not only has remained in the bill but the appropriation has been increased for continued production of our long-range B-52H bomber and accelerated development of the B-70 supersonic bomber.

On June 12 of this year I stated to the House that since the Secretary of Defense had indicated that he would recommend against using additional funds for continued bomber production, we should look to the respective Appropriations Committees of both Houses for an intensive examination of administration and Air Force views in this matter.

Such an examination has been held by the distinguished members of these committees in the light of heightened international tensions and a revealing Russian air show.

The committees have had the opportunity of hearing such able military leaders as Gen. Curtis LeMay, Gen. Thomas White, and Gen. Mark Bradley attest to the importance of maintaining the manned bomber in our present weapon mix.

On the other hand, the Secretary of Defense has said that 700 B-52's and B-58's will be in America's operational inventory by July 1, 1966, and he is willing, at the moment, to cut off our Nation's production of these two bombers in 1962.

The Secretary has stated:

Should an eventuality develop requiring us to reinstitute the B-52 production lines, we can, for example, do so in mid-1963 and produce for delivery during the period of 1965-67.

He has reported that the total restart costs would amount to approximately \$245 million, and he indicated that the expected Boeing-Wichita personnel strength of approximately 9,400 in mid-

1963 would be adequate to reopen the production lines.

First, I would like to point out that we would have to spend, according to the Secretary's estimate, one-quarter billion dollars of nonproductive money for which we would get no B-52H bombers, but merely preparation to start up production again. This represents almost one-half of the amount which is included in this bill for more airplanes.

Second, the restart cost is not the only factor involved in stopping and then starting the production lines. There are people needed to do the job. At this moment 21,500 trained technicians are working in Wichita on the Boeing production lines turning out 8 jet bombers for the Strategic Air Command each month.

If the Defense Department permits present production to phase out as currently scheduled in August of next year, most of those 21,500 skilled men and women will be lost to other lines of endeavor.

The 9,400 Boeing employees referred to by the Secretary as being available in 1963 will be engaged in modification assignments and other endeavors not related to beginning anew the production of the B-52.

Another important consideration in restarting such production of B-52 bombers would be the availability of 4,800 subcontractors turning out the thousands of essential items going into this weapon. I have been told that many of these subcontractors are already completing their work on present orders. Many of these firms are small businesses which have been able to thrive and develop solely because of their important assignment in producing parts for this bomber. After they complete their present contracts, many will turn to new endeavors and unfortunately others may go out of business entirely.

I know that the Secretary of Defense has given most careful consideration to his views in this matter, and I know that he has had the benefit of the finest military counsel on all matters related to the defense of our Nation.

However, it is the responsibility of the Congress to provide for the common defense—and this we are doing in this bill.

It has been the best considered judgment of some of our most able Members, who have become expert in this subject through years of experience, that we should provide funds to keep production lines open for America's long-range manned bomber and speed up development of a supersonic bomber.

I believe all Americans will rest more securely if they know that the Congress and the administration have taken every possible action to keep all proven weapons coming off the production lines and at the same time speed the development and production of new weapons.

Mr. RIEHLMAN. Mr. Speaker, we are concerned with millions of dollars here today. Infinitely more important, there is a real chance that we are concerned with millions of lives. Effective civil defense can mean the difference between saving or losing millions of lives in the event of a nuclear attack. It is folly to assume that we cannot sur-

vive such an attack. We can survive and we can recover, and I believe it is our solemn obligation to our heritage and to our people to take every reasonable step to provide these capabilities.

The Military Operations Subcommittee, under the able direction of my colleague from California [Mr. HOLIFIELD], has just completed hearings on the administration's approach to civil defense. Although I must state frankly that I have some reservations about certain aspects of the President's program, I do feel that the essential first step toward successful operation was taken with the transfer of major civil defense responsibilities to the Secretary of Defense. This is a move I have advocated for many years.

This program is moving in the right direction. If these early days are used to build a solid foundation for effective action I am certain civil defense will eventually be lifted to the level of importance it deserves as an essential element of our deterrent posture.

It is too soon to expect miracles. And it is too soon to deflate this serious effort to increase our civil defense capability.

I urge that this program, which I deem so vital to our Nation's security, not be shunted into the closet as it has been in the past. Do not let it be undermined by past prejudices and apathies.

Later on when we have had time to carefully observe this administration's effort, then we will have a basis for a more objective appraisal. You may be certain that the Military Operations Subcommittee, the Armed Services Committee, and the Appropriations Committee will not let this program out of their collective sight.

I submit that this is no time to take to the civil defense program with a paring knife. I urge that the House vote for the addition of the full \$207.6 million for civil defense purposes.

Mr. MAHON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The SPEAKER pro tempore (Mr. ALBERT). The question is on the adoption of the conference report.

Mr. MAHON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered. The question was taken; and there were—yeas 383, nays 0, not voting 57, as follows:

[Roll No. 144]
YEAS—383

Abbutt	Bates	Bromwell
Abernethy	Battin	Brooks, La.
Addonizio	Becker	Brooks, Tex.
Albert	Beckworth	Broomfield
Alford	Beermann	Brown
Alger	Belcher	Broyhill
Andersen,	Bell	Bruce
Minn.	Bennett, Fla.	Burke, Ky.
Andrews	Bennett, Mich.	Burke, Mass.
Arends	Berry	Burleson
Ashbrook	Betts	Byrne, Pa.
Ashmores	Blatnik	Byrnes, Wis.
Aspinall	Blitch	Cahill
Auchincloss	Boland	Cannon
Avery	Bolling	Casey
Ayres	Bolton	Cederberg
Bailey	Bonner	Chamberlain
Baker	Bow	Chelf
Baldwin	Boykin	Chenoweth
Baring	Brademas	Chiperfield
Barrett	Bray	Church
Barry	Breeding	Clancy
Bass, Tenn.	Brewster	Clark

Cohelan
 Collier
 Colmer
 Conte
 Cooley
 Corbett
 Corman
 Cramer
 Cunningham
 Curtin
 Curtis Mass.
 Curtis, Mo.
 Daddario
 Dague
 Daniels
 Davis, John W.
 Delaney
 Dent
 Denton
 Derounian
 Derwinski
 Devine
 Diggs
 Dingell
 Dole
 Dominick
 Donohue
 Dorn
 Dowdy
 Downing
 Doyle
 Dulski
 Durno
 Dwyer
 Edmondson
 Elliott
 Everett
 Fallon
 Fascell
 Feighan
 Fenton
 Findley
 Finnegan
 Fisher
 Flood
 Flynt
 Fogarty
 Ford
 Forrester
 Fountain
 Frazier
 Frelinghuysen
 Friedel
 Fulton
 Gallagher
 Garland
 Garmatz
 Gary
 Gathings
 Gavin
 Gialmo
 Glenn
 Goodell
 Goodling
 Granahan
 Grant
 Gray
 Green, Oreg.
 Green, Pa.
 Griffin
 Gross
 Guber
 Hagan, Ga.
 Hagen, Calif.
 Haley
 Halpern
 Hansen
 Harding
 Hardy
 Harris
 Harrison, Wyo.
 Harsha
 Harvey, Ind.
 Harvey, Mich.
 Hays
 Hébert
 Hechler
 Hemphill
 Henderson
 Herlong
 Hiestand
 Hoffman, Ill.
 Hollifield
 Holland
 Horan
 Hull
 Ichord, Mo.
 Ikard, Tex.
 Inouye
 Jarman
 Jennings
 Jensen
 Joelson
 Johansen
 Johnson, Calif.
 Johnson, Md.

Johnson, Wis.
 Jonas
 Jones, Ala.
 Judd
 Karsten
 Karth
 Kastenmeier
 Kearns
 Kee
 Keith
 Kelly
 Keogh
 Kilday
 Kilgore
 King Calif.
 King, N. Y.
 King, Utah
 Kirwan
 Kitchin
 Kluczynski
 Knox
 Kornegay
 Kowalski
 Kunkel
 Kyl
 Laird
 Lane
 Langen
 Lankford
 Latta
 Lennon
 Libonati
 Lindsay
 Lipscomb
 Loser
 McCormack
 McCulloch
 McDonough
 McDowell
 McFall
 McIntire
 McSween
 McVey
 Macdonald
 MacGregor
 Machrowicz
 Mack
 Madden
 Magnuson
 Mahon
 Mailliard
 Marshall
 Martin, Nebr.
 Mason
 Mathias
 Matthews
 May
 Meader
 Merrow
 Michel
 Miller, Clem
 Miller,
 George P.
 Miller, N. Y.
 Milliken
 Mills
 Minshall
 Moeller
 Monagan
 Montoya
 Moore
 Moorehead,
 Ohio
 Moorhead, Pa.
 Morgan
 Morris
 Morrison
 Morse
 Mosher
 Moss
 Moulder
 Multer
 Murphy
 Murray
 Natcher
 Nelsen
 Nix
 Norblad
 Norrell
 Nygaard
 O'Brien, Ill.
 O'Brien, N. Y.
 O'Hara, Ill.
 O'Hara, Mich.
 O'Konski
 Olsen
 O'Neill
 Osmers
 Ostertag
 Passman
 Patman
 Pelly
 Perkins
 Peterson
 Pfost
 Philbin

Pike
 Pillion
 Pirnie
 Poage
 Poff
 Price
 Pucinski
 Quile
 Rains
 Ray
 Reece
 Reifel
 Reuss
 Rhodes, Ariz.
 Rhodes, Pa.
 Riehlman
 Riley
 Rivers, Alaska
 Robison
 Rodino
 Rogers, Colo.
 Rogers, Fla.
 Rogers, Tex.
 Rooney
 Roosevelt
 Roudebush
 Roush
 Rutherford
 Ryan
 St. George
 St. Germain
 Saund
 Saylor
 Schadeberg
 Schenck
 Scherer
 Schneebell
 Schweiker
 Schwengel
 Scott
 Scranton
 Seely-Brown
 Selden
 Shelley
 Sheppard
 Shipley
 Short
 Shriver
 Sibal
 Sikes
 Siler
 Sisk
 Slack
 Smith, Calif.
 Smith, Iowa
 Smith, Miss.
 Smith, Va.
 Spence
 Springer
 Stafford
 Staggers
 Steed
 Stephens
 Stratton
 Stubblefield
 Sullivan
 Taber
 Taylor
 Teague, Calif.
 Teague, Tex.
 Thomas
 Thompson, N.J.
 Thompson, Tex.
 Thomson, Wis.
 Thornberry
 Toll
 Tollefson
 Trimble
 Tuck
 Tupper
 Udall, Morris K.
 Ullman
 Utt
 Vanik
 Van Pelt
 Van Zandt
 Wallhauser
 Walter
 Watts
 Westland
 Whalley
 Wharton
 Whitener
 Whitten
 Wickersham
 Widnall
 Williams
 Willis
 Wilson, Calif.
 Wilson, Ind.
 Wright
 Young
 Younger
 Zablocki
 Zelenko

NAYS—0

NOT VOTING—57

Adair
 Addabbo
 Alexander
 Anderson, Ill.
 Anfuso
 Ashley
 Bass, N.H.
 Boggs
 Buckley
 Carey
 Celler
 Coad
 Cook
 Davis,
 James C.
 Davis, Tenn.
 Dawson
 Dooley

Ellsworth
 Ewins
 Farbstein
 Fino
 Gilbert
 Griffiths
 Hall
 Halleck
 Harrison, Va.
 Healey
 Hoeven
 Hoffman, Mich.
 Holtzman
 Holtzman
 Hosmer
 Huddleston
 Jones, Mo.
 Kilburn
 Landrum

Lesinski
 McMillan
 Martin, Mass.
 Plicher
 Powell
 Rabaut
 Randall
 Rivers, S.C.
 Roberts
 Rostenkowski
 Rousselot
 Santangelo
 Thompson, La.
 Vinson
 Weaver
 Weis
 Winstead
 Yates

So the conference report was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Farbstein with Mr. Halleck.
 Mr. Harrison of Virginia with Mr. Adair.
 Mr. Ashley with Mr. Hosmer.
 Mr. Addonizio with Mr. Hall.
 Mr. McMillan with Mr. Martin of Massachusetts.
 Mr. Anfuso with Mr. Rousselot.
 Mr. Davis of Tennessee with Mrs. Weis.
 Mr. Ewins with Mr. Ellsworth.
 Mr. Santangelo with Mr. Bass of New Hampshire.
 Mr. Yates with Mr. Kilburn.
 Mr. Holtzman with Mr. Hoeven.
 Mr. Coad with Mr. Weaver.
 Mr. Gilbert with Mr. Fino.
 Mr. Carey with Mr. Anderson of Illinois.
 Mr. Rostenkowski with Mr. Hoffman of Michigan.
 Mr. Healey with Mr. Dooley.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 27, line 7, insert the following:

"TITLE V

"CIVIL DEFENSE, DEPARTMENT OF DEFENSE

"For expenses, not otherwise provided for, necessary for carrying out civil defense activities, including the hire of motor vehicles and the providing of fallout shelters in existing or new Government owned or leased buildings, as authorized by law, \$207,600,000."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein.

Mr. TABER. Mr. Speaker, I ask for a division of the question.

The SPEAKER pro tempore. The question is, Will the House recede from its disagreement to the amendment of the Senate numbered 26?

The House receded from its disagreement to Senate amendment No. 26.

Mr. MAHON. Mr. Speaker, when St. Paul was on the road to Damascus he was suddenly struck with a great light and he changed his viewpoint and he reversed his position from that day following. There was a time in this country—since World War II and extending over a period of years—when there was a disinclination to take seriously the possibility that there might actually be an

atomic war. To some extent in recent years many of us—and I speak of myself among others—have had the inclination to brush aside with a wave of the hand the question of civil defense. But the time has arrived, the hour has struck, when the people of this Nation, if they are wise, will take steps to try to save the lives of tens of millions of civilians in the event a nuclear war should come.

It would be tragic if the historians of the future, if any should survive, should look back upon our country and report that even in the face of all manner of threats against our security and all manner of military programs to destroy the enemy we failed at this time to provide a civil defense program which would have saved tens of millions of lives of American citizens.

So I think many of us will today more or less reverse some of the positions we have taken in the past and support a civil defense program which is meaningful.

We are aware of the fact that we have Strategic Air Command bases all over this land. We are in the process of rapidly establishing intercontinental ballistic missile bases all over this country. They would be prime targets of the enemy in the event of nuclear war. We estimate that the opponent has intercontinental ballistic missiles with considerable accuracy, and we know of his long-range bomber buildup. So it becomes imperative that we take steps to meet the situation from a strictly military standpoint and from a civil defense standpoint.

This whole program has been reoriented by the administration. I think it has been put where it belongs, in the Defense Department. Civil defense generally, as I understand it, is now in the Defense Department, under civilian control in the Defense Department. I do not know that the entire \$207 million requested will all be spent with maximum effectiveness. I suspect that it will not. I do have a statement of the Secretary of Defense, who is responsible for this matter. He is decidedly one of the very ablest men I have encountered in Government in Washington. Here is the statement of Secretary McNamara:

I want to assure you that, before committing the funds which the President has requested of Congress in support of the program, I shall personally review the proposed expenditures in detail, and I shall satisfy myself as to the necessity of each program item to carry out the President's objectives.

On behalf of the committee I am calling on the Secretary to give us a periodic report on this program.

This Subcommittee on Defense Appropriations has previously not handled civil defense. We make no claim of being experts in this field. We have not had the opportunity to explore matters of civil defense as much as we should like, and I doubt that the subcommittee will continue to handle the funds for civil defense, but we are trying to do the best we can in the face of the situation which confronts us.

Further, the Secretary said this:

As I stated in my testimony . . . on July 26 in administering the civil defense

program I intend to be guided by the principle that whatever expenditures are undertaken for civil defense projects must be directed toward obtaining maximum protection for the lowest possible cost. The program that we have submitted is itself designed to produce many million shelter spaces at the lowest possible cost—a cost we estimate at \$4 per person, including finding, marking, and stocking the shelter spaces with essentials for survival.

This \$207 million does not provide for a tremendous shelter building program. If that comes it will come later, and Congress will have to approve.

This program would provide for the shelter program to which I have made reference, warning and detection, emergency operations, and research and development, at a total cost of \$207,600,000. I firmly support this proposal as I think it is a matter of undertaking to save several million lives.

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

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

Mr. GROSS. This provides \$207 million in addition to what was appropriated in, I believe, the independent offices appropriation bill?

Mr. MAHON. I believe that is correct.

Mr. GROSS. What is the total amount, if the gentleman is able to tell the House?

Mr. MAHON. I believe the previous appropriation by the Congress for civil defense was \$82 million, and this would provide \$207 million.

Mr. GROSS. That is about \$300 million then?

Mr. MAHON. And it might save 10 million lives.

Mr. GROSS. Does the gentleman's committee have any information as to what the Russians are doing by way of accelerating civil defense measures in Russia and, particularly, in the cities of Russia? Are they doing anything?

Mr. MAHON. The information which has been in the press would indicate they have a very ambitious program, a compulsory training program, a program of considerable magnitude. One of the deterrents to war is the ability to absorb an attack, and one of the deterrents to war against this country will be our ability to absorb an attack, and if we are able to carry out a civil defense program which is effective—and, of course, it is going to be difficult to have one that is effective—it will be a deterrent to war.

Mr. GROSS. If the gentleman will yield further, we have people, as I understand it, in Moscow and in other cities of Russia and, obviously, they can find out at least to some extent what the Russians are doing in this regard.

Mr. MAHON. According to the press reports, an extensive hearing was held by the subcommittee headed by the gentleman from California [Mr. HOLIFIELD] on yesterday, I believe, and some of that has been reported in the press. I have before me also a page of the CONGRESSIONAL RECORD containing an extension of remarks by the gentleman from Illinois [Mr. PUCINSKI] as to what Russia is doing about civil defense. I have not had the opportunity to read the latter statement.

Mr. GROSS. The question is, How reliable is that information?

Mr. MAHON. I am not able to state.

Mr. GROSS. I am not questioning the gentleman from Illinois [Mr. PUCINSKI], of course, but I am wondering how reliable that information is. If it is just information from another correspondent from some foreign newspaper, I will tell the gentleman that I do not rely on that sort of information. But, in your committee you have appearing before you military experts connected with our military services. We have military attachés in Moscow. We have an ambassador in Moscow. Surely, these people can tell us whether the Russians are doing anything in this regard.

Mr. MAHON. We have been told throughout the years that they do have a program. I have listened to testimony from defense and intelligence witnesses on the subject but I cannot give a statement as to the exact nature of the Soviet program. We all know, however, I believe, that the nature of the construction of their homes is such that they have greater ability to withstand an atomic attack in some respects than we have.

But, regardless of what the Soviet Union is doing, I am interested in what the United States is doing. If the United States is seriously talking of going to war, if necessary, to maintain its position, it must—I say to my friend from Iowa—provide the best defense program reasonably possible—and included in that is the defense and preservation of the lives of our people generally.

Mr. GROSS. Did you have a witness from the Department of State or from the military before your subcommittee testifying in behalf of civil defense?

Mr. MAHON. We had Gen. Lyman L. Lemnitzer, the Chairman of the Joint Chiefs of Staff and Secretary of Defense McNamara.

Mr. GROSS. Did they testify on civil defense?

Mr. MAHON. They testified on the subject of civil defense.

Mr. GROSS. Did they testify on civil defense measures as related to what is happening in Russia and what is taking place there?

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

Mr. MAHON. I yield to the gentleman from Mississippi.

Mr. WHITTEN. May I point out that no one can differ with my chairman, if you will permit me to say so, so far as the end objective that we have in mind. We should give every attention under present conditions to make proper provision for protection of the civilian population. It is a must. However, from my years of service on the Defense Appropriation Subcommittee, dealing with all defense, so frequently we seem to think that when we appropriate a whole lot of money that we have done the job.

Through the years I have seen the Office of Civilian Defense come up with many unsound and wasteful proposals.

The facts are that on these particular items our subcommittee on the House side has not had any hearing worthy of the name because we thought this budget request would be handled by an-

other subcommittee. Is that not correct?

Mr. MAHON. I believe my friend from Mississippi will recall the testimony of General Lemnitzer and Secretary McNamara before our committee in the hearings.

Mr. WHITTEN. Recently, but they did not go into the details. We thought that would be before another subcommittee and we assumed that the particular justification would not be presented to our subcommittee. I believe I am correct about it.

Mr. MAHON. His statement was presented and some indication was given. It was anticipated that this item would be handled by another subcommittee and we would have been delighted to have had it handled by some other subcommittee.

Mr. WHITTEN. I am not questioning the statement of my chairman or differing with what he means, but having had experience with the civil defense setup, I know that unless somebody rides close herd on these funds we will find that a lot of the money has been spent unwisely. Review the history of civil defense, its requests and its plans.

In 1952 I happened to serve on the subcommittee dealing with civil defense. The agency wanted a lot of money at that time. Their plan to divide the country into regions and to build big central warehouses and store them with firetrucks, firefighting equipment, drugs, and other things that might be needed in time of emergency. Their plan was to have civil service employees sitting around there waiting for something to happen.

At that time our committee insisted that it would be much more sensible to make a major catalog showing what was available, say, in Baltimore, that could be called on by Washington in the event of something happening here, and vice versa, so that instead of spending millions and millions of dollars for equipment which was in very short supply, held in a central location where the tires would probably be flat and the batteries dead, the drugs out of date, and the food spoiled. When the emergency arose, we caused them to set up a major catalog whereby you could tell what you could get in time of emergency that had been in moving stock. After all, the Government can requisition private property under such conditions and pay later.

I say again, with no detailed hearings before our subcommittee and with the present public feeling about wanting to be safe, it goes without saying, with \$300 million being appropriated, unless somebody rides close herd on the handling of this program, a lot of this money will be wasted, and the public will get little real protection.

As I say, I do not say this in criticism of my friend from Texas, because I know the situation in which this item came up; but I say whatever subcommittee handles this should read the history of this whole civil defense agency, and take advantage of the record that has been made so that we will see that we get

civil defense for the money we appropriate. We are all for protection and we cannot very well vote against the money request, but in effect what we are doing is giving a blank check to a group which has been rather unsound in their planning in the past so far as getting maximum protection for the money spent is concerned.

Mr. MAHON. I thank the gentleman for his contribution. It is true that this matter must be watched very carefully. It is true that in days past there has been considerable ineffectiveness in this program, like the proposed evacuation of our major cities in the event of attack and impractical things of that kind.

But this program can be reoriented. It is being placed under the Defense Department, where I believe it belongs, in civilian hands in the Defense Department, and I have confidence that the mistakes of the past will not be repeated.

It will be up to us to ride herd and see that these funds are well spent, and that any additional funds are wisely expended in the interest of saving American lives.

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

Mr. MAHON. I yield.

Mr. JONAS. I would like to say that I join the gentleman from Texas in his expression of concern for the survival of our civilian population in the event of attack. I happen to have a family of my own; I am interested in that family, and I am interested in the people I represent. I am willing to vote for any reasonable amount of money or whatever the experts decide is necessary to provide for the safety of the civilian population of our country. But the thing that concerns me is the fact that we have here a brandnew item of \$207 million put in this bill by the other body without any hearings by any House committee, except what I understand was a rather casual hearing before the Defense Subcommittee.

The Independent Offices Subcommittee conducted extensive hearings on civil defense a month or so ago. We brought a bill to the House which contained \$82 million for civil defense. I also have the privilege of serving on what is known as the Deficiencies Subcommittee, which committee is engaged in hearings right now. We had hearings yesterday, the day before, and today. Normally, this item would have been referred to the Deficiencies Subcommittee. However, I am not complaining because it was not. I am merely saying if it had been referred to our subcommittee, we would have conducted hearings; we would have had an opportunity to examine the people who made up these estimates. I know the estimates were hastily gotten together, because no mention of these new programs to be financed by this bill was made when we had the civil defense bill under consideration.

Mr. MAHON. This package was submitted not to the House Appropriations Committee but to the Senate Appropriations Committee.

Mr. JONAS. I understand that. It was submitted after the House had completed action on the defense appropria-

tion bill, and after the Independent Offices Subcommittee had completed its work on the independent offices bill.

I think it is correct to say that there have been no hearings on the House side at which these items were undertaken to be justified. Am I correct?

Mr. MAHON. I would not say that is correct. There were hearings before a committee. We discussed these matters, and they were discussed before the Senate committee, as the gentleman knows. We discussed these matters with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff, but not extensively.

Mr. JONAS. Not in detail.

Mr. MAHON. If we had 4 weeks of hearings, I do not know substantially what more could be done. I listened to the proposal to find as many places as possible where people can be sheltered, to mark those places, and to provision them. It is proposed at the rate of \$4 per person to try to save lives in the event of nuclear war.

We are faced with a crisis over Berlin. I do not think anybody can give the gentleman an exact blueprint of how this program will be handled. But the Secretary of Defense and his people have the responsibility. They will report to us on their progress. They have said that not any of the money will be expended without a thorough recheck of all requirements involved. I do not know of much more we can do about it. We can appropriate the money, but we do not have the authority to administer the program.

Mr. JONAS. How did they tell you the \$93 million will be spent? Who is going to make the survey?

Mr. MAHON. It will be done under the auspices of the Navy Department, the Yards and Docks Bureau of the Navy Department, one of the most efficient in the Government; also the Corps of Engineers will have a part. This will not be a political boondoggle.

Mr. JONAS. I wonder whether there was any breakdown of the \$93 million. That is a good round sum to bring out of the air. Will it be apportioned among the 50 States? Are they going to spend so much money in each State, in each naval district? Or how will the money be spent?

Mr. MAHON. I do not know whether they know specifically and in detail how it will be spent. This is one of the things they have to determine by a study of this program.

Mr. JONAS. If they are going to mark the available shelter spaces for the civilian population, they ought to do it in all sections of the country, because the people in my section are just as precious as those in other sections. I think that if these shelters are marked they should be marked on a nationwide basis.

Mr. MAHON. Oh, yes; I agree fully.

Mr. JONAS. And not individual cities.

Mr. MAHON. They will be marked on a nationwide basis. All of the shelters in the world would not protect lives under certain conditions.

Mr. JONAS. I just thought there ought to be some plan that has been

evolved and decided upon and that we ought to know about it.

Mr. MAHON. This is the place to find out what we have and what we can best do.

Mr. JONAS. We are getting ready to appropriate \$207 million in addition to the \$82 million we have heretofore appropriated. But we do not know how the money is to be spent. I think a request for \$207 million deserves a more detailed explanation or justification than has been given the House of Representatives.

I think it is incumbent on us to know how this money is going to be spent; to be sure that the plans are going to be adequate; and that these sums are clearly justifiable as being necessary; and that the money will be spent prudently.

Mr. MAHON. I agree with the gentleman that a more detailed justification would be desirable, we must keep in close contact with the situation. We know that we have the authority to be advised about it. We have investigators and staff people, as well as ourselves, and we can keep in close contact with this thing as it develops. But, we do not want to be too little and too late. We could defer it to the next session of the Congress and have better justification, but it would not make sense, it seems to me.

Mr. JONAS. Can the gentleman tell us whether it is contemplated that this survey will be completed before the end of the current fiscal year?

Mr. MAHON. I think it will be, but I do not know exactly what the time schedule is. I do not think anybody in the United States knows when it will be completed. But, I believe it will be in good hands under the supervision of the Army Engineers and the Bureau of Yards and Docks.

Mr. JONAS. I have no quarrel with the Corps of Engineers or the Bureau of Yards and Docks. I just thought it would have been better—and we have plenty of time—to have witnesses from the departments come before the appropriate committee of the House of Representatives and spell out what they mean to do with this money and give us some detailed justification so that we can decide whether they need \$207 million or \$307 million, because, after all, if we are going to just accept their figures without any study or investigation, we are not doing our duty as I see it.

Mr. MAHON. I will say to the gentleman that in addition to the hearings which we did have, some of the members of the subcommittee, including myself, conferred with the Secretary of Defense informally. I do not know what more information of a basic nature could be provided other than what is now available to us.

Mr. JONAS. The gentleman is chairman of one of the most important and powerful subcommittees of the House. I am sure that you require more justification in procurement hearings and in other defense hearings than you required in this matter; is that not true?

Mr. MAHON. That is correct.

Mr. JONAS. Maybe the emergency justifies giving them the money without any hearing, and I am not going to vote

to take this money out of the bill. I repeat that I am interested in civil defense and I am interested in providing protection for the civilian population. But I think the Defense Department should have given this Congress and the House of Representatives a more detailed program, a better breakdown on how they plan to spend this money, and a more complete justification, instead of asking us in effect for a \$207 million blank check.

Mr. MAHON. I am sure the gentleman's subcommittee which has the authority to call witnesses before the committee for any further hearings in connection with this matter will fully explore it. I do not believe they can give a great deal more information at this time. This civil defense request went to the Senate. It was put in the Senate bill. It is part of the defense buildup of the country in the light of the threat to our security and survival, and I believe that it is in the best interests of the country to support this program at this time. I am in favor of marking these shelters, and I am in favor of research and development, to give the people better advice as to what they can do for themselves. I do not think this program is overambitious; it may not be as ambitious as it should be.

Mr. Speaker, I now yield 5 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Speaker, this situation in which we find ourselves is most unique. It has been precipitated by the emergency that the President has indicated. It must be said that the testimony before our subcommittee on defense appropriations on this request cited the \$207.6 million as a minimum.

The basic difference between the kind of hearings we hold on the entire defense bill and this matter is that in the defense hearings we go into the matters in detail and we publish the hearings. On this item some minimal hearings were held. As I understand it, the likelihood is that the hearings that were held will not result in a publication of the testimony. I think the committee should publish the testimony. I think it should be made available for the House Members and the public, even after the fact.

Second, this \$207,600,000, you might as well know right today, is the downpayment on a far bigger program, a substantially larger program.

Mr. Speaker, this \$207,000,000 plus should be added to the \$86,550,000 which was approved by the Congress within the last week or so. That additional money came from the Independent Offices Subcommittee of the Committee on Appropriations. The question has been raised that if we do not vote for this, are we not going to be a party to the potential loss of a substantial number of American lives, providing of course there is an attack. I want you to know that if we give the Defense Department or any agency in the Federal Government a free hand in this civil defense program, and our approval of this amount may lead them to that conclusion, we are going to be spending not \$300 million a year in civil

defense, but possibly a billion dollars, or \$2 billion annually. If that comes to pass, without efficient management and intelligent handling of the funds we will figuratively kill or destroy a lot of taxpayers with the added expense of this program.

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

Mr. FORD. I will be glad to yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Speaker, I think the record ought to show that when the civil defense people were before our subcommittee they did not ask but for \$4.5 million for research and development and they received from our subcommittee \$1.5 million in that item; also \$21.6 million for emergency supplies and equipment. That is in addition to the items contained in this bill.

Mr. FORD. Mr. Speaker, I have in my hand the justification sheets that were submitted to us by the Defense Department for this program. It is a request for \$207.6 million. I have had one of the members of our committee staff check the number of pages of testimony that justified this request, and there are 20 pages here that include the alleged justification for this amount. That is about \$10 million a page, which I think averages about 30 lines a page. We in all sincerity cannot justify recommending this amount of money based on the material I have in my hand, or on the testimony that has been submitted to our committee. I say that the emergency rather than the facts justify anybody—anybody—voting for this down payment on a much larger program that will inevitably come before the Congress. It seems to me that we ought to look apprehensively at what we are doing. Although I would have preferred a dollar reduction in the program, it is my view that we are in a box and we will probably have to approve it without revision.

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

Mr. FORD. I yield to the gentleman from Texas.

Mr. MAHON. Does not the gentleman feel that under the circumstances we should appropriate substantially the amount of money provided here, substantially the \$207 million?

Mr. FORD. As the gentleman knows, in the conference I felt that we should not give all of the \$207,600,000. I thought we should have made some token reduction. I still feel that way.

Mr. MAHON. What magnitude of appropriation would the gentleman desire?

Mr. FORD. I personally suggested then and I would support now the sum of \$190 million.

Mr. MAHON. A reduction of \$17 million?

Mr. FORD. Seventeen million eight hundred thousand dollars.

Mr. MAHON. I just wanted the House to know that this is not a partisan matter.

Mr. FORD. No, absolutely not.

Mr. MAHON. As far as I know, on both sides there is some reservation as to what should be done but, generally speaking, most of us feel this is a move in the right direction.

Mr. FORD. I believe that we could justify a \$17 million-plus reduction because the evidence was not ample to justify \$207 million. Our guess would be as good as their guess. I believe that the facts, if you will look at the evidence, will show that. So, if we have no alternative, I will accept the higher amount, but I would prefer the lesser figure.

Mr. MAHON. Mr. Speaker, I feel this \$207 million is not a magic figure. On the other hand, I feel that this sum of money is more or less a symbol of America's determination to remain firm even though war comes and we are attacked. I believe the chance for peace will be greater under the circumstances if we stand firm. So in order not to becloud the issue, I personally would like to see no reduction made in this symbolic action on the part of Congress with respect to civil defense.

Certainly our Committee on Appropriations will have an opportunity to go more thoroughly into these various items. The sum requested is an understatement of our requirements, in my opinion, not an overstatement of the requirements. I would hope we could go along and present a united front at this time without any implication at all that for all time to come we will give the Secretary everything he wants for civil defense. That is not in the picture. It is not anticipated at all.

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

Mr. MAHON. I yield to the gentleman from Massachusetts.

Mr. BATES. I want to congratulate the gentleman from Texas. Certainly I support the position he takes. This is a good start in civil defense. We have discussed this matter for so many years and taken such little action that time is running out on us. One of the prime reasons is that there is no committee of the House that is studying and recommending a solution to the problem that exists.

Earlier in the year I presented to the Committee on Rules a resolution for the purpose of establishing a select committee to study civil defense. The gentleman from California [Mr. HOLIFIELD] has had extensive experience in the field, as has the gentleman from New York [Mr. RIEHLMAN]. We should have on this committee members of various committees, people who have responsibility in this particular field, so we can move ahead. These are dangerous days, and we should wake up and realize it. One bomb alone today contains more explosive power than a trainload of TNT extending from Boston to Mexico City. That is the kind of world we are living in. We have taken no real action in this field. We had better do it, and do it promptly. In 2 or 3 years we will be subjected to blackmail. I do not want to find my country in that position.

Mr. MAHON. Does the gentleman agree that there might be considerable absurdity in being so concerned about national defense and world conditions that we would provide in appropriations \$46 billion on the one hand for the Department of Defense and refuse to provide the \$207 million to protect the lives

of millions of American citizens in a civil defense program?

Mr. BATES. A study was conducted by the very able gentleman from California [Mr. HOLIFIELD]. If a shelter at an average price of \$150—\$50 less than the cost of a good television set—was put in each home, we would save approximately 45 million lives. By doing this we could reduce a potential loss of 2 million people, but it seems to me that if the Russians knew that 2 million, not 75 or 100 million Americans, would be killed, we would have no worry about war. Time is running out, and we should do something about this.

Mr. MAHON. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Speaker, I want to associate myself with the gentleman from Texas in urging the House to adopt this resolution for the defense of the people of this country. The primary object of the defense forces is to defend and protect the people of this Nation. In modern war, it is necessary to protect the civilian population just as it is necessary to keep the aggressor from coming into the country. The civilian population is in danger in modern war; and I think the President has made a wise decision in putting the civil defense program into the hands of the Department of Defense, because the Army, the Navy and the Air Force have organizations in being that can handle such problems. The gentleman from Massachusetts has just said that time is running out, and it is time to have an organization that is prepared to move and take care of this situation.

So I urge my colleagues, Mr. Speaker, to adopt this resolution. This \$207 million is a mere pittance to take care of the civilian population of America. This action on our part will show the world we mean business, and that we mean to protect ourselves, including our own families here in America.

Mr. MAHON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, in order to clarify the situation, I would like to ask my friend, the gentleman from New York [Mr. TABER] a question so that we may know just what the issue is.

As I understand it, the gentleman from New York intends to offer an amendment?

Mr. TABER. That is correct.

Mr. McCORMACK. Will the gentleman advise what the amendment is?

Mr. TABER. The amendment is to knock out the \$93 million for surveys.

Mr. McCORMACK. Now we have the question clarified.

Mr. Speaker, I think the position taken by the distinguished chairman, the gentleman from Texas [Mr. MAHON], and the distinguished gentleman from Michigan [Mr. FORD] is one which seems to me to be sound. In the case of the gentleman from Michigan, he would like to see a \$17 million reduction, but on the other hand he is going to vote, as I understand it, for the present

\$207 million plus, if that is the question before the House. In other words, with the question as it will be, he will support Chairman MAHON. Many years ago, I made a speech—and when I say many years—I mean 8 or 10 years ago, to a conference of mayors which was being held here in Washington. In that speech, I said I considered civil defense to be the fourth arm of our national defense. I have felt that way throughout the years. I was very glad when civil defense was transferred to the Defense Department. I think that is a step in the right direction and a sound step because it is a recognition of the fact that civil defense is a part of our national defense.

I picked up this morning's newspaper and I find where Mr. Khrushchev yesterday under the guise again of talking peace makes his threats of war. In the course of the remarks he made yesterday in Moscow, he is reported to have said that scientists in the Soviet Union could build a bomb with the explosive equivalent of 100 million tons of TNT. That is along the line of confirming what the gentleman from Massachusetts [Mr. BATES] has said. As a matter of fact, the United States, our country, and I assume the Soviet Union could build one bomb that could destroy everybody on earth—but who would be crazy enough to do that? The fact is—this appropriation is the starting point of real civil defense as one of our colleagues has said, the gentleman from Michigan [Mr. FORD]. I am voting for the \$207 million plus with this part in mind. I do not think that \$207 million and the other \$82 million that was previously appropriated is going to anywhere near meet the problem of civil defense in connection with shelters or otherwise.

We have got to face the reality, but what we do today is going to be an important step in the right direction. This is the first real concrete step we have taken in connection with recognizing the importance of this problem.

I think it would be a great mistake if we were to adopt the amendment to be offered by my friend the gentleman from New York [Mr. TABER]. The Appropriations Committee can follow through. The big program is going to come later on. It will then receive careful committee consideration. We must fact the realities of the day. We are living in a world where not only our own way of life is involved, those of us who are pretty well along on the journey of life, but we are living in a world where the way of life of the youngsters you and I see walking through the corridors of this Capitol and on the streets of Washington, Boston, Chicago, the cities and towns of this country, is also involved and being decided now. As one of the Members said, he did not want to see his children subjected to conditions that would exist if America were attacked and we were unprepared from the angle of civil defense.

Is there anyone in this Chamber who is kidding himself that if the attack comes they are not going to attack America? If the Soviet Union is going

to attack they will not attack Britain, West Germany, and France. They might attack offshore military installations, but simultaneously they will mount a concentrated attack upon the United States. That attack everybody knows will be for the purpose of murdering us, destroying us, not only in loss of life, but from a productive and military angle, as well as from a psychological angle. They will also try to destroy our ability to fight back, and our will to fight back. If anyone is deceiving himself in that respect he had better do a little serious reconsidering. This, as Chairman MAHON said, "Is a symbol, but an important one." I agree with the gentleman from Michigan [Mr. FORD] we have got to follow up with more appropriations if our people are to be given adequate protection.

GENERAL LEAVE TO EXTEND

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have consent to extend their remarks at this point in the RECORD in regard to civil defense or on the conference report.

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

There was no objection.

Mr. EDMONDSON. Mr. Speaker, our majority leader has made a great and compelling argument for a real start toward an adequate civil defense program in the United States.

In my judgment, this could be the most important and decisive vote to be cast in the 1st session of the 87th Congress.

Unless we provide the funds needed for an effective beginning on needed fallout shelters, we certainly have an incomplete civil defense program.

Unless we make this beginning we certainly justify by our inaction some uncertainty in the Kremlin regarding the real seriousness of our firm stand at Berlin.

Unless we make this beginning, Mr. Speaker, I firmly believe that we will be letting down our people in the discharge of our duty and responsibility to them.

Let us get our civil defense program underway with the funds needed to do the job. I hope the amendment will be defeated.

Mr. DERWINSKI. Mr. Speaker, it is obvious that the mood of the House is such that the appropriation requested will be approved, but the point that is most disturbing to the Members is the blank-check circumstance which is apparent here. If this were the only item in the budget appropriated in such a rapid fashion without substantiating detail, there would be less concern. However, those of us who are willing to support the President in providing the Nation with the strongest possible Defense Establishment—and obviously, civilian defense is a practical part of our defense structure—realize that a blank check, whether it be to the military leaders of the country, or to a civilian agency operating in the domestic field—does not represent sound legislative policies.

The legislative branch of Government is rapidly becoming a mere sounding

board and rubberstamp for the overzealous administrators in the executive department, who are determined to achieve maximum centralization of government without incurring resistance from the public.

It is my hope that the debate this afternoon will present sufficient evidence of legislative intent that the House is determined to exercise, through appropriate committee activity, a close check on civil defense planning and expenditures.

We wish to provide maximum protection to the American people, but we certainly owe them value for the dollar spent.

I commend President Kennedy for the practical suggestion that the civilian defense activities be assigned to the Defense Department. I agree with the decision of the administration that this represents a logical control by the military department over this vital defense program.

It would be my hope, however, that the President and his advisers show as much imagination and propriety in other activities of the New Frontier, since we find ourselves at the present time with the most confused and inept administration the country has ever known.

It is especially appropriate at this time to ask that the firmness in building the defense forces of the country be matched by equal firmness in foreign relations. Vacillation in foreign affairs is hardly compatible to the sacrifices we are asking the American public to make in developing our defense buildup.

Mr. ROOSEVELT. Mr. Speaker, the distinguished majority leader has clearly, eloquently drawn the issue. The threatened crisis has grown, the danger is right upon us. Even if our plans are not as complete as they should be, at least the present administration has made a new start, one of promise that practical action will follow. It better had. True this money is only a beginning. May we have time to work out complete really adequate plans to protect the lives of the men, women, and children who being helpless to protect themselves, will otherwise lose them. If we fail we give any enemy the best weapon he could ask for and probably assurance of winning by threat or blackmail, without giving Americans a chance to defend themselves. Let us support Mr. MAHON's motion.

Mr. SIKES. Mr. Speaker, there is one feature of special significance in this bill. Its provisions add materially to our capability for conventional war. For years some members of this committee have sought to do that very thing—unfortunately with not much support and with very limited results.

There is a hole in our defense system as big as a barn door. It is the weakness which exists for engaging in limited or conventional war. For years the buildup has been in unclear weapons and their delivery systems. Conventional forces suffered in comparison. However important these weapons are, to depend on nuclear weapons alone is like depending on the Maginot line.

Now, under the Kennedy administration, a realistic start is being made to correct this situation. Conventional forces are being increased; airlift and sealift are to be enlarged, and existing forces are being beefed up and relieved of training responsibilities.

All of this is important. It means that we can fight with both hands if need be. It means that we are preparing to be able to fight in more than one part of the world if need be. It means that we soon can move much more sizable military units by air or by sea to trouble spots within a short time.

Now we are closing the hole in our defense system.

Mr. MAHON. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. TABER moves that the House concur in Senate amendment No. 26 with an amendment as follows: In lieu of the sum named in said amendment insert "\$114,600,000."

Mr. TABER. Mr. Speaker, I think as we approach this problem we should do it knowing the whole situation and having it in front of us, and not with the idea that we are on the run and have no consideration for what we are doing. Let me say to you that this proposition in the way it is put before us and in its approach to the problem is enough to defeat it. This proposition was sent up to us here in the budget estimate, dated July 26, 1961. At that time the independent offices appropriation bill was before the Senate. The bill was sent to the Senate on the 25th day of July, and it did not pass the Senate until the 31st day of July. There was \$82 million in that bill for civil defense. Instead of putting the whole thing together in that bill where it had been placed, it was kept back and included in the defense bill at the last minute.

What does it do? This \$207 million would be a setup simply for a proposition to mark and survey these places which might be used as shelters. Those things can be done better and more efficiently and intelligently by the local communities in which the people live. You may say all you want to about civil defense, but if you do not do it in the proper way, if you do not do it in such a way that you can get results, you will have nothing to show for an attempt to meet their responsibilities, if they have any.

Mr. Speaker, I have been up against this civil defense business for 8 or 10 years now. We have had offered to us one scheme after another that was of peculiar character. For my own part, I listened to one outfit that wanted about \$50 million to put in duplicating telephone circuits between the main cities on the east coast. I asked them if the A.T. & T. did not have those things already, and they said "No." I asked them how they knew that. They said their engineer had investigated the matter. I wrote to the A.T. & T. to find out if what they said was true, and I was told the next day it was not so, that they already had at least three duplicating lines.

That is a sample of the kind of stuff we are up against.

If they had offered something that was progressive and forward looking, that could be used to help protect the people of the United States in a raid, I would be for it. But when it comes to putting up \$207 million, the main feature being to have a survey and marking which could be done so much better by the local people and at almost no expense at all anywhere in the United States.

I do not know whether we are going to be run off our feet or not. You know, if we are really going to fight and win this battle of words, or any kind of battle, we have to do it in such a way that we use these things we have to fight with to protect ourselves in a most intelligent way, and we cannot do that by taking up every whim and spending a great lot of money on things that we do not need or that cannot be done in the way it is put up to us in an effective and efficient way.

Now, I do not know; maybe it is true that we should say that we are on the run all the time, and that we are not going to think about what we are going to spend our money for.

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

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

Mr. GROSS. Is it not true that the Independent Offices Appropriations Subcommittee held hearings and then cut the bill when it was before the House Independent Offices Subcommittee?

Mr. TABER. Yes, but there was no such thing as survey and marking in the items that were sent to the Independent Offices Subcommittee.

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

Mr. TABER. I yield to the gentleman from North Carolina.

Mr. JONAS. I would like to confirm that. There were no justifications. We were not even asked for this program. This is a program that was evolved after we completed our hearings.

Mr. TABER. At that time the budget estimate went up to the Senate before the Senate had disposed of the independent offices bill, as I can demonstrate here, and I have the documents here to prove it.

Now, here is another thing I wanted to call attention to. The budget estimate contained provisos which would permit the transfer of this \$207 million to any agency of the Defense Department. Now, that was practically an open statement to the effect that they did not have an intelligent proposal to work out and they were trying to get hold of \$207 million to play with. Now, I cannot go along with that way of doing business, nor can I call that contributing to national defense.

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

Mr. TABER. I yield.

Mr. GROSS. I am surprised that aside from the gentleman from North Carolina [Mr. JONAS], no one has taken the floor this afternoon of the independent offices appropriation subcommittee

to tell us why, only as recently as that bill went through the House—the conference, of course, accompanying it—this enormous increase had to be put on through the defense appropriation committee. And, I wonder what is going to be the story next year. Is the independent offices appropriation subcommittee going to hold hearings and appropriate one amount and then go again to the defense subcommittee with no hearings or no hearings worthy of note being held and triple the amount? I support the gentleman's amendment.

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

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

Mr. JENSEN. I think every Member of this House should be grateful to the gentleman from New York [Mr. TABER], for his explanation of this matter in a most intelligent way. I am sure that a lot of Members of this House, when the vote comes, will feel that they dare not vote for the saving of \$93 million. But, let me remind the Members of this House that Mr. Hoy, who was the director of civil defense for a number of years, was belittled and insulted no end by Members of this House when he asked for a reasonable amount of money for civilian defense. They said, "Oh, you will put on a bunch of political hacks," and they had every excuse in the world for reducing his request.

Now, all at once, we find that they have had a change of heart and we are in a much different position than we were even 2 months ago. Why, please tell me why, all at once so many Members of Congress have changed their thinking on this civil defense program.

Mr. Speaker, I certainly will vote with Mr. TABER, whose amendment should be adopted.

Mr. TABER. Mr. Speaker, I hope the amendment will be adopted.

Mr. MAHON. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Speaker, I wish to say that in raising the point I raised a while ago, I repeat again that the circumstances under which this request comes before us leads me to point out that merely appropriating the money does not get the job done. The history of the civil defense requests is that many, many unsound proposals have been made where much money has been spent with little real protection provided or planned.

Mr. Speaker, I am opposed to the Taber amendment because I think surveys are one of the major things that we need. I regret that up until now we have not had a chance to make the civil defense agency pinpoint the basis for this request. However, some several years ago, as a member of the Defense Appropriations Subcommittee, I went to Russia. We made a survey in Finland and in Sweden and in other countries around the periphery of Russia in connection with their provision for protecting their civilian population. In every case we found that they had given some attention to plan, to design, planning underground garages which were actually good

in time of emergency, but which would pay for themselves from an economic standpoint during peacetime. I think here, if we make a proper survey as to those places which now exist such as are under some of our major apartment buildings in our major cities, underground garages, and so forth. So far as the future we should have proper planning so future construction can serve a dual purpose. With proper planning we could give a whole lot more protection for a whole lot less money and prevent such expenditures from being a complete drain on our economy.

Mr. Speaker, I again say that we must not say, that simply because we appropriate these millions of dollars that we have got the job done. Actually by giving them the money with no more concrete planning than they have given us, we had better be doubly careful or we will not get the protection that we want and for which we pay. So I will say here that it is my understanding that this matter will hereafter be handled by the Subcommittee on Appropriations headed by the gentleman from Texas [Mr. THOMAS], and with all due deference to my own service and other Members, I do not know of any man to whom I had rather risk that job. I do say that when we provide this amount of money, because of the seriousness of the situation and because our country is faced with standing up to Russia, it behooves us to see that the supervising committee rides herd on these funds and sees that we get what we are going to pay for.

Mr. MAHON. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, this item of \$207 million in my opinion should be approved. Let the House understand that this money would be spent by the Defense Department and not by the Office of Civil and Defense Mobilization. Also, the money that has already been appropriated to the Office of Civil and Defense Mobilization will be susceptible to transfer to the Department of Defense, or any other agency. We are cutting down on the personnel of the Office of Civil Defense, and we are making a planning agency out of it. The implementation and operation of a further civil defense program will be in the hands of the Office of the Department of Defense. So, we have a chance for the first time to control this program and really see that it is handled in an efficient manner.

Mr. Speaker, my Subcommittee on Military Operations—I see the gentleman from New York [Mr. RIEHLMAN], who is the ranking Republican member, in the room; also the gentleman from Ohio [Mr. MINSHALL], and the gentleman from California [Mr. LIPSCOMB], and others that have served on this committee, and we have been holding hearings since 1955 on the problems of civil defense. We have heard many expert scientists, engineers and military experts. We have printed several thousand pages of testimony and have made about 10 separate reports on the subject of civil defense.

There is wealth of hearings, there is a wealth of reports, most of which were reported unanimously by the Joint Committee on Atomic Energy and the House Committee on Government Operations. I believe the gentleman from Massachusetts [Mr. BATES] brought that out on the floor. The members of the Atomic Energy Committee, of which he is a member, held extensive hearings on the subject. Those hearings show that there could be 50 to 80 million casualties. The same hearings showed that if the proper kind of civil defense is established the casualties could be cut by 90 or 95 percent.

Somebody brought up a question as to what they are doing in Russia. Yesterday Mr. Leon Gouré, from the Rand Corp., testified before the Subcommittee on Military Operations, and this is the gist of his testimony: He said that in the Soviet Union there are 22 million people trained for civil defense. He said there is an extensive system of underground shelters in the Soviet Union, and that in Moscow alone the subway would save 2 million people against an air attack using nuclear weapons.

I think the motion offered by the gentleman from New York should be defeated and the \$207 million retained.

I wish to assure the Members of the House that the forthcoming program will be scrutinized in detail before it is initiated and concurrently with its implementation. The Subcommittee on Military Operations of which I am chairman will continue its interest in civil defense. We will scrutinize closely its program. I am sure that other committees such as the Defense Committee and the Committee on Appropriations will also watch this program closely.

It is long past the time when an ineffective boondoggling civil defense program is tolerable. This is a serious business; it can mean survival for millions who are now doomed to a horrible death if war comes in our present unprepared state. If we had an effective civil defense program today, we could take a much firmer stand at the diplomatic table in regard to Berlin, Laos, and other hot spots throughout the world.

Mr. MAHON. Mr. Speaker, I earnestly hope that this amendment will be defeated and that we will present a united front on this question of standing up as we should stand at this moment when we need to stand together in all important matters affecting our defense. We must not do too little too late. We have much information. The time has come for effective action.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 54: Page 40, line 16, insert the following:

"Provided further, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 54 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 64: Page 43, line 17, insert the following:

"Provided, That the Secretary of Defense, under circumstances where the immediate movement of persons is imperative, may, if he deems it to be in the national interest, hire motor vehicles for such purpose without regard to this limitation."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 64 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 65: Page 43, beginning on line 22, strike out all of section 533 and insert section 633 as follows:

"Sec. 633. Not less than \$7,500,000 of the funds made available in this Act for travel expenses in connection with temporary duty and permanent change of station of civilian and military personnel of the Department of Defense shall be available only for the procurement of commercial passenger sea transportation service on American-flag vessels."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 65 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 69. Page 45, beginning on line 18, strike out all of section 537 and insert a new section 636 as follows:

"Sec. 636. No part of the funds appropriated herein shall be available for paying the costs of advertising by any defense contractor, except advertising for which payment is made from profits, and such advertising shall not be considered a part of any defense contract cost. The prohibition contained in this section shall not apply with respect to advertising conducted by any such contractor, in compliance with regulations which shall be promulgated by the Secretary of Defense, solely for (1) the recruitment by that contractor of personnel required for the performance by the contractor of obligations arising under a defense contract, (2) the procurement of scarce items required by the contractor for the performance of a defense contract, (3) the disposal of scrap or surplus materials acquired by the contractor in the performance of a defense contract, (4) the procurement of subcontractors required for the performance by the contractor of his obligations under a defense contract, or (5) costs of participation in exhibits upon invitation of the Government."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 69 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert: "Sec. 636. No part of the funds appropriated herein shall be available for paying the costs of advertising by any defense contractor, except advertising for which payment is made from profits, and such advertising shall not be considered a part of any defense contract cost. The prohibition contained in this section shall not apply with respect to advertising conducted by any such contractor, in compliance with regulations which shall be promulgated by the Secretary of Defense, solely for (1) the recruitment by that contractor of personnel required for the performance by the contractor of obligations arising under a defense contract, (2) the procurement of scarce items required by the contractor for the performance of a defense contract, or (3) the disposal of scrap or surplus materials acquired by the contractor in the performance of a defense contract."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 71. Page 46, line 17, strike out "repair and alteration projects" and insert: "acquisition of new facilities or expansion, extension or addition of existing facilities".

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 71 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted, insert the following: "acquisition of new facilities, or alteration, expansion, extension or addition of existing facilities."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 74. On page 47, line 9, insert the following:

"Sec. 640. During the current fiscal year, the Secretary of Defense may, if he deems it vital to the security of the United States and in the national interest, transfer, with approval of the Bureau of the Budget, not to exceed 3 per centum of any appropriation available for military functions of the Department of Defense for the current fiscal year, to any other such appropriation, but no appropriation may be so increased by more than 6 per centum, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation to which transferred: *Provided*, That the Secretary of Defense shall notify the Appropriations Committees of the Congress promptly of all transfers made pursuant to this authority."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 74 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"Sec. 638. During the current fiscal year, the Secretary of Defense may, if he deems it

vital to the security of the United States and in the national interest to further improve the readiness of the Armed Forces, including the Reserve components, transfer under the authority and terms of the Emergency Fund an additional \$200,000,000: *Provided*, That the transfer authority made available under the terms of the Emergency Fund Appropriation contained in this Act is hereby broadened to meet the requirements of this section: *Provided further*, That the Secretary of Defense shall notify the Appropriations Committees of the Congress promptly of all transfers made pursuant to this authority."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 75. Page 47, line 22, insert the following:

"Sec. 641. (a) All payments of additional pay for foreign duty made prior to the date of enactment of this Act to enlisted members of the United States Air Force who served on any of the artificial islands (known as Texas towers) located off the coast of the United States on the outer continental shelf are hereby validated. Any such member or former member who has made repayment to the United States of any amount so paid to him as additional pay for foreign duty is entitled to have refunded to him the amount repaid.

"(b) The Comptroller General of the United States, or his designee, shall relieve disbursing officers, including special disbursing agents, of the United States from accountability or responsibility for any payments described in the first section of this Act, and shall allow credits in the settlement of the accounts of those officers or agents for payments which are found to be free from fraud and collusion.

"(c) Appropriations available to the United States Air Force for the pay and allowances of enlisted personnel shall be available for payments under this Act."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 75 and concur therein with an amendment, as follows: Change the section number to "639"; agree to subsection "a"; concur in subsections (b) and (c), amended to read as follows:

"(b) The Comptroller General of the United States, or his designee, shall relieve disbursing officers, including special disbursing agents, of the United States from accountability or responsibility for any payments described in the first paragraph of this section, and shall allow credits in the settlement of the accounts of those officers or agents for payments which are found to be free from fraud and collusion.

"(c) Appropriations available to the United States Air Force for the pay and allowances of enlisted personnel shall be available for payments under this section."

The motion was agreed to.

Mr. Speaker, as I had previously indicated, I am at this point offering a brief statement of the contents of the bill.

The bill as now completed by the House provides for new appropriations totalling \$46,662,556,000. In addition, funds are made available by transfer from stock and industrial funds in the amount of \$470 million and from old appropriations in the amount of \$225 million, for a total availability in new obligational authority

of \$47,357,556,000. This compares with \$40,297,657,000 appropriated and \$365,500,000 transferred on a comparable

basis for fiscal year 1961. The fiscal year 1962 bill as it passed the House, passed the Senate and as agreed to in

conference and now in the House, compared with the budget estimates, is shown in the following tabulation:

Department of Defense Appropriation Act, 1962

Title	Budget estimates (revised)	Passed House	Passed Senate	Conference	Conference action compared with—		
					Estimates	House	Senate
Title I—Military personnel.....	\$12,746,000,000	\$12,050,000,000	\$12,845,000,000	\$12,805,000,000	+\$59,000,000	+\$755,000,000	-\$40,000,000
Title II—Operation and maintenance.....	11,792,945,000	10,937,530,000	11,771,996,000	11,731,130,000	-61,815,000	+793,600,000	-40,896,000
Title III—Procurement.....	16,860,000,000	14,881,014,000	16,720,556,000	16,674,898,000	-185,104,000	+1,793,882,000	-64,660,000
Title IV—Research, development, test and evaluation.....	4,790,400,000	4,842,561,000	5,294,140,000	5,243,930,000	+453,530,000	+401,369,000	-50,210,000
Subtotal, titles I, II, III, and IV.....	46,189,345,000	42,711,105,000	46,640,692,000	46,454,956,000	+265,611,000	+3,743,851,000	-185,736,000
Title V—Civil defense.....	207,600,000	.....	207,600,000	207,600,000	.....	207,600,000	.....
Grand total.....	46,396,945,000	42,711,105,000	46,848,292,000	46,662,556,000	+265,611,000	+3,951,451,000	-185,736,000

SUMMARY BY SERVICE

	Budget estimates (revised)	Passed House	Passed Senate	Conference	Estimates	House	Senate
Army.....	11,761,500,000	10,359,220,000	11,868,152,000	11,802,312,000	+40,812,000	+1,443,092,000	-65,840,000
Navy.....	14,621,000,000	13,458,402,000	14,529,680,000	14,505,665,000	-115,335,000	+1,047,263,000	-24,015,000
Air Force.....	18,480,400,000	17,683,038,000	18,932,415,000	18,836,534,000	+356,134,000	+1,253,496,000	-95,881,000
Office, Secretary of Defense.....	1,326,445,000	1,310,445,000	1,310,445,000	1,310,445,000	-16,000,000	.....	.....
Civil defense.....	207,600,000	.....	.....	.....	.....	.....	.....
Total, DOD.....	46,396,945,000	42,711,105,000	46,848,292,000	46,662,556,000	+265,611,000	+3,951,451,000	-185,736,000

TITLE I—MILITARY PERSONNEL

This bill provides \$12,805 million for the pay and allowances of 2,743,227 active duty military personnel, approximately 1,072,000 paid status members of the Reserve components, and the pay of an average of nearly 330,000 retired military personnel.

For the Army, \$3,697 million is provided by direct appropriation and \$340 million is provided by transfer from stock and industrial funds. Thus a total of \$4,007 million is made available to provide for the pay, allowances, individual clothing, subsistence, and permanent change of station travel for an active duty Army of 1,008,000 persons. In addition, the bill provides \$221 million for an Army Reserve paid status strength of 300,000 and \$235 million for an Army National Guard strength of 400,000.

For the Navy, \$2,747 million is provided in the bill, \$2,692 million by appropriation and \$55 million by transfer from stock and industrial funds. These amounts provide the pay, allowances, and related costs for an active duty strength of 657,000. In addition, \$84,600,000 is provided for a pay status strength of 125,000 in the Naval Reserve.

The bill provides \$640 million, \$629 million by appropriation and \$11 million by transfer, for the pay and allowances, and so forth, for an active Marine Corps strength of 190,000, including manpower necessary to establish a headquarters for a fourth Marine division. An appropriation of \$26,400,000 is provided for the pay and related expenses of 45,500 Marine reservists in Organized Reserves.

For the Air Force, \$4,197 million is provided by appropriation and \$64 million by transfer from stock and industrial funds for a total of \$4,261 million to support an active duty strength of 888,227. In addition, \$56 million is provided for a pay status Air Force Reserve strength of 63,000, and \$47 million is provided for an Air National Guard strength of 72,000.

A summary of the forces, by service, proposed in the President's budget in January and in each of the subsequent

amendments, and as provided in the bill follows:

Active duty military personnel strengths (excluding reimbursables)

[Numbers in thousands]

	January estimate	March amendment	May amendment	July amendment and bill
Army.....	870.0	875.0	875.0	1,008.0
Navy.....	625.0	628.0	628.0	657.0
Marine Corps.....	175.0	178.0	190.0	190.0
Air Force.....	822.9	824.9	824.9	888.2
Total.....	2,492.9	2,505.9	2,517.9	2,743.2

TITLE II—OPERATION AND MAINTENANCE

The bill provides \$11,731,130,000 for operation and maintenance of our armed services. This amount includes the pay of most of the civilian employees of the Department, the operation and upkeep of military installations including community facilities, the operation of communications systems, fuel and petroleum products, repair and overhaul of equipment and supplies of all types, medical care, military training activities, and departmental administration.

For the Army, \$3,735,710,000 is provided for the operation of 14 divisions, numerous less-than-division-size units, 5,621 aircraft, and approximately 200 major installations. In addition, \$171 million is provided for the operation and maintenance of an Army National Guard strength of 400,000 in approximately 4,500 company-sized units. Amounts of \$500,000 and \$6,300,000, respectively, are provided for the National Board for the Promotion of Rifle Practice and the Alaska Communications System to continue the work of those organizations at approximately the current rate.

Provision is made for an active fleet of 899 ships in the Navy, 7,362 operating aircraft, and 48 Naval Reserve training ships by the appropriation of \$2,889,535,000 for the expenses of operation and maintenance in the Navy. In addition these funds will provide for approximately 290 major installations in-

cluding 11 naval shipyards, 37 supply outlets, and 66 naval air stations.

The bill provides \$187,300,000 for the operation and maintenance of the Marine Corps three divisions and three air wings, including their four major combat unit support bases, two recruit training depots, two supply centers, and a fourth division headquarters organization.

For the Air Force \$4,486,740,000 is provided in support of a force of 16,203 active aircraft organized in 97 combat wings and 128 combat support forces. Approximately 230 major installations will be operated, together with major warning, control, and communications networks, with the funds provided in this bill. In addition, \$199,600,000 is made available for the support of a 72,000-man Air National Guard.

A total of \$54,445,000 is provided for offices and purposes within the Department of Defense itself, as follows: First, for salaries and expenses, Office of the Secretary, \$20 million; second, for payment of claims, Department of Defense, \$19 million; third, for contingencies of the Department, \$15 million; and fourth, for the salaries and expenses of the Court of Military Appeals, \$445,000.

TITLE III—PROCUREMENT

The bill includes \$16,674,896,000 for the procurement appropriations of the several services, allocated as follows: Army, \$2,532,602,000; Navy, \$6,695,360,000; and Air Force, \$7,446,934,000.

The funds approved for the Army provide needed acceleration of the Army modernization program, including additional quantities of the new M-60 battle tank, the M-113 armored personnel carrier, essential aircraft and helicopters and modern battlefield communication equipment.

Production of the new 7.62-millimeter family of small arms, including the M-14 rifle and the M-60 machinegun, is expanded. In brief, the funds approved provide the additional modern equipment needed to continue to meet the demands of full strength combat and logistical support units.

Funds approved for the Navy include approximately \$2.8 billion for shipbuilding and conversion. This provides construction of 36 new ships including 10 fleet ballistic missile submarines, 7 guided missile frigates, of which 1 is nuclear powered, and other craft in support of the ASW program of the Navy and the amphibious assault program of the Marines.

The amount of \$2.6 billion is approved for Navy aircraft and missiles, including over 780 new aircraft, guided missiles and directly related supporting equipment for the Navy and Marine Corps. Procurement of the F-4H jet all-weather fighter, referred to by the Navy as the "finest fighter in the world" and the A-2F Intruder, the Navy and Marine Corps all-weather, low-level bomber and support aircraft are continued.

Funds are provided for further procurement of Polaris ballistic missiles and continued procurement of the surface-to-air Terrier, Tartar, and Talos missiles, the air-to-air Sparrow and Sidewinder, and the air-to-surface Bullpup missiles.

The entire Navy procurement program reflects increased emphasis on antisubmarine warfare to combat the growing Soviet submarine threat.

The amount of approximately \$3.5 billion is approved for the aircraft procurement programs of the Air Force, including \$514,500,000 for the procurement of long-range strategic bombers and approximately \$400 million for continued modernization and expansion of our airlift capability. Procurement of KC-135 tankers is continued to support the bomber forces and to extend the tanker support to the tactical forces. Expanded procurement of the F-105 all-weather fighter now coming into the inventory of Air Force tactical squadrons is continued.

The appropriation for Air Force missile procurement totals approximately \$2.7 billion. The program for fiscal year 1962 includes essential completion of the 13-squadron Atlas ICBM program; continued procurement in support of the 12-squadron Titan program, and initiation of the first major procurement of the solid propellant Minuteman intercontinental ballistic missile.

Funds are also included for procurement of the Hound Dog air-launched strategic missile which greatly increases the effectiveness of the B-52 heavy bomber and airborne alert capability.

Further procurement of the Bullpup missile provides for equipping additional operational squadrons with this air-to-surface tactical missile.

Additional funds have been made available for procurement of modern ground communication and electronic equipment including the last major increments for the ballistic missile early warning system—BMEWS, and the continental aircraft control and warning system—SAGE.

TITLE IV—RESEARCH DEVELOPMENT, TEST, AND EVALUATION

As we accelerate our preparations to increase our military strength in the months just ahead of us, we must not

forgo our research and development programs which will determine to a considerable extent the effectiveness of our arms in the years to come. The bill before us provides \$5,243,930,000 for the research, development, test, and evaluation programs of the Department of Defense. This includes \$1,203,200,000 for the Army, \$1,301,470,000 for the Navy, \$2,403,260,000 for the Air Force, \$186 million for the Advanced Research Projects Agency and \$150 million for the emergency fund administered by the Office of the Secretary of Defense. These funds will provide for high levels of effort in basic research and applied research. In some fields these levels of efforts will be above those of last year. Support of the research and development efforts of the laboratories and test installations of the Defense Department is included in the sums provided as well as the funds for implementation of contracts with large and small companies, colleges, and universities, and nonprofit organizations throughout the United States.

A truly significant part of the total scientific effort of the country is provided for in the bill. Most, if not all, branches of science are included. Bio-medical sciences, oceanography, solid state physics, the chemistry of propellants, nuclear propulsion, meteorology, and materials research are just a few of the areas included.

The \$1,203,700,000 provided for the Army will finance more than 400 projects involving the 7 technical services of the Army, 52 Army installations, 550 universities, nonprofit institutions and prime contractors and approximately 40,000 civilian and military personnel. In general, the funding of Army missile programs decreases as compared to fiscal year 1961 and funding of military sciences, aircraft, military astronautics and space, ordnance and combat vehicles, and other equipment increases. The Nike-Zeus anti-missile-missile system continues to be financed at a high level, although below the level of fiscal year 1961. The chemical and biological weapons and defenses program will receive a significant funding increase. The Army will support the Advent global communication satellite program. The Mauler and Pershing missile system programs will continue as will the Iroquois, Chinook, and Mohawk aircraft development programs.

The \$1,301,470,000 provided for the Navy provides support for the operation and maintenance of such installations as the Pacific Missile Range, the Naval Research Laboratory, the Naval Ordnance Test Station, the Naval Electronics Laboratory and 21 other major installations in addition to financing that portion of the research, development, test, and evaluation program performed by contractors.

The Polaris fleet ballistic missile program continues to be the most heavily funded research and development program of the Navy. The development of the A-3 long-range Polaris missile is a significant part of this program. Other Navy missile development programs are the Typhon surface-to-air missile, the Subroc submarine-launched antisubma-

rine missile, and the Army air-to-surface antiradiation missile. A major problem area on which great emphasis is being placed is antisubmarine warfare. Projects aimed at increasing intelligence gathering capabilities, increasing the ranges of our detection devices and the development of mobile and fixed active and passive surveillance systems and development of new antisubmarine weapon systems are funded. Other important Navy research and development programs are nuclear propulsion for ships and submarines and the development of improved conventional weapons and equipment for the Marine Corps.

The \$2,403,260,000 provided for research, development, test, and evaluation for the Air Force includes \$400 million for the B-70 supersonic long-range bomber program. The amount provided is \$180 million above the budget request for this program. Heretofore this program was funded under "Aircraft procurement, Air Force," and was transferred to this appropriation by action of the Senate on which the conferees have agreed. A total of \$185,800,000 is provided for the Dyna-Soar program. This is \$85,800,000 more than the amount requested in the President's budget.

Air Force research, development, test, and evaluation installations provided for include the Atlantic Missile Range, the Missile Development Center, the Arnold Engineering Development Center, the Air Proving Ground Center, the Rome Development Center, and the Flight Test Center.

Major space programs funded include the Midas early warning satellite, the Samos reconnaissance satellite and the Discoverer space research vehicle. The advanced manned flight vehicle program includes the X-15 as well as the Dyna-Soar. The Skybolt ballistic missile which is designed to be carried by a B-52 bomber and which would significantly improve the operational capability of this aircraft is funded in this account. Other important Air Force research and development programs are the short takeoff and landing fighter aircraft and the Saint satellite inspection system.

ADVANCED RESEARCH PROJECTS AGENCY

The budget estimate of \$186 million is provided for the Advanced Research Projects Agency. This Agency is an integral part of the Office of the Director of Research and Engineering and undertakes development projects either outside the specific missions or interests of the military services or of interest to all of them.

EMERGENCY FUND

The budget estimate of \$150 million plus \$150 million in transfer authority is provided for the emergency fund of the Secretary of Defense. This fund provides the Department of Defense with the capability to promptly fund programs resulting from unexpected technological breakthroughs or to handle late developments.

TITLE V—CIVIL DEFENSE

The bill now provides the amount of the budget estimates, \$207,600,000, for civil defense activities assigned to the

Department of Defense. This amount provides \$93 million for a shelter identification and marking program; \$58.8 million for supplying minimum essential survival needs in such shelters; \$17.5 million for the improvement of shelters in, and the inclusion of shelters in, Federal buildings; \$19.8 million for improving alert, warning, and detection systems, including a new national emergency alarm system; \$13.5 million for a research and development program designed to raise the effectiveness and lower the cost of shelter protection; and \$5 million for emergency operations.

Mr. SIKES. Mr. Speaker, if the gentleman will yield, it appears to me the most significant thing is that we cannot afford at this time when the danger clouds are gathering to make a survey and stop. We have to move. We have to make as much preparation as we can as quickly as we can. In a few months we can be in war, if Khrushchev so decides. This is not a time to bargain with lives. We have to move along.

Despite the efforts of many dedicated persons we have not had an effective civil defense program. The American people just have not been interested. Now they are apprehensive. They want something done. This is a new effort and a more realistic program. It gets down to the core of the problem. It treats realistically with fallout. However terrible the bombs may be, they will not reach nearly as many people as fallout will reach. For the average American fallout is the greater danger. Then let us move now to provide protection as quickly as we can for as many of our people as we can against this greater danger.

Mr. MAHON. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr. TABER] to concur in the Senate amendment with an amendment.

The motion was rejected.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas to concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 41: Page 34, line 8, insert the following:

"(c) Upon determination by the President that it is necessary to increase the number of military personnel on active duty beyond the number for which funds are provided in this Act, the Secretary of Defense is authorized to provide for the cost of such increased military personnel, as an excepted expense in accordance with the provisions of Revised Statutes 3732 (41 U.S.C. 11)."

Mr. MAHON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 41 and concur therein.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members speaking on this conference report and amendments thereto may have permission to revise and extend their remarks, and that all Members may have 5 legislative days in which to extend their remarks on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PROGRAM FOR TODAY AND NEXT WEEK

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to ask the majority leader to advise us as to the program for today and the balance of the week.

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

There was no objection.

Mr. McCORMACK. If we dispose of the two bills that are coming up today we will go over to Monday.

Mr. ARENDS. May I ask the gentleman with reference to the further program if he expects to adopt the two rules together?

Mr. McCORMACK. Yes, that is what we hope to do.

As to the program for next week: Monday is District Day and there will be seven bills:

H.R. 7622, permits certain gift enterprises, trading stamps.

H.R. 8074, amend Business Corporation Act.

H.R. 8444, amend Election Act of 1955.

H.R. 6836, amend Policemen and Firemen's Retirement and Disability Act.

H.R. 8344, restoration of the John Philip Sousa home.

H.R. 8032, amend the Healing Arts Practice Act.

H.R. 256, amend Alcoholic Beverage Control Act.

These bills will not necessarily be called up in the order I have announced.

After the disposition of those bills, if a rule is reported out by the Rules Committee on the mutual security bill, debate on that bill will start on Monday and continue throughout the week until disposed of.

I make the usual reservation, of course, that conference reports may be called up at any time and that any further program will be announced later.

ACCURAL FLIGHT PAY

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 411 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7651) to amend the Career Compensation

Act of 1949 to authorize the payment of an accrued portion of incentive pay to certain aeronautically rated or designated officers who have been eligible to such pay for a minimum of at least ten years and who subsequently are removed from the status to such eligibility due to the fact that a determination has been made that the requirement for them in this capacity is no longer necessary in the interest of national security, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommitt.

Mr. SISK. Mr. Speaker, House Resolution 411 provides for the consideration of H.R. 7651, a bill to amend the Career Compensation Act of 1949 to authorize the payment of an accrued portion of incentive pay to certain aeronautically rated or designated officers who have been eligible to such pay for a minimum of at least 10 years and who subsequently are removed from the status to such eligibility due to the fact that a determination has been made that the requirement for them in this capacity is no longer necessary in the interest of national security. The resolution provides for an open rule, waiving points of order, with 1 hour of general debate.

The purpose of the proposed legislation is to provide an equitable means whereby a substantial reduction in the costs of military flying-hour programs, particularly the proficiency flying program, may be achieved without adversely affecting the ability of the military services to retain and procure the number of officers of the caliber required for a permanent career in military aviation. The objectives of the proposed legislation would be accomplished by establishing a system of sustaining compensation, called accrual pay. In many ways, the proposed pay could be called deferred hazard pay.

If the proposed legislation does not become law, the military departments during fiscal 1962 will expend \$42,600,000 for proficiency flying hours and flying pay costs for officers who are affected by this proposed legislation.

If the proposed legislation does become law, there will be a savings during fiscal 1962 of \$24,200,000. A substantially higher savings will be effected during subsequent fiscal years.

Mr. Speaker, I urge the adoption of House Resolution 411.

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

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

Mr. GROSS. Can the gentleman tell me why points of order are waived on this bill?

Mr. SISK. Yes. I may say a request was made that the rule provide for waiving of points of order due to the fact

the Ramseyer rule was not entirely adhered to in the report.

Mr. GROSS. That is what I thought. May I say to the gentleman that I think too many bills are coming out of the Rules Committee waiving points of order to protect something of this nature, and I hope the Rules Committee will not waive points of order on so many bills in the future.

Mr. SISK. I appreciate the remarks of the gentleman. We try to be certain there is need for such action before we take that action.

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this resolution makes in order that the bill come out under an open rule, waiving points of order, as has already been stated, general debate confined to 1 hour.

The bill came out of the Committee on Armed Services with a unanimous report.

It seems to me from what we have heard of it in the Rules Committee that there can be no possible objection to such a bill. For one thing, it does something that is remarkable in this day and age. It is going to affect a small economy. The economy is so small you will not notice it very much, in view of the conference report we have just voted on. The economy consists of \$24,200,000. Still it is a step in the right direction.

Another thing about the bill is it cuts down on the flight pay of many officers who are no longer required. In other words, they are of no great use to the service. On the other hand, it is not going to curtail any flight pay of those who are actually active in the service. The Committee on Armed Services, the Joint Chiefs of Staff, and all those experts in this matter, have informed us that this is desirable, and I am very sure it is.

When it comes to the matter of rated officers, in the fiscal year 1958-59, there were 1,515 grounded. The losses during that period amounted to 269, making a total loss of 18 percent. Similar officers not grounded were the same number and the normal losses 109, making a percentage loss of only 7 percent.

Of 728 rated officers, suspended on December 31, 1960, 57 have left the service. This is 8 percent of the total. Of the 57 who left, 10 retired, and the other 47 separated short of retirement eligibility.

The total eligible for retirement was 50, of whom 10 have retired. This is 20 percent of the eligibles.

I was a little disturbed at the thought we might be scrapping some of our equipment and some of our planes at a time in our history when they might be needed. I am reliably informed that this is not the case, that the planes that will be scrapped for lack of use are probably planes that should not be kept anyway; they are expensive to maintain. The chief economy in this bill will consist in not keeping up a lot of equipment, most of which is obsolete.

So, Mr. Speaker, it seems to me that this bill is a good bill and the rule should certainly be granted.

Mr. BAILEY. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from West Virginia.

Mr. BAILEY. If there is not anything wrong with this legislation, why is it necessary to have a rule waiving points of order?

Mrs. ST. GEORGE. I think that has already been explained by the gentleman from California. It seems that there are some facets in the report that do not entirely conform with the Ramseyer rule, and for that reason they asked the Committee on Rules to waive points of order.

Mr. BAILEY. It has been my observation that when a rule of this kind comes up, somebody is going to get hurt.

Mrs. ST. GEORGE. Well, I trust nobody will get hurt in this particular instance, may I say to the gentleman.

Mr. KILDAY. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from Texas.

Mr. KILDAY. In reporting this bill, the Committee on Armed Services did not include the Ramseyer provision in the committee report. It was not an oversight; it was a question in the minds of the committee and the committee staff as to whether this bill actually required Ramseyer action, and the opinion, according to the parliamentarian, was that it would require the Ramseyer provision.

Mr. BAILEY. That it would?

Mr. KILDAY. It would. It amends title II of the Career Compensation Act of 1949. Title II consists of some 32 printed pages. To have complied with the Ramseyer rule would have cost a tremendous amount of money, and that is the only reason that the request was made that points of order be waived. The report did not include the Ramseyer rule, and to have complied with it would have required some 60 pages of printed matter at an excessive cost.

Mrs. ST. GEORGE. I thank the gentleman for his contribution.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MONETARY ALLOWANCE FOR TRANSPORTATION OF HOUSE TRAILERS

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 410 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2732) to amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, and to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield myself such time as I may require, after which I yield 30 minutes to the gentleman from California [Mr. SMITH].

Mr. Speaker, I know of no controversy either on this rule or on the bill itself.

The bill came from the House Committee on Armed Services. It was unanimously reported. It is designed to correct an inequity which exists in the treatment of military personnel subject to change-of-station orders. It affects particularly those who live in house trailers or home trailers who now do not receive treatment as favorable as people who live in ordinary houses.

Mr. Speaker, the estimated cost, as I understand it, is \$1,405,000.

I, therefore, reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the rule was correctly explained by the gentleman from Missouri [Mr. BOLLING]. It provides for 1 hour of general debate under an open rule. Simply to add just a few remarks to the statement by the gentleman from Missouri [Mr. BOLLING], it is my understanding that there will be about 9,115 of these mobile trailer moves of uniformed service personnel in the next year, and due to certain administrative rulings, instead of getting 20 cents per mile, or even the necessary cost, it seems they get about 11 cents per mile.

Mr. Speaker, the thought behind this legislation is to correct that inequity. But by the same token, it is my understanding that there will be a limit on it so that the Government will not pay to the individual a greater amount than it would cost to move them by public carrier.

Mr. Speaker, I know of no objection to the rule nor to the bill. I have no requests for time. I yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ACCRUAL FLIGHT PAY

Mr. KILDAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7651) to amend the Career Compensation Act of 1949 to authorize the payment of an accrued portion of incentive pay to certain aeronautically rated or designated officers who have been eligible to such pay for a minimum of at least 10 years and who subsequently are removed from the status to such eligibility due to the fact that a determination has been made that the requirement for them in this capacity is no longer necessary in the interest of national security.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7651, with Mr. NATCHER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. KILDAY. Mr. Chairman, I yield myself 10 minutes. Mr. Chairman, this is a very important bill for the Air Force, and the flying personnel of the other services. It is quite technical and involved, and I hope that I can retain the attention of the membership while I attempt to explain what is involved.

Mr. Chairman, from the beginning of the use of airplanes in our military services, there has been a system of incentive or hazard-duty pay for the benefit of those who are under orders requiring regular and frequent participation in aerial flights. It started shortly after the first airplanes were purchased, in 1908 or 1910. Of course, it had its big impetus in 1917, incident to the expansion of the Air Force service in World War I. It existed for many years as 50 percent of the base pay of the individual officer. That continued until 1949, when we placed it on the basis of a stated number of dollars by grade or rank of the officer involved. It begins at about \$100 for a second lieutenant and progresses upward until it reaches \$245 in the rank of colonel, and then it takes a very material reduction to \$160 for the general.

Mr. Chairman, at the present time the Air Force is in a period of transition. The question is how many manned combat aircraft are going to be needed in the Air Force. No one knows at this time just where we are going to land in the transition of manned aircraft to missiles.

We will not know for some time to what extent the missile will replace the

manned aircraft. But we do know this: The Air Force weapon system has caused a reduction from 137 manned aircraft wings in 1958 to 79 manned aircraft and 5 missile wings programed for the fiscal year 1962. As a result we have approximately 7,460 rated career officers in excess of our requirements for cockpit spaces during 1962. These men are thoroughly qualified as air crew members.

Because of the difficulty presented by this situation, the Committee on Appropriations, for the past 7 years, has attempted to provide for it in appropriation language. At the present time the appropriation language is that a person who has been rated as a flying officer for a period of 20 years may be permitted to draw his full flight pay without participating in regular and frequent airplane flights.

The bill upon which we just voted, the Defense Department appropriation bill that was just approved here in the conference report, at page 36, contains a provision reducing this 20-year period of required flight service to qualify for flying pay without complying with the regulations, to 15 years, so that the bill that you have just adopted here will permit an officer who has been on flight duty for a period of 15 years to draw his total flying pay.

What do we propose here? We propose here a sliding scale, to the effect that if a man has been on flight status for a minimum of 10 years he may continue to receive flight pay but not at the full flight pay, as is the present law, because of the existing appropriation language. He would get 5 percent a year, so that if he happens to have been on flight status for 10 years he would draw 50 percent; if for 15 years he would draw 75 percent; and if for 20 years he would draw 100 percent, or any percentage in between for the varying years. So that without this legislation the bill that you just passed here would permit the man with 15 years to draw 100 percent of flight pay. With this legislation he will draw 75 percent of flight pay.

But the flight pay is a minimum part of the savings here involved. The law provides that he shall receive his flight pay if he is under orders to engage in regular and frequent airplane flight. That requires facilities to be maintained in order that he may qualify for his proficiency flight or his administrative flight, whichever you want to call it. If we do not pass this bill we will expend in fiscal year 1962, \$42,600,000 for proficiency flying to permit these people to qualify for their flight pay.

If this legislation is passed and does become law, there will be a saving during fiscal year 1962 of \$24,200,000.

In the savings, \$13 million in gasoline and other operating costs will be saved, \$2,875,000 for spare parts, about \$6 million in labor costs for base-level maintenance, and \$2,223,000 in flight pay. So that the smallest part of it actually is in flight pay, because you must maintain the planes, you must service the planes, you must maintain the bases, you must provide for fuel in order to operate the planes.

I believe that that adequately explains the purpose of the bill. I might say that today, with all of our hindsight, maybe we could have established a better system of flight pay or hazardous duty pay.

But we are not back in 1908, 1910, or 1917. We have a situation which now exists. We have 7,460 rated officers in excess of requirements. They are all well-qualified fliers. The program still contemplates removing entirely from flight status those who are not proficient in flying and those who are not physically able to fly. This bill provides that in order to draw any portion of his flight pay, he shall continue to be qualified physically to fly or he draws nothing. The point is—we have an excess of 7,460 qualified flying officers today. But, we do not know what the situation will be in 2 years.

It may be that in this transition, we will be assured 7,460 qualified flying officers depending upon what your mix is going to be between men, combat aircraft and missiles. So that these people will still be available and still qualified and still ready to be used. They are excess only in their flying skill. There are ample duties for each and every one of the men who will be continued on duty. During the course of time, they have acquired experience and skills in management and in executive capacities and in many other capacities, and they are all urgently needed in the Air Force.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

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

Mr. SMITH of Iowa. Let us just go back to World War II. During the war a person well understood when he went into the flying service that in the months that he did not fly or put in the required hours, he received no hazard pay. Evidently, we have gotten away from that concept somewhere. Even if it were not one's fault, suppose he had a leg shot off and he were in a hospital, he did not get any hazard pay.

Mr. KILDAY. I do not believe the gentleman is correct on that.

Mr. SMITH of Iowa. I know I am correct because that was well understood when I went into the flying service.

Mr. KILDAY. I am saying to the gentleman that I am afraid there is a confusion there between the pay status—such as submarine pay and hazard flight pay. With reference to submarine pay status, even if a man is on leave, he does not get that pay, but on flight pay so long as he is in that status and capable of discharging his duties, he is entitled to flight pay.

Mr. SMITH of Iowa. A man must put in the required hours that month, that is the way it was during World War II.

Mr. GEORGE P. MILLER. Mr. Chairman, will the gentleman yield?

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

Mr. GEORGE P. MILLER. I have no quarrel with what the gentleman is trying to do, but I do want to point out that there are other types of hazardous service. There is the submarine service,

for example, which to my mind is just as hazardous as the flying service, and I wonder if the committee intends to take a parallel course with respect to that type of service.

Mr. KILDAY. The situation has not arisen as to this. Those things are not in transition. They are actually being built up with time to recruit people to man our nuclear and Polaris submarines. That is on the upgrade. We are in transition in the air arms only.

Mr. GEORGE P. MILLER. I was just trying to anticipate the mistakes that might be made, if we go along on this to the point where we have to start using hindsight instead of using a little foresight now. I think that the question of hazard pay for submarine officers and people going down in the bathyscopes ought to be looked at now.

Mr. KILDAY. The gentleman from California is probably correct with reference to that. I hope the committee will look into these various things. The point is this, we have a system which has been in existence for a long period of time. It has been understood and accepted that a person who entered upon a flying career had a right to expect that he could continue in that flying career so long as he maintained his proficiency in flying and so long as he was physically capable of flying. There is now a period of transition. This bill applies to those who qualify during a period of the next 2 years. We have a system which has grown up over the years, and this is our first effort to get out from under that system because this bill is for 2 years. It is made perfectly clear—there is a caveat given to everybody entering the flying branch now that he cannot expect similar treatment hereafter; that is, 2 years from now. In other words, if he is entering now, it will be about 2 years before he is fully qualified, and so on. But this is a caveat to him that this same treatment is not going to be hereafter given and that he should anticipate remaining on flight status only so long as he is needed in that status.

For the first time we have an orderly method by which we hope to get from under a system which has grown up gradually since about 1910.

Mr. O'HARA of Michigan. Mr. Chairman, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Michigan.

Mr. O'HARA of Michigan. Am I to understand from the gentleman's remarks that if we have a flying officer assigned to a desk in the Pentagon and taken off his duty flying that he will continue to receive flight pay under the system that has existed as long as he maintains his proficiency? Is that correct?

Mr. KILDAY. His capability, let us say.

Mr. O'HARA of Michigan. That differs, I gather, from the treatment of submariners and paratroopers and other specialists?

Mr. KILDAY. This is in the category of incentive duty pay.

Mr. O'HARA of Michigan. I wish to say to the gentleman from Texas that I think this bill is a step in the right

direction, but I hope that eventually the committee will bring about uniform treatment in the matter of all hazard duty pay.

Mr. KILDAY. The gentleman from Michigan has raised an excellent point, but I would like to put it in the reverse order. He said officers assigned to desk duty at the Pentagon are not required to do flying, or so he was assigned just to desk duty. He has put in all this flying time. For him to put in qualifying flying times means that a plane must be ready for him with a crew to service it and be fueled. That has been a year-to-year law for 7 years. The Appropriations Committee has provided that if he has been flying for as much as 20 years he can draw his flight pay if he is qualified and capable of flying and not have to do the extra flying.

This bill would say that with 15 years' experience he could get 75 percent rather than 100 percent, and extends it down to 50 percent at 10 years, 55 percent with 11 years, and 60 percent with 12 years. So it is on an orderly basis.

Mr. O'HARA of Michigan. If the gentleman will yield further, I gather that he intends that in the future an air officer shall receive flight pay only when assigned; that is, for the new officers coming in.

Mr. KILDAY. That is right.

Mr. O'HARA of Michigan. Only when assigned to flight duty.

Mr. KILDAY. That is right. This is intended to be a caveat to those now entering the service that they cannot expect similar treatment to what has been done in the past, and that they will receive flight pay only so long as they are assigned to flight duty, and only so long as the weapons system and the strengths, and so forth, require his service in that category; otherwise he will draw only his base pay.

Mr. O'HARA of Michigan. I am glad to see we are going back to the rule that was established during the war. I do not know where we got off it in the meantime.

My other question is this: Is retirement pay computed on the basis of flight pay?

Mr. KILDAY. No; retirement pay has never been based on flight pay; it has been figured on base pay only. Flight pay has never been recognized as a base for computing retirement pay.

Mr. BATES. Mr. Chairman, I yield myself such time as I may use.

The CHAIRMAN. The gentleman from Massachusetts is recognized.

Mr. BATES. Mr. Chairman, I rise in support of the bill H.R. 7651, which has been commonly hailed as the economy flight bill of 1961. I support this proposal because it is fair, it is equitable, and it is the beginning of a solution to a serious problem.

The committee at this late hour in the session has not gone as far, perhaps, as some may desire, but it seems to me we have gone as far as we can at this time. The problem is that we have more qualified rated officers in the Air Force today than we need under present circumstances. To be sure, the projected changes in respect to the B-47, by extending the period in which they

will be in service may have some impact upon the situation, but as far as I can determine today we will have, as the gentleman from Texas has indicated, some 7,460 pilots in the Air Force beyond our needs. The basic problem is whether we are going to take these officers completely off flight pay or whether we should give some consideration to the moral understanding which they had when they undertook their career. It seems to me that justice suggests we should give them some remuneration as the Appropriations Committee itself has recommended for 7 years in respect to those who have completed some 20 years of flying. Those who are presently in the Air Force and who are no longer flying but are accredited pilots of over 20 years' experience today come under the provisions of the Defense Appropriation Act. All we are doing here is saying if you have 10 years or more you shall come under the same provision as those who have completed 20 years of flying, but at reduced rates. It seems to me this is a sensible approach to the problem. It does not make sense to have experienced pilots who are in excess of our needs flying these planes, consuming some \$13 million worth of gasoline, requiring that a plane be available, hangar maintenance, and all these accessories and ancillary parts they have. So our proposition is to put these people aside as far as proficiency flying is concerned, and if later on circumstances should require it, we can bring them back and give them refresher training.

In the meantime we will save over \$24 million a year. With the tremendous expense the country and taxpayers are under at this hour, it seems to me we ought to enact this particular legislation.

So, Mr. Chairman, I sincerely trust the House will support the bill. It is in the direction of economy, and it received the unanimous approval of the Committee on Armed Services.

Mr. SCRANTON. Mr. Chairman, will the gentleman yield?

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

Mr. SCRANTON. As the gentleman from Texas said, there were two main reasons for instituting flight pay; one was incentive, and the other was hazardous duty. Is the committee still of the opinion this is necessary for incentive reasons?

Mr. BATES. Obviously, we are reducing some 7,460 pilots from the Air Force. We do not need at this moment the incentive, because we have more than we actually need. But I do not think the same argument would obtain to those who might be in Navy aviation, or who might be in Marine aviation, or who might be in Army aviation.

Mr. SCRANTON. Then the main reason for maintaining flight pay is for a hazardous occupation?

Mr. BATES. Yes. In respect to the Air Force today I would say that is true.

Mr. SCRANTON. We are having no trouble obtaining people for the Air Force for the purpose of flying?

Mr. BATES. At the moment we have an excess in rated pilots and that has

given rise to the problem we have. However, we also have a problem in obtaining qualified aviation cadets.

Mr. KILDAY. Mr. Chairman, I have no further requests for time.

Mr. BATES. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I would like to pursue this a little further. Is it incentive or hazardous pay? Will the gentleman from Texas tell me?

Mr. KILDAY. The statute calls it incentive pay for hazardous duty. So I guess it is both.

Mr. GROSS. Incentive pay for hazardous duty. How hazardous is it for some desk jockey over in the Pentagon, who has outlived his day of usefulness as a pilot or is permanently grounded because he is not needed? You say this involves a saving of \$24 million. Why not get these desk jockeys off hazardous pay altogether? Why not save \$42 million?

Mr. KILDAY. I will have to ask the gentleman for some more time to answer that question.

Mr. GROSS. I yield to the gentleman to answer the question.

Mr. KILDAY. The point is that existing law gives him the legal right to receive the pay upon compliance with those conditions. There is no proposition here to repeal that law, so it will continue in effect. You are not going to effect any savings unless we pass this bill.

Mr. GROSS. The question is: Why is not that proposal here today? What are we doing, something a little less worse than something that is wrong?

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

Mr. GROSS. I yield to the gentleman from Massachusetts.

Mr. BATES. He is not taking issue with our committee.

Mr. GROSS. Who is not?

Mr. BATES. The action to which the gentleman refers is action on the part of the Committee on Appropriations and has been approved by this House for the past 7 years. I never heard the gentleman rise on the floor and challenge what the Committee on Appropriations is doing. Ours does not have reference to that particular subject.

Mr. GROSS. I am asking why you did not provide in this bill that all those not actually flying be cut off from hazardous pay.

Mr. BATES. Ours merely supplements what has been the fact for many, many years.

Mr. GROSS. I do not question that.

Mr. BATES. Ours is for the people who might have a career still ahead of them. The gentleman addresses himself to those people who have been included in the appropriation bill every year, not upon what we are doing here.

Mr. GROSS. Why did you not come out of your legislative committee with a bill to chop off these people who are no longer entitled, on the basis of either incentive or hazard, to flight pay?

Why did you not come out with that kind of legislation?

Mr. BATES. I do not know whether the gentleman listened to my remarks, but I did address myself to that particular point. I said this is a beginning. It is late in the session. We are saving \$24 million.

Mr. GROSS. Why do you not go further and save \$42 million?

Mr. BATES. If the gentleman will go as far as we have gone and save this amount of money, we will do pretty good for an afternoon's work.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Of course I yield.

Mr. HOFFMAN of Michigan. I think the gentleman should be commended on the fact that they are trying to hit the sawdust trail. We should not find fault because they have only gone part way.

Mr. GROSS. I would like to see them go all the way to the altar of economy.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield.

Mr. YOUNGER. You understand that this is paying for not flying.

Mr. GROSS. That is right; at least, that is my understanding of it. If there is any argument to the contrary, I would like to hear it from the gentleman from Massachusetts or the gentleman from Texas.

Mr. YOUNGER. Well, the gentleman should consider this. Is not this legislation brought about to bring it in line with paying the farmer for not producing?

Mr. GROSS. For what?

Mr. YOUNGER. Paying the farmer for not producing.

Mr. GROSS. Or cost-plus contracts for the airplane industry in California where the gentleman comes from.

Mr. YOUNGER. I think we ought to bring all of these bills in shape and pay everybody for not doing something.

Mr. BATES. Mr. Chairman, if the gentleman will yield, the thing I am trying to establish in my mind is this: Does the gentleman support the legislation, or is he against it?

Mr. GROSS. I suppose under the circumstances and the opportunity to save some money, I may support it. I still have not made up my mind.

Mr. BATES. I will be glad to have the gentleman's support.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. SMITH of Iowa. I just wonder to what extent we are legalizing action that has been taken by the Committee on Appropriations and regulations that have been adopted; are we really legalizing those actions or are we amending substantive law?

Mr. BATES. This is a question of substantive law.

Mr. SMITH of Iowa. Then it is not just a matter of what the Committee on Appropriations does. This is a subject that came out of the gentleman's committee, then?

Mr. BATES. Yes. We have had a practice which has been developed by the Committee on Appropriations on a

temporary basis from year to year, but sanctioned by the Congress. Now we are affirming that in substantive law.

Mr. SMITH of Iowa. But we are amending substantive law, too; is that right?

Mr. GROSS. Does not the gentleman from Iowa [Mr. SMITH] agree with me, if I may ask him a question, that we ought to have legislation to stop this business of providing incentive, hazardous, or whatever it is, flight pay to people who are no longer manning airplanes?

Mr. SMITH of Iowa. I know that during World War II it was well understood that if you did not fly you did not get flight pay. Somewhere along the line we got off that track. Now it seems we are coming back. But I cannot find out for sure if this is the result of appropriations action or regulations or actually substantive law.

Mr. BATES. The gentleman does understand that eventually, after a 2-year period, we will undertake the program which he is suggesting?

Mr. SMITH of Iowa. That is, to get back where we were in World War II?

Mr. BATES. That is correct.

Mr. GROSS. But that is 2 years away. For 24 months we are going to go right on paying out millions of dollars to people for hazardous duty which they do not perform.

Mr. Chairman, I have never opposed premium pay for hazardous duty, but I am opposed to extra pay for those who are meeting only the ordinary hazards of life, and certainly there is no need for incentive pay to acquire fliers when there is an admitted surplus of several thousand.

Mr. KILDAY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I do not want the Record to reflect that we are talking here about people who cannot fly or who are physically disqualified, or anything of that kind.

The people who cannot or should not fly, "who are no longer physically able to fly," go off flight pay. They have already gone off. They will continue to go off without any pay. This has to do with the persons with more than 10 years of service who are thoroughly competent pilots or whatever their category is in the aircrew. This has nothing to do with that individual who is qualitatively or physically disqualified.

The situation is a very practical one. For many years in the United States we have had this system existing. We all know that people on a fixed income are quite likely to live up to whatever their fixed income may be. These people have been entitled to this pay throughout their period of service. You know and I know that they have probably laid their plans and have been living in accordance with a total income. You cannot possibly retain these men who are thoroughly competent, doing fine, excellent jobs in their administrative capacity, and at the same time cut their pay by anywhere from 10, 15, 20, to 25 percent. That situation no longer exists in the United States, where you can treat faithful employees that way, and it is not going to happen, we know that.

The law provides that if he is under orders for regular and frequent participation in airplane flights he shall receive this money. We know that they are not going to be cut off administratively. We know that if we pass this bill we are going to save this amount of money. That is the purpose of bringing the bill in.

The gentleman from Iowa inquired of me why we did not bring in a bill to cut the whole thing off. I told him I would reply in my own time. The reason I, as one member of the committee, did not bring in such a bill is that I do not support it. I believe it to be unjust and unfair and not for the best interests of the Air Force or the men involved.

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

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

Mr. GROSS. The gentleman has stated the purpose of this bill is to continue the pay of officers who are no longer flying, to continue the premium pay they have been provided. This bill then is in the nature of a subterfuge.

Mr. KILDAY. No, there is no subterfuge at all.

Mr. GROSS. Oh, yes.

Mr. KILDAY. I do not yield further at this point. I will later if necessary.

The situation is the opposite. These men already are on duty, doing the duties for which they are required and which are needed of them. In addition, they are required to participate in airplane flights, and we are going to relieve them of that portion of them.

Let me say to the gentleman, personnel problems in the Military Establishment are always highly complicated. For almost 23 consecutive years I have worked on these problems. Most of our effort has been devoted to attempting to keep on a career basis the type of people we want to keep in the military service. We have had a very, very difficult time constantly throughout the years attempting to do that. We have spent in many years millions and millions of dollars trying to bring their income, benefits, medical care, retirement, and all these things in line with the tremendous steps taken by industry.

We have here a bill now that is of primary importance to the Air Force. General LeMay came personally to testify and said it is one of the most important things he requires at this time. General White, as his last act before retiring as Chief of Staff of the Air Force, came to testify on this bill. General Power, commanding general of the Strategic Air Command, said in a written statement placed in the hearings that this is one of the most important things he needs in connection with SAC. General Schriever also appears in the record in behalf of this bill.

If you think you can treat military personnel or any civilian personnel of the Government establishment in a cavalier manner and still maintain efficiency and morale you are totally mistaken.

Mr. BATES. Mr. Chairman, I have no further requests for time.

Mr. KILDAY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title II of the Career Compensation Act of 1949, as amended (37 U.S.C. 232 et seq.), is amended by adding the following new section at the end thereof:

"ACCRUED PORTION OF INCENTIVE PAY UNDER SECTION 204 (a) (1)

"SEC. 211. (a) The purpose of this section is to provide an orderly system for the adjustment of inventories of aeronautically rated or designated officers with the requirement for officers in this capacity in the interest of national security, as determined by the Secretary of Defense. This section will provide a means whereby a reexamination may be made of the entire requirement for aeronautically rated or designated officers in a period of changing technology and weapons systems for the purpose of bringing the number of such officers in correspondence with the requirement.

"(b) The Secretary of Defense shall, for the purpose of subsection (a), review at least once each fiscal year the needs of the Armed Forces for aeronautically rated or designated officers and determine the number of those officers needed.

"(c) Based upon the determination made by the Secretary of Defense under subsection (b), and upon a determination by the Secretary concerned that an officer of an armed force under his jurisdiction who—

"(1) after the day before the date of enactment of this section and before the second anniversary of the date of enactment is eligible to receive incentive pay under section 204(a) (1) of this Act, and

"(2) has, following receipt of his aeronautical rating or designation, served on active duty (excluding active duty for training) at any time under competent orders to duty involving flying as a crew member for a total of at least ten years;

is no longer required in the interest of national security to perform frequent and regular aerial flight that officer is, after the effective date of such a determination, entitled to an accrued portion of the incentive pay for that hazardous duty computed under subsection (d) of this section, whenever he is thereafter entitled to basic pay.

"(d) The monthly rate of pay to which an officer is entitled under this section is computed by multiplying the number of years (but not more than twenty), on a cumulative basis, that he served, as determined by the Secretary concerned, under competent orders to duty involving flying as a crew member, by 5 per centum of the monthly rate of pay prescribed under section 204(b) of this Act to which he would be entitled on the effective date of the determination under subsection (c) of this section if he actually performed frequent and regular participation in aerial flight. After attaining a total of ten years' active rated service for initial qualification, in determining the total number of years to be used as a multiplier, a part of a year that is six months or more is counted as a whole year and a part of a year that is less than six months is disregarded.

"(e) The rate of pay authorized by subsection (d) may not be increased as a result of an officer's advancement in pay grade or accumulating additional years of service, unless he again becomes entitled to incentive pay under section 204(a) (1) of this Act and receives such incentive pay for a continuous period of at least two years. However, the pay under this section of an officer who became entitled to that pay while serving in a pay grade below O-7 shall, if he is later advanced to a pay grade above O-6, be computed on the basis of the pay grade in which

he is serving with the number of years credited to him under subsection (d).

"(f) Subject to the approval of the Secretary of Defense, the Secretary concerned shall prescribe the criteria and circumstances under which officers of the armed forces under his jurisdiction are eligible for pay under this section. Such criteria and circumstances shall be as uniform as practicable.

"(g) This section is suspended whenever the President, pursuant to section 204(d) of this Act, suspends the payment of incentive pay under section 204(a) (1) of this Act.

"(h) Except for an officer who is ineligible for that pay because of nonpermanent physical disqualification on the day before the date of enactment of this section and who subsequently is returned to such eligibility and meets the requirements of subsection (c) (1) and (2), of this section does not apply to an officer who was eligible to receive incentive pay under section 204(a) (1) of this Act before the date of enactment of this section, but who is not so eligible on the day before the date it is enacted.

"(i) No officer of an armed force is entitled to the pay authorized by this section in addition to incentive pay authorized under section 204 of this Act."

Committee amendment: On page 3, line 11, after the word "pay" insert: "and otherwise remains qualified under such regulations as may be prescribed by the Secretary concerned".

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: On page 3, line 16, after the word "years" insert: "as determined under paragraph (2)".

The committee amendment was agreed to.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Texas has just told us the purpose of this bill. It is to continue the flight pay of military personnel who no longer fly regularly. Instead of coming to the House with a bill to pay these people the salaries that he says are necessary to keep them in the service, there is resort to a continuance of flight pay to nonfliers in order to keep them in the service. I say it is a subterfuge. I challenge anybody to deny it. Why do you not come to the Congress with the kind of bill that you ought to come in with and pay them what you say they ought to be paid? Why do you not come to the House with the kind of pay schedules that will keep them in the service, if that is necessary instead of resorting to this kind of device that lends itself to all kinds of abuse.

Mr. Chairman, I said this bill is a subterfuge and I say it again.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose and the Speaker pro tempore [Mr. ALBERT] having assumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 7651) to amend the Career Compensation Act of 1949 to authorize the payment of an accrued portion of incentive pay to certain aeronautically rated or designated officers who have been eligible to such pay for a minimum of at least 10 years, and who subsequently are removed from

the status to such eligibility due to the fact that a determination has been made that the requirement for them in this capacity is no longer necessary in the interest of national security, pursuant to House Resolution 411, he reported the bill back to the House with sundry amendments, adopted in Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read a third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

MONETARY ALLOWANCE FOR TRANSPORTATION OF HOUSE TRAILERS

Mr. KILDAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2732) to amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2732, with Mr. MACK in the chair.

The Clerk read the title of the bill.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Seventy-two Members are present, not a quorum. The Clerk will call the roll.

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

[Roll No. 145]

Adair	Evins	Kilburn
Alexander	Farbstein	Kluczynski
Anderson, Ill.	Fino	Landrum
Ashley	Glenn	Lesinski
Bass, Tenn.	Goodling	Macdonald
Blitch	Griffin	Machrowicz
Brooks, La.	Griffiths	Martin, Mass.
Buckley	Hall	Miller, N.Y.
Celler	Halleck	Monagan
Coad	Harrison, Va.	Pilcher
Cook	Healey	Powell
Davis,	Hoeven	Rabaut
James C.	Hosmer	Randall
Davis, Tenn.	Huddleston	Rivers, S.C.
Dawson	Inouye	Roberts
Diggs	Jones, Ala.	Rostenkowski
Dooley	Jones, Mo.	Rousselot
Ellsworth	Kearns	Santangelo

Spence	Vinson	Winstead
Thompson, N.J.	Weaver	Yates
Tupper	Westland	Zelenko

Accordingly, the Committee rose and the Speaker pro tempore [Mr. ALBERT] having assumed the chair, Mr. MACK, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee having had under consideration the bill, H.R. 2732, and finding itself without a quorum, he had directed the roll to be called when 370 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. KILDAY] will be recognized for 30 minutes, and the gentleman from Illinois [Mr. ARENDS] will be recognized for 30 minutes.

Mr. KILDAY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is the last bill scheduled for consideration this week, and I will do everything I can to expedite it. I did not ask for the quorum call and I was quite surprised when it was asked for. I shall attempt to expedite the consideration of the bill.

Mr. HOFFMAN of Michigan. I could make a point of order that you have mentioned me by name, which is contrary to the rule, but I did ask for the quorum call because the statement you made previously was so enlightening and so helpful that I wanted every Member of this House to be here when you made your statement on this bill.

Mr. KILDAY. I always appreciate the gentleman's compliments but I did not mention the gentleman by name, I just said that I did not ask for the quorum call.

Mr. HOFFMAN of Michigan. I wish you would mention my name more often.

Mr. KILDAY. I will do that if you will not make a point of order against it.

Mr. HOFFMAN of Michigan. I thank the gentleman.

Mr. KILDAY. Mr. Chairman, for many, many years, perhaps, since the beginning of our military forces as we know them today, members from the equivalent rank of corporal and above have had the right by law to have their baggage and household effects packed, crated and shipped and delivered at Government expense within certain weight limits for each grade.

In 1955 because of the number of house trailers that had come into use in the military service, the Senate added a provision to permit the moving of trailers at a cost of not to exceed 20 cents a mile in lieu of the movement of baggage and household effects. Of course, in the house trailer those things are included. Since that time that has been the law and the 20 cents has not been paid to the man who moved his trailer himself—he has never been allowed more than 11 cents. With the passage of time, these house trailers have become much larger and more difficult to move and, as a matter of fact, they cannot be moved behind

the personal car of an individual. They must be moved commercially, and the average cost of moving a house trailer is 35 cents rather than 20 cents a mile, which is the limit provided by law at this time.

Mr. Chairman, what this bill would do is to continue the maximum of 20 cents a mile when the individual member of the armed services moves the trailer himself. It then authorizes the Government to contract for the movement of his trailer or mobile home as it now contracts for the movement of his baggage and household effects. It also provides that he may be paid directly for the cost of moving it commercially. However, we have in the report a long letter from the Department of Defense, addressed to me as the chairman of the subcommittee, setting out the regulations which will be used if and when this becomes law.

It is proposed to continue the 11-cent-per-mile allowance for the movement of the trailer by the individual himself, that the Government will contract for the movement of these trailers as it now does for the movement of other things, and the Government will pay the bill.

It does not propose to pay the individual except in certain cases, for instance, if he is stationed at a small installation where there is no transportation officer or where there may be some other reason making it advisable to pay the individual.

The point is that in no instance will an individual be paid more than, nor will he get more for moving a mobile home or house trailer than he would have been paid for moving his household effects.

So, as it now exists, the individual by reason of his grade is entitled to a certain number of pounds of baggage and household effects. The Government will move them to his new quarters at Government expense, but if he puts them in a trailer it cannot be done except at a cost not to exceed 20 cents a mile, this payment for the movement of baggage and household effects in his trailer being exactly the same as he would be paid if the baggage and household effects had not been in the trailer. That is the sum and substance of the bill. Of course, it has become quite an injustice to the man who has to pay a portion of the cost of moving his mobile home, whereas the Government would have moved his household equipment and baggage for him.

The bill should be adopted.

Mr. BATES. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, I wish to commend Subcommittee No. 2 of the House Committee on the Armed Services for reporting this bill out. There has been a great injustice done to some 9,000 servicemen in the handling and movement of trailers and mobile homes during the past 4 or 5 years. This bill corrects this injustice. It is good legislation and I hope it will be passed by the House unanimously.

Mr. BATES. Mr. Chairman, I yield to the gentleman from California [Mr. TEAGUE] such time as he may require.

Mr. TEAGUE of California. Mr. Chairman, I, too, want to commend the committee. I am acutely aware of the necessity for this legislation because the Vandenberg Air Base out in California is in my district and I know this bill is equitable legislation as far as the military is concerned. Certainly it is meritorious legislation.

I thank the committee.

Mr. KILDAY. Mr. Chairman, I yield myself 1 minute out of fear that I did not make clear that the movement of this trailer is in lieu of baggage and household effects. He cannot get both; it is in lieu of the cost of moving his baggage and household effects. He gets one or the other, not both.

Mr. BROWN. Mr. Chairman, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Ohio.

Mr. BROWN. To go further with the gentleman's statement, as I understood the gentleman when he was before the Rules Committee, no person in the armed services can receive more compensation for moving a trailer or mobile home than he would be allowed for moving his household effects.

Mr. KILDAY. That is correct.

Mr. BROWN. In other words, there is no additional cost to the Government.

Mr. KILDAY. There is no additional cost to the Government.

Mr. Chairman, I yield to the gentleman from Illinois [Mr. PRICE], such time as he may require.

Mr. PRICE. Mr. Chairman, I urge the House to approve H.R. 2732. I introduced this bill on January 16. It seeks to amend section 303 of the Career Compensation Act of 1949 to provide that the secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services. I have sponsored this measure as a matter of equity.

The gentleman from Texas [Mr. KILDAY], has ably presented the need for this legislation and discussed the provisions of the bill. I shall address my remarks to equity provided by the bill and the manner in which the Department of Defense plans to implement it if enacted.

The shortage of onbase quarters requires the services to depend to a large extent—in excess of 50 percent—on the local community for their total housing requirement. Practical considerations—costs and the susceptibility of military installations to closing—make substantial reduction of this shortage unlikely. Thus, most military families must continue to rely for housing on their allowance for quarters, which ranges from a minimum of \$77.10 for an E-4 with one dependent to a maximum of \$96.90 for the top enlisted grade with over two dependents.

The law of supply and demand operates in the cost of rentals or the price

of homes as it does in all other areas. Many letters to the Secretary of Defense state that either the concentration of Armed Forces personnel in communities near military installations results in rentals too high for the serviceman or that suitable housing simply is not available. In either case, many members have found an answer to mobile homes.

The existing maximum allowance of 20 cents has resulted in considerable out-of-pocket expense for the mobile homeowner who used commercial means of transportation. On the other hand, the member whose furniture is transported does not undergo any expense for the actual transportation of his authorized weight allowance since the Government contracts for its packing and movement. He, of course, is required to pay any costs in excess of that allowance authorized for his grade under the authority of the Career Compensation Act.

The Department of Defense has assured the chairman of the House Committee on Armed Services that the cost to the Government for the movement of a member's mobile home will not exceed the cost to the Government for shipment of his authorized weight allowance of household goods. A table of maximum limits for the movement of mobile homes will be published which is equivalent to the cost of moving the household effects of a member of the same pay grade over a like number of miles. Within this ceiling, the Government will pay the actual charges for movement of a mobile home in accordance with the Interstate Commerce Commission approved tariffs.

Specifically, the Department has stated that in implementation of this bill, it plans to:

First. Limit generally the options to self-haul or to transportation contracted for by the Government. The allowance to the member for self-haul will continue to be 11 cents per mile until such time as factors may warrant its revision. In contracting for movement by commercial carrier, the use of both motor carrier and transportation by railroad flat car would be considered to insure the most advantageous rates to the Government.

Second. For Government contracted moves of mobile homes by commercial carrier, the Government would pay the entire bill presented by the carrier and check back against the member the amounts, if any, which exceed the costs of handling household goods on a similar move for a member of his pay grade reflected in the published table, as well as any unauthorized charges appearing on the carrier's bill not related to pickup, transportation, and delivery of the mobile home.

Third. Only in exceptional cases, such as those of a member's being stationed at a post where there is no transportation officer, would an allowance be authorized to a member for a commercial haul. In such cases, the reimbursement would be limited to the cost to the member not to exceed the cost of handling household goods on a similar move for a member of his pay grade reflected on

the table discussed above and excluding any unauthorized charges appearing on the carrier's bill not related to the pickup, transportation, and delivery of the mobile home.

Fourth. The Department will periodically review the table of maximum allowances and the mileage rate for self-haul with a view toward keeping current and reflecting appropriate ceilings.

In summary, the bill protects the interest of the Government since under the proposed legislation, as well as the proposed implementing regulations, a member of the uniformed services will not be authorized an allowance which will permit him to receive a larger allowance from the Government because of his ownership of a mobile home than he would receive if he moved his household effects, as authorized, at Government expense.

In other words, the implementing regulations will be written in such a manner that the owner of a mobile home may not be reimbursed in kind or in cash so as to give him a greater allowance than he would otherwise be entitled if he were occupying a home and was transferred to a new station and his household effects were shipped at Government expense.

With reference to the service member, the bill would relieve him of the considerable financial burden to which he has been subjected for a number of years due to the inadequate allowance authorized for the movement of mobile homes by commercial means.

I recommend enactment of H.R. 2732 as reported.

Mr. BATES. Mr. Chairman, I agree with the comments made by the gentleman from Texas [Mr. KILDAY]; this merely affords to one who has a trailer the same moving allowance as is presently accorded to one who has household effects. It is simple justice. It received the unanimous approval of our subcommittee and of the full committee. I believe it should be adopted.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BATES. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. This is the second bill that has been before the House today and as to both, as I recall, the gentleman speaking has made the statement that they would save the Government money. Is that accurate?

Mr. BATES. The other bill will save the Government \$24 million a year. This will cost \$1 million a year.

Mr. HOFFMAN of Michigan. Additional cost?

Mr. BATES. The net effect this afternoon of the two bills is a saving of \$23 million.

Mr. HOFFMAN of Michigan. This cuts a million dollars off the other savings?

Mr. BATES. That is right.

Mr. HOFFMAN of Michigan. I thank the gentleman. I could not believe that we could pass two bills in one day which would save the Government something.

Mr. BATES. Mr. Chairman, I have no further requests for time.

Mr. KILDAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. O'HARA].

Mr. O'HARA of Michigan. Mr. Chairman, with reference to the question raised by my colleague from Michigan [Mr. HOFFMAN], may I say that this bill, in my opinion, will, in the long run, save the Government money. Existing regulations discriminate against the ownership of mobile homes by military personnel. The difficulty of providing adequate and suitable housing for our service personnel has been intensified by this discrimination. Another point that should be made is that where Capehart and Wherry housing exists there are substantial problems when it is in the interest of the Government to reduce the manpower at a particular base or when such a base is found to be surplus to defense needs.

This bill is, I think, a step in the right direction. The design and construction of mobile homes have been improved greatly in recent years. This type of housing can satisfy the housing needs of many of our service people. I hope the Congress will, in the near future, take steps to encourage the ownership of this type of housing by our military personnel. I am certain in the long run it will prove a sound and economic arrangement both for the military and for the taxpayers.

I commend the subcommittee chairman, the gentleman from Texas [Mr. KILDAY] and the full committee for their foresight in bringing this legislation before the House at this time.

Mr. WILSON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Michigan. I yield to the gentleman from Indiana.

Mr. WILSON of Indiana. My purpose is to inquire as to what would constitute a serviceman's personal belongings. His property in the trailer, it was said, would not cost any more to move than at present. What has he in the trailer that he could move? There is the refrigerator, the heating plant. It looks to me like there would be only personal effects in the trailer that could be moved.

Mr. KILDAY. It is whatever he has in the house.

Mr. WILSON of Indiana. The trailer itself is included?

Mr. KILDAY. That is true.

Mr. WILSON of Indiana. I thank the gentleman.

Mr. KILDAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, the gentleman from Ohio, [Mr. BROWN], the ranking minority member of the Rules Committee, is here, and may I have his attention for a moment? I understand him to ask the gentleman from Texas [Mr. KILDAY], whether this bill costs us any money and I understood him to say that he understood it did not.

Mr. BROWN. I cannot be responsible for the gentleman's understanding.

Mr. HOFFMAN of Michigan. Tell me yours, please. I always accept superior knowledge and intelligence.

Mr. BROWN. If the gentleman will ask me a question I will answer it. If the gentleman had been listening he

would know that what I asked the gentleman from Texas was: If it was not a fact that there could be no payment made for moving the trailer more than it would cost to move the furniture.

Mr. HOFFMAN of Michigan. Under existing law?

Mr. BROWN. I recommend the gentleman read the RECORD in the morning.

Mr. HOFFMAN of Michigan. Old as I am my memory is fairly good and we were advised that this bill did not call for money. That there would be a saving of \$24 million on the previous bill if adopted. That is what we were told. He said, did he not, it would not?

Mr. BROWN. That is correct.

Mr. HOFFMAN of Michigan. How do you reach the conclusion that under this bill—

Mr. BROWN. Because he has a right to have his furniture moved or his trailer.

Mr. HOFFMAN of Michigan. Wait a minute now. You are not in a Rules Committee hearing. We were told this bill would cost a million dollars more, and cut down the saving of \$24 million we made on the other bill to \$23 million. That is what the record will show.

Mr. BROWN. If the gentleman had been listening, I never mentioned millions or anything like that. The gentleman should pay attention to what goes on. I regret and am very sorry if he did not do so.

Mr. HOFFMAN of Michigan. I do, and I did, but I remember what Justice Black said a few days ago. On the 19th of June last he said he did not know what the Court decided in that case and apparently you do not know what has been said here. That statement would not have been made had you not said that I was not paying attention. The gentleman's intelligence and experience is far superior to mine, he is just a boy if our years are counted, but in this particular case his memory is at fault as the record will show.

Mr. KILDAY. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the twelfth sentence of section 303(c) of the Career Compensation Act of 1949 (37 U.S.C. 253(c)), is amended by striking out the words " , not to exceed 20 cents per mile,"

Sec. 2. Section 303(f) of the Career Compensation Act of 1949 (37 U.S.C. 253(f)) is amended by striking out the word "and" at the end of clause (2) and by inserting the following before the period at the end thereof: " , and (4) monetary allowance for transportation of house trailer or mobile dwelling—current average costs for commercial transportation, or current average costs for transportation by the member".

With the following committee amendment:

Page 1, line 5, strike out "by striking out the words, 'not to exceed 20 cents per mile,'" and insert:

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That the twelfth sentence of section 303(c) of the Career Compensation Act of 1949 (37 U.S.C. 253(c)), is amended to read as follows:

"Under regulations prescribed by the Secretaries concerned and in lieu of transportation of baggage and household effects or payment of a dislocation allowance, a member of the uniformed services, or in the case of his death his dependents, may transport a house trailer or mobile dwelling within the continental United States for use as a residence by one of the following means—

"(1) transport the trailer or dwelling and receive a monetary allowance in lieu of transportation at a rate to be prescribed by the Secretaries concerned (but not to exceed 20 cents per mile);

"(2) turn the trailer or dwelling over to the Government for transportation by commercial means; or

"(3) transport the trailer or dwelling by commercial means and be reimbursed by the Government subject to such rates as may be prescribed by the Secretaries concerned:

Provided, however, That a member or his dependents, is, or are, not entitled to an allowance, transportation, or reimbursement under this sentence unless he is, or they are, otherwise entitled to transportation of baggage and household goods under this section: *And provided further,* That any payment authorized by this section may be made in advance of the transportation concerned."

Sec. 2. Section 303(f) of the Career Compensation Act of 1949 (37 U.S.C. 253(f)) is amended by striking out the word "and" at the end of clause (2) and by inserting the following before the period at the end thereof: " , and (4) monetary allowance for transportation of house trailer or mobile dwelling—current average costs for commercial transportation, or current average costs for transportation by the member".

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. ALBERT] having assumed the chair, Mr. MACK, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 2732) to amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services, pursuant to House Resolution 401, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

PURCHASE OF FEDERAL SURPLUS PROPERTY BY STATE AND LOCAL GOVERNMENTS

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. ZABLOCKI] may revise and extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, today I have introduced a bill to facilitate the purchase, by local and State governments, of Federal surplus property which is not donated for purposes of education, public health, or civil defense.

A companion bill is simultaneously being introduced in the other body of Congress by Senator HUBERT HUMPHREY, of Minnesota.

The objective of this proposed legislation is to allow State and local government units to purchase property which has been declared surplus by the Federal Government and thereby acquire a clear title to such property. An outright purchase under the terms of the Zablocki-Humphrey bill would eliminate the artificial restrictions that now hamper local governments in this field.

I would like to make it clear that the bill which I have introduced would in no way infringe upon, or interfere with our present programs of donating Federal surplus property for purposes of education, public health, or civil defense. These programs will continue to enjoy their current preferences. They will have the first choice of surplus property which is not needed by any Federal department or agency.

My bill pertains to surplus property which is left over after the requirements of the above-mentioned programs are satisfied. It would authorize the General Services Administrator to offer such property for sale to local and State governments at 5 percent of its original acquisition cost.

The suggested purchase price of 5 percent of the cost to the United States of acquiring such property is somewhat arbitrary. It does, however, realistically approach the actual percentage which the Government is presently recovering on such property. The 1960 annual report of the General Services Administrator stated that the sales return on surplus property, exclusive of scrap sales, was 5.1 percent.

The bill which I have introduced, when approved by Congress, would not delay the final disposal of Federal surplus property. It would not require the establishment of new administrative machinery since the surplus property would be offered for sale through State agencies which are presently involved in carrying out the donation program. It would assure, however, that at least a part of this surplus property, acquired with public funds, would be put to public use. And it would benefit the taxpayers.

Mr. Speaker, the proposal embodied in my bill grew out of many months of con-

sultation between representatives of local governments and the Federal agencies involved in the disposal of surplus property. It has been endorsed by the National Association of County Officials, American Municipal Association, U.S. Conference of Mayors, and the Council of State Governments. I would like to read into the RECORD the letters which I received from these organizations:

NATIONAL ASSOCIATION OF COUNTY OFFICIALS,
Washington, D.C., August 8, 1961.

HON. CLEMENT J. ZABLOCKI,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ZABLOCKI: The National Association of County Officials strongly supports your proposed legislation which would authorize States, counties, cities, and other State instrumentalities to purchase Federal surplus property at 5 percent of its original acquisition cost.

We much prefer outright purchase of these items, rather than a donation, because we can then avoid the artificial restrictions on use that now hamstring both our counties and the Federal Government.

Our support of this type of legislation was editorially expressed in the March 1961 issue of the County Officer. A copy of this editorial is enclosed.

We commend you for your interest in the problems of local government and we offer our complete support for this proposed legislation.

Sincerely yours,
BERNARD F. HILLENBRAND,
Executive Director.

U.S. CONFERENCE OF MAYORS,
Washington, D.C., August 8, 1961.

HON. CLEMENT J. ZABLOCKI,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: On behalf of the U.S. Conference of Mayors, may I express our support for the legislation you propose to introduce to permit State and local governmental units to purchase personal property surplus to the Federal Government before it is offered for sale to the general public.

We have reviewed this proposal and believe that it offers a step toward improved intergovernmental relations. While in many instances the present donor program has proven satisfactory, there is good reason why States and cities would prefer to purchase surplus property. Once the property were purchased outright and title passed, the State or city could use this property in a manner consistent with other property that it owns and would be relieved of the burden of keeping separate, and often cumbersome, maintenance and care records for the Federal agency. Under the terms of the proposed legislation, outright purchase could be had and, at the same time, regulations could be drawn which would guard against abuses of this program.

We sincerely hope the appropriate committees of the Congress will give this matter early consideration.

Sincerely yours,
HARRY R. BETTERS,
Executive Director.

AMERICAN MUNICIPAL ASSOCIATION,
WASHINGTON, D.C., August 8, 1961.

HON. CLEMENT J. ZABLOCKI,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ZABLOCKI: We are pleased to learn that you are considering the introduction of legislation pertaining to the amendment of the Federal Property and Administrative Services Act of 1949. This proposed amendment would permit certain sur-

plus property not needed for the purposes of education, public health, or civil defense to be offered for sale to local and State governments at a price not to exceed five percent of the cost of acquisition of said property.

The American Municipal Association would support such legislation since it would be consistent with its national municipal policy on surplus Federal property.

Personal property, once purchased from taxpayers' money by the Federal Government, and subsequently declared to be surplus and no longer needed for Federal, local health, educational or civil defense purposes, should continue to be made available for taxpayers' benefit so long as a usable and needed Government purpose remains. In accordance with the provisions of the proposed bill which you are considering introducing, the Administrator would be given the authority to determine whether or not such equipment is usable and necessary for State or local government purposes and what regulations should govern its use.

With the burdensome cost of government continuing to mount and with the continued straining of local government resources, maximum use needs to be made of all facilities and resources under whatever intergovernmental cooperative mechanisms can be found. We believe the proposed legislation under consideration by you to be fair and equitable and with due regard for intergovernmental cooperation.

The American Municipal Association supports the proposed legislation which you are now considering, for it feels that State and local governments should be given the opportunity of purchasing such surplus properties at a negotiated sale before these properties are disposed of at public auction.

Sincerely yours,
PATRICK HEALY, Jr.,
Executive Director.

THE COUNCIL OF STATE GOVERNMENTS,
Washington, D.C., August 8, 1961.

HON. CLEMENT J. ZABLOCKI,
Member, U.S. House of Representatives,
House Office Building, Washington, D.C.

DEAR MR. ZABLOCKI: We are pleased to know that you are considering the introduction of a bill to permit State and local governments to purchase Federal surplus personal property at a price not to exceed 5 percent of the cost to the United States of acquiring such property.

This is a project in which the Council of State Governments, as secretariat to the Governors' conference and the National Association of State Purchasing Officials, has been interested for many years. Repeated efforts have been made to devise a program satisfactory to all concerned whereby clear title to Federal surplus personal property could be obtained through purchase of such property by State and local governments. We are delighted that such now appears to be the case.

If we can be of assistance to you in any way in this matter, please call on us.

Yours very truly,
CHARLES F. SCHWAN, Jr.,
Washington Representative.

Mr. Speaker, I would also like to include in the RECORD the text of my bill, and to express the hope that this measure will receive early and favorable consideration.

A BILL TO AMEND SECTION 203(j) OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949 SO AS TO PROVIDE THAT CERTAIN SURPLUS PROPERTY OF THE UNITED STATES SHALL BE OFFERED FOR SALE TO THE STATES

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(j)) is amended by redesignating paragraph (6) as paragraph (7) and by inserting immediately after paragraph (5) the following new paragraph:

"(6) Under such regulations as the Administrator may prescribe, any surplus property referred to in paragraph (1) of this subsection which—

"(A) is not donated for purposes of education, public health, or civil defense, or for research for any such purpose, and

"(B) is included within a Federal Supply Classification Code category that has been determined by the Administrator to be usable and necessary for any State or local governmental purposes,

shall be offered for sale by the Administrator to the States, including political subdivisions and instrumentalities thereof, at a price not to exceed five per centum of the cost to the United States of acquiring such property. Any offer to sell property under this paragraph shall be made by the Administrator to the State agency referred to in paragraph (1) of this subsection, or such other agency as may be designated by the State, for distribution by such agency to the political subdivisions and instrumentalities of the State concerned."

COMMUNICATIONS ACT OF 1934

Mr. MACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2034) to amend the Communications Act of 1934, as amended, in order to expedite and improve the administrative process by authorizing the Federal Communications Commission to delegate functions in adjudicatory cases, repealing the review staff provisions, and revising related provisions, insist on the House amendments and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and, without objection, appoints the following conferees: Messrs. HARRIS, ROGERS of Texas, FLYNT, MOSS, ROGERS of Florida, BENNETT of Michigan, SPRINGER, YOUNGER, and THOMSON of Wisconsin.

AUTHORIZING EXPENSES OF INVESTIGATION INCURRED BY THE COMMITTEE ON VETERANS' AFFAIRS

Mr. FRIEDEL. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 392 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the further expenses of the investigation and study authorized by H. Res. 49 of the Eighty-seventh Congress incurred by the Committee on Veterans' Affairs, acting as a whole or by subcommittee, not to exceed \$100,000, including expenditures for the employment of experts, and clerical, stenographic, and other assistance, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on House Administration.

SEC. 2. The official stenographers to committees may be used at all meetings held

in the District of Columbia unless otherwise officially engaged.

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

Mr. FRIEDEL. I yield.

Mr. SCHENCK. Mr. Speaker, this resolution was unanimously approved by the Committee on House Administration. It has been cleared with the leadership on this side and there is no objection to it.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE LATE HONORABLE FRANK N. D. BUCHMAN

Mr. DOYLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. DOYLE. Mr. Speaker, I wish to say to you, and the other distinguished Members of this great legislative body, that the reason I asked time is to announce to you that Mr. George Eastman, of Los Angeles, Calif., a very beloved and longtime associate of our beloved friend, Dr. Frank N. D. Buchman, phoned me from Los Angeles yesterday and asked that announcement be made to the Members of this Congress that Dr. Frank N. D. Buchman became deceased on August 7, 1961, at the age of 83 years, at Freudenstadt, Germany, with a sudden heart attack.

As you know, he was the founder and great, inspiring spiritual force of the worldwide known Moral Re-Armament group with which many of us in this great legislative body have been pleased to have frequent contact and privilege of cooperating.

I shall speak very briefly on this occasion, Mr. Speaker, but I now ask unanimous consent to extend and revise my own brief remarks and also ask unanimous consent that all Members of this body desiring so to do shall have the privilege of extending in the body of today's CONGRESSIONAL RECORD their remarks on the life and character and services of Dr. Buchman. I know many of the Members will desire so to do and it is noted that some Members on yesterday took the occasion to promptly extend their remarks in memory of this illustrious American citizen who was raised in the State of Pennsylvania and whose body will be returned to that great State for burial after it has lain in state in Germany before it is returned to the United States for final memorial services and burial.

I bespeak for myself and I know I do for all other Members of this body who have had the inspiration and pleasure also of either knowing Dr. Buchman personally or some of his dedicated and unselfish associates in their emphasis of world peace through Moral Re-Armament; and also triumph over communism by and through application of the principles of Moral Re-Armament. Our

very best hopes and prayers are for a continued vigorous and vigilant emphasis of the present and imperishable effect of spiritual forces in the regeneration of the individual and mankind.

Here is one of the signed pronouncements by our friend, Dr. Buchman, at the World Assembly for Moral Re-Armament at Caux-Sur-Montreux, Switzerland, in 1954, wherein he said:

What is the answer for a divided world in which men have developed points of view they cannot overcome and forces of destruction they cannot control? We have reached the moment when, unless we find an answer and bring it quickly to the world, not just one nation, but all nations will be overwhelmed.

For too long we have breathed the atmosphere of problems. We move from conference to conference and give up hope of a fundamental solution.

Let us be honest and face the facts. A new conference is no answer to a false philosophy. A new theory is no answer to a militant ideology. Plans fail for lack of inspired people to work them. Yet we multiply plans. Caux produces the inspired people who will make plans work.

Moral Re-Armament offers the world and the statesmen of the world a force, trained and on the march, that has the answer to individual and national selfishness. It is the chance for everyone everywhere to step today into the fresh dimension of a new age. It is not a theory but a way of life, tested and tried in every circumstance. It is a force that has the power to save and recreate a society on the brink of collapse.

And here are just a few of the testimonials by recognized leaders throughout the world which I know we are all so thankful Dr. Buchman himself had the privilege in his distinguished lifetime of at least reading:

Helmuth Burckhardt, chairman, 1953, advisory council of the Schuman Plan High Authority: "Caux shows us how to deal with the problems that are raised by the need to bring unity in Europe."

Ole Björn Kraft, until recently Danish Foreign Minister and Chairman of NATO: "Today the unity of Europe is a question of life and death. Moral Re-Armament is a force capable of uniting all people and first of all the peoples of Western Europe."

Messaggero Veneto of Trieste reporting the work of Moral Re-Armament in the industrial north of Italy: "The world is bound to be shaken and apathy and delusion swept away by this force which is capable of saving and remaking society. It is also a cry of faith for us."

Claudius Petit, Minister of Reconstruction in France, 1948-52, mayor of Firminy, speaking during the visit of the Moral Re-Armament force to his city: "Moral Re-Armament gives to all men the means of uniting and rebuilding the world in peace."

Dr. William Nicol, Administrator of Transvaal. A Moral Re-Armament force from 17 countries has spent the last 7 months in central, south, east and west Africa: "There is no hope for South Africa apart from the truths which Moral Re-Armament so powerfully represents."

In an invitation to Nigeria signed by representatives of the Central Cabinet, the Western Region Cabinet, and the House of Chiefs: "Moral Re-Armament can give to our people and the country the moral revolution which is the only basis of survival in a world of conflict and chaos."

Field Marshal P. Pibulsonggram, Prime Minister of Thailand: "We shall find through Moral Re-Armament the basis for unity in southeast Asia."

Ghulam Mohammed, Governor-General of Pakistan: "India and Pakistan, having had a taste of what strife and hatred are, need much more effectively the weapon that is given to humanity by Moral Re-Armament."

His Eminence Abdul Rahman Tag Sheikh Al-Azhar, the rector of Al-Azhar University, Cairo: "Moral Re-Armament is working to spread the principles of peace, love, and sound morals without individual and national differences. We ourselves will cooperate to establish this sound, God-inspired ideology."

The Honorable G. V. Mavalankar, the Speaker of the Indian Parliament: "With Moral Re-Armament we can bind the world together and bring peace."

Signed by 17 Members of the Japanese Parliament (9 Members of leftwing Social Democratic Party; 8 Members of rightwing Social Democratic Party): "As Socialists we welcome Moral Re-Armament as the unifying influence which all nations and our own movement urgently need."

Six Labor Members of the British House of Commons in a statement to the press on October 26, 1953: "Moral Re-Armament points the road that the great movements of the common man everywhere must take if they are to fulfill their role of uniting a disintegrating humanity."

Senator ALEXANDER WILEY, chairman of the Foreign Relations Committee of the U.S. Senate: "We consider Moral Re-Armament a unique ideological force bridging barriers of race, class, and bigotry and making for world understanding and unity."

It will be a continuing inspiration to me to have been in fairly close contact and experience with Moral Re-Armament since about 1935.

In closing may I humbly state that I express my hopes and prayers that this great spiritual force, dedicated to fight and win against the threat of world communism, will continue to deserve and generously receive the material, as well as spiritual blessings and benefactions and cooperation of all those who in the lifetime of Dr. Buchman have helped implant the precepts of Moral Re-Armament in the hearts and lives of millions of citizens throughout the world. This great spiritual leader was truly a spiritual statesman.

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

There was no objection.

Mr. BENNETT of Florida. Mr. Speaker, Frank Buchman is no longer among us in person but he will surely be forever among us in spirit. There have been many great religious leaders through the ages; but very few of these have left a legacy of specific rules of living which will for generations henceforth assist men to more God-like lives. Dr. Buchman was one of the few. I am humbly grateful that I knew him personally, as well as many of his dedicated companions.

It was his belief that individuals in prayer could receive divine guidance and that a person should live by standards of absolute honesty, purity, unselfishness, and love. The practice of these concepts changed many individual lives for the better, settled many an industrial strife, unified different opposing nations, bridged gaps of racial and religious misunderstanding. History has been written, and better written, because of this man.

Frank Buchman and his ideas will inspire men and women for ages to come. If we all would live by these concepts of Frank Buchman we would in fact find real answers to our present problems.

The free world worships God; and is in a desperate struggle against atheistic communism. The Moral Re-Armament movement, founded by Dr. Buchman, has presented a method by which God-fearing men of all religions can unite without diminishing their specific faiths. Certainly this is important in 1961 as it probably always will be.

The Moral Re-Armament movement now has a substantial task in carrying on its activities in the absence of their great leader. I am confident that the task will not be impossible. It needs to be done.

Mr. BRAY. Mr. Speaker, it was my privilege to have known and talked with Dr. Frank Buchman, founder and leader of the Moral Re-Armament movement. Few men in our age have had greater love of his fellowmen and a greater compassion for his fellowbeings without consciousness of nationality, or race, or color, or class. To him every man was a priceless child of God. While in this day there is much talk and discussion about world brotherhood, yet there are too few who do anything about it. Dr. Buchman was one who concretely furthered international understanding and brotherly love among men all around the world. The great ideals for which Dr. Buchman lived, fought, and died, will live on. His death leaves a great void, which will be most difficult for his disciples to fill. The greatest tribute to be paid a man can sincerely be said of Dr. Frank Buchman—this world is a better place for his having lived here.

Mr. SHEPPARD. Mr. Speaker, all those who knew Dr. Buchman deeply regret his passing.

Dr. Frank N. D. Buchman's life was dedicated to raising a world force to answer the materialist ideologies of our age.

He was described on his 80th birthday in an editorial in Germany's leading paper, Frankfurter Allgemeine Zeitung, as "becoming more and more the conscience of the world." Another leading European paper wrote of him:

In this age of painful division, Frank Buchman is the one white man whom the statesmen of Asia and Africa trust.

He had a global view of the situation confronting the statesmen and a passionate concern for individuals. These two qualities singled him out as the man to whom people in every walk of life turned for advice and direction.

Robert Schuman of France said of him:

I am eternally grateful to Frank Buchman. He has helped and encouraged me from the first moment.

Chancellor Adenauer, of Germany, who came with his whole family to the Moral Re-Armament World Assembly in Caux, Switzerland, just after the war, remained a constant friend. Adenauer paid tribute to the moral courage which Buchman showed in creating a world ideological force to turn the tide of materialism. "What you have done through Moral

Re-Armament," he said, "is absolutely vital for the maintaining of world peace."

Prime Minister U-Nu of Burma said:

Dr. Buchman has all the qualities that inspire confidence and the tenacity of purpose which will accept nothing short of complete success.

The secretary of the Presiding Abbots' Association of Burma, taking part with four senior Abbots in the celebration of Dr. Buchman's 83d birthday in Caux, declared:

A personality like Dr. Buchman comes once in a thousand years to lead humanity. That is why we have come 6,000 miles for the privilege of meeting him and giving him our highest blessing.

Dr. Bernardus Kaelin, 12 years abbot primate of the Benedictine Order, said:

We have every reason to thank God that He has chosen a man, Dr. Frank Buchman, to formulate such an ideology as Moral Re-Armament and inspire others with it. He is an instrument of God. We of the Catholic Church are grateful that there is such an ideology. It is bringing back to their faith many men who stand aloof or who are going another way—men whom we priests and pastors find it impossible to reach.

May Moral Re-Armament win the whole world. The greatest gratitude we can show to Frank Buchman is to stand up for its ideas.

The central point of the ideology of Moral Re-Armament is change.

Buchman declared:

What is needed is social change, economic change, national change, and international change, all based on a drastic change in human nature. Until we deal with human nature thoroughly and drastically on a world scale, nations will continue to follow their historic road to violence and destruction.

The assemblies of Moral Re-Armament, held on every continent, have drawn a response from representatives of 120 nations during the past 18 years. In 1952, Dr. Buchman's work earned the grudging respect of Moscow. In a series of broadcasts Moscow radio attacked it as "a global ideology with bridgeheads on every continent, having the power to capture radical revolutionary minds." Hundreds of Communists on every continent abandoned communism in favor of a superior idea of world change through a moral ideology. Eudocio Ravines, many years a member of the Comintern and founder of the Communist Party of Peru, said after accepting Moral Re-Armament:

Western civilization will collapse unless we conquer the hearts of men with the moral standards Frank Buchman has given us. He is leading a force on the road to world renaissance. It is humanity's one hope.

As well as Prime Minister U Nu of Burma, Presidents Magsaysay and Garcia of the Philippines, President Diem of Vietnam, former Premier Kishi of Japan, Rajmohan Gandhi, grandson of the Mahatma, were among the vanguard of a growing number in Asia who welcomed the ideology of Moral Re-Armament as being above race and class, answering the needs of the heart, and changing the motives of men and the policies of nations.

Indian leaders turned to Buchman after Kerala, the first state in the world

to vote itself Communist, overthrew the Communist regime. They knew that without an ideology to unite the non-Communists, the Communists would take over again at the next election. Catholic, Moslem, and Hindu leaders went to Caux, seeking an answer. They included Mannath Padmanabhan, 83-year-old leader of the liberation struggle. Archbishop Gregorious of Trivandrum said later:

History will record our permanent gratitude to Mannath Padmanabhan, not only for having ousted the Communist regime, but for creating the unity of all communities following his return from Caux.

Padmanabhan himself said:

Kerala can never be grateful enough to the ideology of Moral Re-Armament.

Leaders of Cyprus, too, have repeatedly expressed their gratitude for the part played by Buchman in ending the bloodshed on their island. Archbishop Makarios said in Dr. Buchman's London home:

I have come here to bring my personal thanks for what MRA has done in bringing an answer to Cyprus.

Vice President Dr. Kutchuk said:

MRA will save the world from communism, dictatorship, and war.

In a press interview 2 months ago, Buchman described his vision for humanity:

It is that the whole world will learn to live like sons of God, where no man demands too much for himself while any other man goes hungry, where character not color becomes the yardstick of human values, where it is normal to live as one honest, pure, unselfish, loving, united family throughout the earth.

Frank Nathan Daniel Buchman was born in Pennsburg, Pa., on June 4, 1878. His family came originally from St. Gallen, Switzerland, arriving in Pennsylvania in 1740. An ancestor, Theodore Biliander (Buchman) was the successor of Zwingli in the theological seminary at Zurich, and the first translator of the Koran into German. Another ancestor fought with Washington at Valley Forge. Frank Buchman's uncle was the first man in America to enlist in the Union Army under Abraham Lincoln. He was later killed at Bull Run.

Fifty Members of the U.S. Congress cabled him this year stating:

We are grateful for the moral stand you have taken over the years to show America what a nation under God is meant to be.

Frank Buchman had a fundamental faith in the availability of the guidance of God for every man. The decisive point in his career came in 1921 when, in obedience to such guidance, he resigned from a college position offering security and comfort, to create a world force of men and women in every walk of life who would live the answer to a divided world.

Frank Buchman had been prepared for this work by his studies and graduation from Mühlenberg College in Allentown, Pa., by his foundation of the first hospice for destitute boys in Philadelphia, by his experience on the staff at Penn State

College, as it was then called, and by travel in Europe, Asia, and Africa, which had given him a wide understanding of men and affairs.

During these years of preparation his genius for friendship became apparent.

In 1915 he first met Gandhi who remained his friend for life. He visited Dr. Sun Yat-sen in Canton where they had long talks. "Buchman is the only man who tells me the truth about myself," said the founder of modern China.

Friends of those early days constantly welcomed him back to their countries. Baron Shibusawa, the founder of modern industrial Japan, entertained him in 1915, and his great-grandson is now one of the leaders of Moral Re-Armament in Asia. One person in Britain who responded to his call was Lady Antrim, lady-in-waiting to two Queens of England. Two of her great-grandchildren give their full time for Moral Re-Armament. It is typical of Buchman's relationship with people—once a friend, always a friend.

During the twenties and thirties this network of friendships developed into an effective force in the life of nations. In South Africa a group of students from Oxford, whose lives had been changed by meeting him, were instrumental in bringing understanding between Briton and Boer. The name "Oxford Group" was given to their work.

Thirteen years later the Honorable J. H. Hofmeyr, Deputy Premier under Field Marshal Smuts, cabled to the British House of Commons:

Buchman's visit to South Africa started a major and continuing influence for racial reconciliation throughout the whole country, between white and black, Dutch and British, on which the future of democratic institutions in South Africa may largely depend.

Men from this rapidly growing world force around Frank Buchman were invited by the last president of the League of Nations, Hon. Carl J. Hambro, President of the Norwegian Parliament, to a special meeting of league delegates. He introduced them with the words:

These people have succeeded in fundamental things where we have failed. They have created that constructive peace which we have been seeking in vain for years. Where we have failed in changing policies, they have succeeded in changing lives and giving men and women a new way of living.

Buchman recognized early that the basic problem of our age was ideological. He believed that only a passion can cure a passion, only an idea can defeat an idea—that unless the democratic nations demonstrate compellingly a better idea that totalitarianism, they are sooner or later doomed to destruction. Neither anticommunism nor antifascism cures the basic problem.

MRA LAUNCHED

Accordingly in 1938 he launched Moral Re-Armament—a uniting moral ideology, based upon the absolute standards of honesty, purity, unselfishness, and love under the guidance of God, which, if lived out in the policy of nations, would change the course of history.

Frank Buchman had the deep conviction that "labor led by God can lead the world." He said:

Before a God-led unity every last problem will be solved. Empty hands will be filled with work, empty stomachs with food and empty hearts with an idea that really satisfies.

This drew a worldwide response from the workers and their leaders. Ben Tillett, leader of the London dockers, on his deathbed sent this message to Buchman:

You have a great international movement. Use it. It is the hope of tomorrow. Your movement will bring sanity back to the world.

John Riffe, executive vice president of the CIO, said:

Tell America that when Frank Buchman changed John Riffe he saved this country \$500 million.

THE WAR YEARS

In mass meetings in Britain and across America, he led a force that, during the war years, gave to thousands the secret of high morale and a basis of hope for lasting peace.

Gen. John J. Pershing broke a lifetime rule and wrote the foreword to Buchman's handbook, "You Can Defend America," which was distributed in hundreds of thousands in war industries, schools, and homes throughout America. It was described by the U.S. War Department as "the most challenging statement of this country's philosophy of national defense that has yet been written."

During this period Frank Buchman was attacked by both Fascist and Communist. Gestapo documents, discovered and published after the war, denounced him and condemned his activity for "substituting the Cross of Christ for the swastika, and uncompromisingly taking up a frontal position against national socialism."

During the war many of his men served with gallantry and distinction on all fronts, winning decorations for bravery. Buchman worked ceaselessly to keep intact a force that would be able, immediately on the cessation of hostilities, to take up the work for which they were trained, that of bringing the answer to hate and fear, and making lasting peace possible.

CAUX

In 1946 the MRA world headquarters in Caux, Switzerland, was opened. In the last 15 years 125,000 representatives of 120 countries have come for training. Among these have been prime ministers, cabinet ministers, and Members of Parliament, and a broad section of industrial, trade union, and student leadership from all over the world.

Similar assemblies were held on Mackinac Island, Mich., where new buildings to house 1,200 people have recently been put to use. Last year one of the most modern and best equipped television film production studios in American was opened there.

A group of European political leaders, among them Prof. Hans Koch, head of the East Europe Institute and adviser

to the German Government on Russian Affairs, summed up the achievements of Frank Buchman's life in five spheres of contemporary history.

FIVE HISTORIC ACHIEVEMENTS

First. The laying of the foundations for a new trust between Germany and France and for a common destiny for the peoples of Europe.

Basic to this was the restoring of Germany to her place in the family of nations which found its first decisive expression at the Caux assemblies. For this service Frank Buchman was honored by the German Government with the Grand Cross of the Order of Merit, while at the same time the French Government made him a Chevalier of the Legion of Honor. King Paul of Greece also conferred on him the Knighthood of the Order of King George of Greece.

Second. The unity brought between Japan and her neighbors in southeast Asia.

The first representative group of Japanese leaders to visit Europe and America after the war was invited by Frank Buchman. Their apology in the U.S. Senate marked a turning point in the relations between Japan and her former enemies. In 1956 the Japanese Government awarded him in person the Order of the Rising Sun. In the same year the Chinese Government on Formosa conferred on him the Grand Cordon of the Brilliant Star, the Philippine Government their Legion of Honor, and the King of Thailand made him a Knight Grand Cross of the Order of the Crown of Thailand.

Following the 1960 Tokyo riots, Prime Minister Kishi informed Dr. Buchman:

But for Moral Re-Armament Japan would be under Communist control today.

Third. The creation in Africa of interracial unity, the saving of nations from bloodshed, and the building of a moral force to undergird self-government.

Former Mau Mau leaders and Kenya settlers trained by Buchman have been credited with preventing bloodshed in crisis points in east and central Africa. Jean Bolikango, as Vice Premier of the Congo, stated:

Were it not for the work of MRA in the Congo we would have known a far worse catastrophe.

Buchman also played a part in the peaceful attainment of independence by both Morocco and Tunisia, and his influence saved bloodshed in Nigeria and hastened the day of peaceful self-government. In South Africa, Afrikaners and revolutionary leaders of the African National Congress found common ground in a change of heart. Manilal Gandhi described this development in his Natal newspaper, *Indian Opinion*, as "A new dimension of racial unity." A prominent African Moslem leader summed up Buchman's work:

You are doing for Africa what Abraham Lincoln did for America—binding up the nation's wounds and setting the people free.

Fourth. The building of an ideological bridge where the world of Islam unites

East and West to answer communism and war.

Buchman was convinced that the lands of Islam were meant to be a bulwark against materialism and "a girder of unity for the whole world." Muslim leaders responded. Mohammed Ali Jinnah said to Buchman:

You have the answer to the hates of the world. Honest apology is the golden key.

The Shah of Iran personally welcomed Buchman to his country and is regularly represented at Moral Re-Armament assemblies. He recently conferred the Imperial Order of the Crown on Dr. Buchman, and Prime Minister Amini last week wrote Buchman:

We have noted with great satisfaction and confidence the work accomplished by Moral Re-Armament task forces in different parts of the world, and look forward to the coming of such a force to Iran in the near future.

The secretary-general of the Arab League, Abdel Khalek Hassouna, said:

The Arab world regards the emergence of MRA as the most significant factor on the world stage today.

Fifth. The demonstration of an answer to the issue of race in America which has riveted the attention of leaders of Asia and Africa.

It was Buchman's conception to invite African leaders who had responded to MRA, men of courage and integrity, to come to America to bring a constructive note into the racial problems. The film "Freedom," made by Africans in Nigeria, brought an answering message to the Southern States. Its performances in Little Rock paved the way for the historic reconciliation between Governor Faubus and Daisy Bates, leader of the Negro people of Arkansas. Dr. G. Lake Imes, secretary to the late Booker T. Washington, said of Buchman's initiative:

It is the boldest and most audacious approach to the fundamental problems of human relations in our age.

THE CROWNING EXPERIENCE

During the spring of 1958 a force of 300 drawn from 30 countries brought the play "The Crowning Experience" to Atlanta, Ga., where for 4 months it played to multiracial audiences. The National Association of the Colored Women's Clubs of America presented Buchman with their annual award as "the greatest humanitarian of them all."

After breaking the 123-year-old attendance record of Washington's National Theater, "The Crowning Experience" was made into a full-length technicolor film. Today it is being acclaimed in Asia, Africa, Europe, and Latin America. Hollywood actor Joel McCrea said:

It is the kind of picture the world is waiting to see, portraying the true America to which the world will respond.

Arturo Lanocita, Italy's most influential film critic, wrote in *Corriere Della Sera*:

"The Crowning Experience" is right out of the class of the everyday film. It transcends the cinema.

The bold use of the stage, music, and every form of dramatization marked Buchman's arresting approach in reaching large groups of people of different types and backgrounds. Japanese, Africans, Chinese, Tunisians, Indians, each in their own languages, have written plays depicting the ideology of Moral Re-Armament applied to their situations, while other casts have performed plays in all the major European languages. The all-African film "Freedom" has gone to 65 countries in 13 languages. Frank Buchman had the art of inspiring great creative powers in those among whom he worked. Elisabeth Bergner described the Moral Re-Armament theater as "the most intelligent plays being produced in our time."

One of these plays, "The Tiger," written by Japanese students who participated in the Tokyo anti-American riots, has been performed on three continents in the last year. After presenting the play in the United States, where they apologized to Gen. Dwight Eisenhower for their part in the Tokyo riots, the cast is now moving through South America. They are part of what El Pais of Montevideo described as "the greatest ideological offensive ever launched in Latin America."

In the past 12 weeks in Brazil, 500,000 people have seen "The Tiger" and attended MRA mass demonstrations—fruit of a strategy planned with Frank Buchman earlier this summer; 90,000 crowded the football stadium in Manaus. In the city regarded as the stronghold of communism, the *Diario de Pernambuco* reported:

Recife is being completely carried away by Moral Re-Armament.

An American news correspondent said:

I have seen a more effective strategy to answer communism in 24 hours here than in 20 years in Washington.

The archbishop of Natal, Dom Marculino Esmeraldo de Souza Dantas, commenting on the work of Frank Buchman, said:

MRA is fire from Heaven to purify the earth. It is a great universal movement with God in control.

With all the wide expansion of his work and influence, Buchman always remained the same human, approachable, friendly person. He simply said of his life work, "I have been wonderfully led."

He is remembered by thousands of ordinary folk who met him in hotels, on trains, in homes where he was an honored guest, as the man who always understood them and considered them his friends. People were his great interest and study, the kindling of their faith and character his greatest joy.

His own faith was that of a child, full of the practical presence of God. It was an ideology, valid for men and nations in this confused age.

BRAVE MEN CHOOSE

In his last birthday speech, "Brave Men Choose," which reached by press

and radio an estimated thousand million people, Buchman declared:

We are facing world revolution. There are only three possibilities open to us. We can give in, and some are ready to do just that. Or we can fight it out, and that means the risk of global suicide. Or we can find a superior ideology that shows the next step ahead for the Communist and the non-Communist world alike.

There is no neutrality in the battle between good and evil. No nation can be saved on the cheap. It will take the best of our lives and the flower of our nations to save humanity. If we go all out for God we will win.

The words he most frequently quoted, and with great emphasis, were those of his fellow Pennsylvanian William Penn:

Men must choose to be governed by God or they condemn themselves to be ruled by tyrants.

Mr. CURTIN. Mr. Speaker, I wish to join with my colleagues in remembering the late Dr. Frank Buchman, who was born at Pennsburg, Pa., on June 4, 1878. The family soon moved to Allentown, in the congressional district which I have the privilege to represent, where Dr. Buchman attended Allentown High School and later enrolled at Muhlenberg College in the said city. For a time he did pastoral work and church extension work in eastern Pennsylvania, but he always felt a deep sense of calling to the mission field. Very early in his career, he developed an interest in international affairs, and as a young man made a number of trips to oversea countries.

Dr. Buchman came from a devout Christian family of Pennsylvania German stock. Dr. Buchman always retained his home in Allentown and returned to it frequently. He kept it furnished in the style of the turn of the century, and for many years it was a shrine for Moral Re-Armament followers, with hundreds of foreign visitors yearly.

Dr. Buchman will long be remembered affectionately by the people of Allentown and of the 8th district and the free world in general as a gentle but very forceful man who believed ardently in the principle that the key to world understanding was the building of a bridge of trust and unity based on racial understanding and tolerance and the establishment of a moral force to undergird self-government.

Dr. Buchman's beliefs soon attracted thousands in a movement known as Moral Re-Armament and the influence of the movement has become felt in all the countries of the free world.

I am informed that final interment of Dr. Buchman will be in the family plot in Allentown, in line with his often repeated desires.

Mr. ROUSSELOT. Mr. Speaker, though I never had the opportunity to meet Dr. Frank Buchman, I certainly had tremendous respect for the high ideals and fine objectives for which he vigorously fought during his lifetime. Though I am not a member of Moral Re-Armament, I have had a deep respect for the many fine things that it has accomplished in uplifting peoples' lives so

that they not only talk about but practice Christian principles in their daily living.

Mr. Buchman, from all evidences and from the obvious results of the movement which sprang from his efforts, reached the highest moral plane that one can expect of humankind. Mr. Buchman established a movement that is vigorously attacked by the Communists because it stands for principles of life, which, if put into practice, destroy Communist ideologies—absolute honesty, love, purity, and unselfishness.

Another fine contribution that Dr. Buchman made was to encourage all churches to rise to the challenge of their highest ideals and not be satisfied to live at a level below those ideals. Once a person becomes interested in Moral Re-Armament the demand on his abilities and willingness to carry out its objectives is entirely individual. This makes accomplishment seem more difficult, but the results in the long run are much more lasting.

The principles and high ideals which Dr. Buchman left as a legacy can never be undone, because they are of a spiritual quality that no human force can destroy. Dr. Buchman's contributions to humankind will forever live.

Mr. TOLLEFSON. Mr. Speaker, on last Monday the world lost one of its finest citizens when death claimed Dr. Frank Buchman, the initiator of Moral Re-Armament. During his lifetime he did more, perhaps, than anyone else in our generation to bring about peaceful settlements to international problems and disagreements. Furthermore, his positive ideology to combat the threat of international communism accomplished more in that direction than the contributions of any other individual. The world has lost a most valuable citizen. It is to be hoped that his work will be continued by his faithful and dedicated supporters and followers. The threat of communism still exists, as does the threat of world war. The continuance of his work will do much to combat both, and to help create a happier world in which to live.

Mr. McDONOUGH. Mr. Speaker, in joining my colleague, the gentleman from California [Mr. DOYLE], in memorializing the passing of Dr. Frank Buchman, I would like to say that I have known Doctor Buchman for the past 20 years. He was devoted and dedicated to the higher spiritual life in governments throughout the world.

He was an outstanding opponent of atheistic communism and the materialistic theory that man is a creature of the state. His accomplishments in converting thousands who were inclined to believe in the Communist theory and practice is an immortal monument to his life's work.

In 1938 he launched Moral Re-Armament—a uniting moral ideology, based upon the absolute standards of honesty, purity, unselfishness, and love under the guidance of God, which, if lived out in the policy of nations, would change the course of history.

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The words he most frequently quoted, and with great emphasis, were those of his fellow Pennsylvanian William Penn:

Men must choose to be governed by God or they condemn themselves to be ruled by tyrants.

I am also including in my remarks the following editorial from the Los Angeles Examiner:

DR. FRANK BUCHMAN

An inspired and tireless champion of principles that form the basis of peace between all mortals who acknowledge God as their source of life, has been called away from his life's work.

Dr. Frank Buchman, founder and leader of Moral Re-Armament, passed away at a venerable age while visiting the German city where he conceived his plan for international peace 23 years ago.

A native of Pennsburg, Pa., the former Lutheran clergyman gathered around him a nucleus of devoted followers which soon grew into a farflung organization dedicated to the principle that to change the world men must first change their spiritual outlook.

This moral crusade has flourished and extended its mission to all continents and nations, except those dominated by the forcibly imposed atheism of Marxian tyranny.

The founder of Moral Re-Armament once described his purpose as being "that the world will learn to live like sons of God, where no man demands too much for himself while any other man goes hungry, where it is normal to live as one honest, pure, unselfish, united family throughout the earth."

No better epitaph, nor one more true, could be written to mark the memory of Dr. Frank Buchman and his noble work.

TRANSMISSION SYSTEM FOR COLORADO RIVER STORAGE PROJECT

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. ASPINALL. Mr. Speaker, the 87th Congress will very shortly make the decision concerning whether the interconnecting transmission grid of the Colorado River storage project will be for Federal construction or whether a ma-

major portion of that grid is to be provided by private utilities companies, whose investments would be recouped through wheeling fees as a project cost. This is a major decision involving directly the population of the Intermountain West and affecting directly the payout requirements and ultimate success of the \$1 billion Colorado River storage project, authorized by Congress and already well into construction with the support of the Congress.

The issue is who shall build the transmission grid to interconnect the Federally constructed powerplants and bring Federally produced power to the load centers. This is not a public versus private power fight as to which shall produce the power. The Colorado River storage project has been authorized by Congress. The major power producing units of this great project have been approved by Congress and are under construction. The issue here is clearly: shall the benefits from these major investments be fully utilized for the benefit of the public through the construction of the necessary interconnecting transmission system by the Federal Government or shall these major Federal investments in power producing units be utilized for the benefit of the private utilities who seek to control them by means of transmission facilities which they would provide at the cost of perpetual rent.

The underlying issue can be brought into sharp focus. The effect of the utilities' proposal will be to integrate the Government's huge generating capacity with the private utility systems. Thus, all of the tremendous financial and operational advantages of this integration would accrue to them for which not only would no payment be made to the Government, but the Government would instead pay the utilities. It is little wonder therefore that neither the preceding Republican administration nor this administration can find merit in such a proposal.

I have reviewed the record of congressional actions regarding Federal construction of transmission facilities and reach the conclusion that the Congress has historically favored construction of backbone transmission lines to interconnect powerplants constructed by Federal agencies and to deliver power to load centers. The Members of Congress should know the relationship between the philosophy of Federal transmission line construction as expressed in previous acts of Congress and what is proposed for all-Federal construction of transmission lines for the Colorado River storage project. Mr. Speaker, in commenting upon a proposed transmission line for the Southwestern Power Administration you said the following:

What we are seeking to do by this amendment is not to parallel anybody's lines, not to put anybody out of business, but simply to tie this Government property together.

I must observe that this is exactly what is proposed for the Colorado River storage project, namely, tie together Government property—in this particular case the power producing plants of the

Colorado River storage project and other Federal plants in the area.

Furthermore, section 5 of the Flood Control Act of 1944 states the following:

The Secretary of the Interior is authorized, from funds to be appropriated by the Congress, to construct or acquire, by purchase or other agreement, only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at said projects available in wholesale quantities for sale on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives and privately owned companies.

Again, I must observe that this is exactly what is proposed for the Colorado River storage project. Specifically it is proposed to construct only transmission lines to make power available in wholesale quantities to facilities owned by the Federal Government and to preference customers.

The Bureau of Reclamation quite obviously can build only those facilities which it has authority to construct. This includes transmission facilities. The Bureau of Reclamation has authority to construct transmission facilities in order to market power from powerplants for which it is the marketing agent. The transmission lines for the Colorado River storage project have been authorized by Congress. The authority for construction of transmission lines exists, both under the Reclamation Act of 1902, as amended, and acts authorizing specific projects, including power development, both in terms of such facilities being appurtenant facilities of the powerplants, as well as by the specific naming of transmission facilities. The Colorado River Storage Project and Participating Projects Act (70 Stat. 105) specifically authorizes the Secretary of the Interior "to construct, operate and maintain dams, reservoirs, powerplants, transmission facilities and appurtenant works." If this specific authorization were not, by itself, sufficient for authority to construct lines, there is the reaffirmation of such authorization contained in the first two lines of section 7 of the act which state:

The hydroelectric powerplants and transmission lines authorized by this act to be constructed, operated and maintained by the Secretary.

Extremely pertinent here, and perhaps more important than the reaffirmation of the authorization of the transmission lines, is the directive contained in section 7 that:

The hydroelectric powerplants and transmission lines authorized by this act to be constructed, operated, and maintained by the Secretary shall be operated in conjunction with other Federal powerplants, present and potential, so as to produce the greatest practicable amount of power and energy that can be sold at firm power and energy rates.

The terms of the directive can most reasonably be carried out if the Secretary has the means to do so; namely, ownership and operation of the transmission grid that interconnects the project powerplants and additionally ties those plants into other adjacent Federal systems.

The proposal that has been made by the private utilities would, among other things, involve them in the construction of major backbone lines and lines to major load centers. Their proposal is not the proposal based on longstanding policy, that the House Committee on Interior and Insular Affairs quite evidently had in mind in its report on what became the Colorado River Storage Project Act—House Report No. 1087, 84th Congress. The House committee referred to wheeling proposals, which would be, and I quote: "consistent with the policy expressed by the Congress for many years in appropriation acts and elsewhere whereby the Federal Government builds the basic backbone transmission system and distribution is made through existing systems where satisfactory arrangements can be worked out."

Senator HAYDEN in 1949 expressed the policy of wheeling to deliver power "beyond load centers" as follows:

The Department of the Interior has stated during the hearings on this bill that its policy with respect to arrangements for the delivery of power produced at Federal hydroelectric projects or for delivery beyond load centers is to make wheeling arrangements where:

First, private utilities have ample surplus transmission capacity or are willing to construct transmission lines for that purpose.

Second, private utilities are willing to furnish such service to the Department at a reasonable price.

Third, such arrangements will enable the Department to render acceptable power service to customers having preference, under existing law, in the purchase of federally produced power (CONGRESSIONAL RECORD, vol. 95, pt. 11, p. 14116).

The utility proposal is a clear departure from that policy.

Notwithstanding the fact that the utilities' proposal departs markedly from these policy statements, the Interior Department under two administrations has given it very careful consideration on the merits. Both the Eisenhower administration and the Kennedy administration have found the utilities' proposal wanting.

There is a place for mutually advantageous interconnection with the utility system and for wheeling arrangements beyond the major project load centers of the Colorado River storage project. Such arrangements should be worked out to the mutual advantage of the parties concerned, including the Government's preference customers. This is not, however, the proposal that has been made by the private utilities.

In the Pacific Northwest there is extensive joint use of Federal as well as private systems. It is obvious, however, that in the Northwest the Federal Government does not depend upon the private utilities to tie its projects together and to bring the power out from the projects to load centers. The transmission line construction program for the Colorado River storage project endorsed by both the Eisenhower and Kennedy administrations is completely consistent with the tried and tested satisfactory transmission pattern which prevails in the Pacific Northwest.

There has been reference to the Keating amendment. I know of no one who

has seriously contended that the Keating amendment is applicable in the absence of existing wheeling arrangements. Neither the Department of the Interior nor the Congress has taken any such position. In fact, the position that has been consistently taken both by the Department and Congress is exactly the opposite. An example of this is the action of the Congress in appropriating funds in the fiscal year 1960 Appropriation Act for the construction of the so-called Iowa marketing transmission lines of the Missouri River Basin project. This action of the Congress was taken notwithstanding the fact that private utilities in the area had made wheeling proposals which, if accepted, would have covered this area.

Mr. Speaker, this body will be called upon to make the decision on this issue in the very near future. I believe that the issue involved must turn upon whether the wheeling proposal is in the public interest and consistent with the payout requirements of the Colorado River storage project authorizing act. I state categorically that the private utilities' proposal is not.

A STANDARD FOR NONINFLATIONARY WAGE INCREASES

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Iowa [Mr. SCHWENGEL], is recognized for 60 minutes.

Mr. SCHWENGEL. Mr. Speaker, at the conclusion of my remarks and those of the gentleman from Ohio [Mr. ASHBROOK], I ask unanimous consent to insert in the RECORD a paper by Professor Wallich.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, today it is my privilege to participate in another in the series of discussions on employment and economic growth in America. Operation Employment is a project of the House Republican policy committee's subcommittee on special projects.

One of the reasons why I am particularly pleased to participate in this special project is that in this project the Republican Party has enlisted the thinking of college professors. In this case we are giving recognition to talent and interest of scholars who have given much thought to problems and topics dealt with in this series of discussions.

Mr. Speaker, on August 25, 1960, I talked on the subject "Why Scholars in Politics."

At that time I pointed out that one of the most persistent problems facing political man has been his age-old search for the proper relationship between the philosopher and the king; between the man of ideas and the man of power; that Plato characterized a fairly common Greek answer to this problem by saying that the ultimate solution was to be found in the uniting of the philosopher and the king in the same person.

I suggest that unless, either philosophers become kings in their countries, or

those who are now kings and rulers come to be sufficiently inspired with a genuine desire for wisdom; unless, that is to say, political power and philosophy meet together, while the many natures who now go on their several ways in the one or other direction are forcibly debarred from doing so, there can be no rest from troubles for States, nor yet for all mankind; nor can this commonwealth ever till then see the light of day and grow to its full stature.

Though Aristotle was somewhat more moderate in his views, he too insisted that the men of power seek the advice of men of ideas before proceeding with any scheme or project of great moment.

In our own rich national heritage it can be said that the ideals of both Plato and Aristotle have been served. For surely the Founding Fathers were a collection of scholars. Included in their number were professors and college presidents. And those who were not actively engaged in pedagogy were nonetheless representative of the highly educated and thoughtful leaders of their time and, therefore, could be called scholars and students of government. They had schooled themselves in political philosophy through study and experience in practical politics. In contemporary terms, they were as truly philosophers or intellectuals as they were politicians. Fortunately for the future of the Republic they saw that thinkers must be doers and doers must be thinkers.

And this tradition has been carried on ever since. The close relationship between Lincoln and the scholars of his time and since his time is well known to us all. Senator Robert La Follette called upon 55 top professors from the University of Wisconsin to aid him in the development of his "Wisconsin idea." And, in more recent times, both major parties have utilized a number of academicians in their administrations. Seymour Martin Lipset, in his book, "Political Man," points out that more intellectuals have occupied high administrative posts in the Eisenhower administration than in any previous administration.

We can all benefit from a study and discussions of the thinking and ideas of our leading college and university professors. I regret that we have not always been aware of this. In the beginning, that is, in 1860, the so-called "eggheads" were with and in the ranks of the Republican Party. Among the list who qualified then as intellectuals and educators were such men as William Cullen Bryant, the outstanding American poet and editor who was Republican chairman of the New York State electoral commission which cast its electoral votes for Lincoln. He was on the stage at Cooper Union when Lincoln reminded us that "Right makes might"; Edward Everett, the other masterful speaker at Gettysburg, and one-time president of Harvard University, was a Republican; Julia Ward Howe, author of "Battle Hymn of the Republic," was in our camp although she could not vote; and Harriet Beecher Stowe, author of "Uncle Tom's Cabin," was one of our Republican ladies close to and fond of Mr. Lincoln; and Thaddeus S. Lowe, the pioneer American aeronaut, was num-

bered among the members of the Republican Party.

And there were many, many more—such as:

Jean Louis Rodolfe Agassiz, professor of natural history at Harvard, who several times called upon Mr. Lincoln.

Alexander Dallas Bache, physicist, Superintendent of the Coast Survey, first president of the National Academy of Sciences, established in 1863.

George Bancroft, historian, former Secretary of the Navy, who visited Mr. Lincoln at the Executive Mansion, was actively interested in the Republican administration program and was selected to address the Congress in joint session February 12, 1866, when it met for memorial services in memory of Mr. Lincoln.

John Bigelow, author, appointed by Mr. Lincoln consul general at Paris.

Francis Bicknell Carpenter, artist, who spent 6 months at the White House, painting Mr. Lincoln reading the first draft of the Emancipation Proclamation to his Cabinet.

Walt Whitman, whose interest and qualifications were recognized by the administration with an appointment to an assignment in the Interior Department.

Ralph Waldo Emerson, poet and philosopher, who once went to see Mr. Lincoln.

John Hay, poet, author, assistant private secretary to President Lincoln.

Hinton Helper, author of "Impending Crisis," whom Lincoln appointed consul at Buenos Aires.

Joseph Henry, physicist, Secretary of the Smithsonian Institution, frequently consulted by Mr. Lincoln.

Capt. Oliver Wendell Holmes, Jr., later a jurist and noted intellectual, who shouted, "Get down, you fool," when Lincoln exposed himself to enemy fire at Fort Stevens, on July 12, 1864.

William Dean Howells, novelist, editor, author of one of the earliest campaign biographies of Mr. Lincoln who appointed him consul at Venice.

Thaddeus S. C. Lowe, aeronaut.

Isaac Newton, first U.S. Commissioner of Agriculture, appointed by Mr. Lincoln June 30, 1862.

Goldwin Smith, Regius professor of history, Oxford University, who talked with Mr. Lincoln, November 16, 1864.

Ainsworth Rand Spofford, bookman and journalist, who Mr. Lincoln appointed Librarian of Congress in 1864.

Charles Sumner, Senator from Massachusetts.

My colleague from Ohio [Mr. ASHBROOK] and I have read and studied a paper, "A Standard for Noninflationary Wage Increases," written by Prof. Henry C. Wallich.

Mr. Wallich is professor of economics at Yale University. He has served as assistant to the Secretary of the Treasury and has been a member of the President's Council of Economic Advisers.

I have recently read two of Mr. Wallich's books, "The Cost of Freedom" and "German Revival." Both books are well written and readable. And, they contain much food for thought. They should be read by all serious students of govern-

ment and especially by those interested in the economic life of our Nation.

Professor Wallich suggests that one of the principle reasons for the remarkable recovery of West Germany is that in the Federal Republic there is a "free market economy operating with a limited number of strategically selected controls." The Members of this body, and all Americans, would do well to give long and careful thought to this suggestion.

In his excellent book, "The Cost of Freedom," Professor Wallich speaks eloquently, honestly, and bluntly about freedom and a free economy. He states the case for freedom and a free economy and he tells us what we are going to have to do to maintain these cherished virtues.

Wallich writes:

Our analysis of freedom tell us that we must promote freedom at the expense of certain alternative goals if we do not want to run a risk which, however hard to measure, clearly exists.

He continues:

Freedom has its costs and it is our good fortune that we are able and willing to pay it.

Wallich concisely and effectively states the case for a free economy with these words:

The centralized economy puts a strain upon democracy and freedom; the free economy does not.

The truth of this statement is beyond doubt.

Professor Wallich makes an analysis of the conduct of three of the many lovers of freedom—the American businessman, American labor, and the American intellectual. We should give some thought to his analysis.

According to Wallich the American businessman rises to the heights of eloquence when his freedom from public regulation and intervention is at stake, but he is less inspired when the talk is of antitrust action. To him the tariff does not appear to enter into freedom at all—exception made of some notable captains of industry who have spoken out boldly against the tariff.

American labor loves free enterprise. Private employers are much easier to cope with than the Federal Government. However, labor does not hesitate to upset the applecart by coercive union practices or inflationary wage demands. Nor does it seem to see a threat to freedom in urging that controls be put on business.

The American intellectual is the No. 1 beneficiary of a free and open system. It is by his freedom of expression that he makes his living. No group has more to lose from a loss of freedom than the intellectual. Yet even he is giving ground.

It is only with vigilance, sacrifice and belief in freedom that we can maintain our freedom. We have not always been sufficiently aware of this. A phase which every American would do well to remember is Mr. Wallich's observation that, "Freedom comes at a cost, not at a profit."

I like Mr. Wallich's thinking.

Mr. Wallich's goal—and this is the goal of the Republican Party, and should be

the goal of all Americans—is a sound dollar. A sound fiscal policy is more important now than ever before in our history—because of the vast number of people who are dependent on pensions, annuities and fixed incomes.

To accomplish this goal it is proposed that the American economy voluntarily adopt a standard of reasonableness in wage increases, the purpose of which would be to provide a standard for non-inflationary wage increases.

Wallich declares:

Our failure to observe a reasonable standard in recent years must be held accountable, in good part, for the inflation we have suffered.

This seems very plausible.

It seems unnecessary for me to detail the evils of inflation. We know them and we know that we must face this problem. Unless the threat which inflation imposes is removed our efforts to reach a high rate of economic growth and to achieve a high rate of employment will be frustrated and made more difficult.

When a situation begins to threaten the growth of a nation at a critical time, the time has come for a new approach.

Wage increases in excess of production gains are not compatible with stable prices. The result of wage increases in excess of production gains is inflation.

The current rate of wage advances is 3 to 3½ percent annually. Productivity gains average about 2 percent. This figure is drawn from the President's economic message and is a historical average.

The result is that we are threatened with a continuing 1- to 1½-percent up-creep of prices. This means one thing—inflation. The principle victims are fixed income receivers: white-collar workers, teachers, and the 17 million people on pensions—these are the principal victims of the disasters of an inflated dollar.

On the basis of these figures, Professor Wallich suggests 2 percent as a standard for reasonable wage increases.

This rate of increase he suggests would do much to alleviate the problem of inflation.

If productivity gains in a particular industry are above average, the 2-percent rate of wage increase would mean falling cost of production, and prices would have to come down.

In recent years we have experienced above productivity wage increases in the low-gain industries. The results have been a wage advance in excess of productivity and a rise in prices. A 2-percent rate of wage increase would end this practice.

Professor Wallich proposes that this standard of reasonableness should be voluntarily applied. It should be based on a national consensus. An education campaign, carried out through public and private channels, would be used to mobilize public opinion. Wage controls are alien to this proposal.

The voluntary operation of market forces, spurred by competition, anti-trust action and the pressure of public opinion would insure the operation of this noninflationary standard.

Labor and management should consider the 2-percent wage increase rate

when they bargain. Indeed, wage bargaining should be based on this standard, suggests Wallich.

The 2-percent rate of increase would not hurt labor if price stability is maintained. Rather, according to Professor Wallich, we would have the following situation:

Instead of wages going up 3 to 3½ percent per year, with 1½ percent of the gain canceled by rising prices, we would have approximately 2-percent wage increase fully validated by stable prices.

Management may claim that unless it has the freedom to pay premium wages, they will be unable to attract workers to new jobs. However, industries that need to attract labor do not necessarily have high or rapidly rising productivity, nor do they pay high or rapidly rising wages.

On the other side, that is, the labor unions, it is said that competition among union leaders, and among unions, inevitably tends to bring about high wage increases. And, in the absence of such increases union leaders might find themselves challenged by insurgents.

This—

And I quote from Mr. Wallich's paper—

is hardly a good explanation why such competition should produce the present rate of wage increases, rather than twice this rate, or half. It is largely a question of what union members are accustomed to.

He points out, and there is much evidence to prove, that a slower rate of wage increase will not restrict the growth of real wages.

When computing a reasonable wage standard, it is not practicable to base the rate of gain on the productivity gains of a single year, or of a single industry. A long-range, nationwide average—in this case 2 percent—is more suitable because of the element of stability.

It should be noted that in arriving at this statistic—a reasonable percentage of wage increase—it is necessary to deduct from national productivity gains which are part of the increment that results from labor to better jobs.

There are some situations, in my opinion, that would warrant deviation from the prescribed rate of increase. Indeed, we must be very careful to avoid establishing a rate of increase which would be too rigid and too inflexible. There are areas in this Nation where a 2-percent rate of increase would be inadequate, and in a sense unfair.

While there is a certain newness about this proposal, the need for such a standard of reasonableness is great, and is apparent. Unless some kind of standard of reasonableness in wage increases is adopted, the resultant inflation will destroy the soundness of our economy. Professor Wallich's proposal not only meets a great need, it does so in a fashion which is consistent with the American tradition of freedom.

At this point, Mr. Speaker, I yield to my colleague from Ohio [Mr. ASHBROOK].

Mr. ASHBROOK. Mr. Speaker, at the outset let me make sure that the scope of this presentation is placed in

proper perspective. As the gentleman from Iowa has so ably stated, it is our contention that the private segments of our economy have an obligation to work together to assure that increased standards of living as reflected in higher wages and higher business profits are accompanied by real gains and not in temporary improvements which later can be wiped out by inflation. Our discussion concerns the standard for non-inflationary wage increases. It is not to be read into this presentation that the gentleman from Iowa and the gentleman from Ohio feel that wages alone can cause inflation nor that they alone need standards. It is very clear that profits can do the same thing and that the manufacturer who fails to reduce prices or improve his profit where productivity gains make reductions possible is just as harmful as wage increases which do not reflect increased productivity.

I well recall in 1949, for example, buying my first television set for our home. It was a 12½-inch table model and cost \$249. Last year, we purchased a 21-inch console model for less than \$200. This is a productivity and technological gain in which the consumer shared. We could cite many instances where the opposite has transpired, both in business and labor.

The matter of wages and profits is a very delicate one. Historically, many governments have gone aground because of their inability to solve this vexing problem. It has always been the challenge of civilized people to arrive at some suitable standard for achieving the just aspirations of their citizenry to provide for needs and comforts. Socialist and Communist countries today think they have arrived at the answer. In America, we have always considered that the free enterprise system offers the best solution to the eternal quest of man to provide for himself. According to our historical system, an individual gets his share of the national wealth by his own initiative, by working so that he may, in effect, take out of the economy commensurate to the effort he puts forth.

Historically, wide latitude has been allowed to citizens in what they may "take out." Some have extracted grossly inflated profits. Some have extracted wages far in excess of their productivity. Basically, however, by the device of free competition, by intelligent restraint and some Government intervention, the system has worked admirably well. While there are those who today advocate that this system is passe and cannot meet the challenges of the sixties, we today affirm our belief that the free enterprise system is sound and offers the best hope for a free and energetic people.

Within that framework, we present the Wallich paper to the Members of the House for their close study. One of the real problems of our time is to find some standard for noninflationary wage increases. It is our belief that this can be done by business and labor without Government dictation and control. Let me state at this point that the Government has always stood as one of the guarantors that the free enterprise system will work. When individuals or organizations exert

undue influences in our economy or use improper tactics, the Government has and will continue to intervene. The Government has historically stood as the arbiter or umpire of the Federal system. When business used oppressive tactics and unfair competitive devices, Government intervened at the turn of the century and endeavored to restore balance. When labor, shielded by the Wagner Act, used its power for undue purposes, the Government again stepped in and restored balance. Let me emphatically state that I believe there is a great difference in having Government serve as the umpire or arbiter of the system and having it serve as the dictator or sovereign of the free competitive system. Unfortunately, many of our so-called liberals of today would have it serve not as the guardian of our free system but as the centralized, bureaucratic tyrant.

The emphasis of our society is on freedom. Laborers should be free to bargain for wage increases. Many factors enter into the determination of what is a fair wage and, subsequently, what is a fair wage increase. It is our contention that within that framework of freedom, maximum consideration should be given to the inflationary effects of wage increases which are not related to productivity. This hurts everyone, including, in the long run, the worker who might establish some short-term improvement of his living standard.

Inflation is like a thief in the night and sooner or later it catches up with everyone. No one is hurt more than the elderly and those who are living on fixed income and pensions.

I well recall talking during the campaign to a retired teacher who said he thought he really had something to look forward to when, in 1947, he retired at \$900 per year. Since that time he has received increases which bring his yearly pension to \$1,200 per year. He sadly lamented, however, that the \$1,200 now is worth a lot less than the \$900 was in 1947 and he is really worse off all of the time.

Somebody—

He said—

stole that money from me. Somebody is still taking it away because it is worth less all of the time. Somebody is doing this because they don't care about the value of the dollar of inflation.

It is because we care that we are bringing this proposal for noninflationary wage increase to the attention of the House.

We all know that there is a human tendency to want to take all that one can get. Historically, business and labor patterns have shown some inclination to "charge what the traffic will bear." Since 1947, we have seen so much of this that it is seriously considered by this administration and many other economists that we look to the possibility of wage and price controls. We all hope that this will not be necessary.

First, it is inconsistent with our belief that free people can prosper in a free enterprise system.

Second, the OPA and other rationing and control agencies never really worked

and there is little reason to believe they ever will.

Third, this would be but one more step in the economic and political dictation of our lives, already a threat to all of us.

Within the framework of reasonableness and self-restraint, adequate gains in real income and corresponding living standards can be gained by adopting a basic standard for noninflationary wage increases. Gains in productivity should bring gains in wages. Gains in wage standards without corresponding increases in productivity can only bring phantom wage increases and the destructive inflationary pressures which today imperil our dollar, our living standards and our free enterprise system. There is no reason why increases should be static or fixed. There is no magic in the 2-percent figure mentioned by the gentleman from Iowa. If gains result in 5-percent productivity advances, wages can and should likewise advance at that figure. The whole point is that they should be related to such a productivity figure and, as a general rule, to an overall national figure which will therefore avoid the ravages of inflation.

A STANDARD FOR NONINFLATIONARY WAGE INCREASES

(By Henry C. Wallich)

The purpose of this proposal is to offer a standard of reasonableness in wage increases. Our failure to observe such a standard in recent years must be held responsible, in good part, for the disruptive inflation we have suffered. Though this inflation largely has been scotched, some creep of prices remains. In the cyclical expansion that lies ahead, it may accelerate. The Nation will be weakened in its efforts to reach high rates of growth and employment, unless the threat of inflation which overhangs the domestic economy and the balance of payments can be removed.

It is generally accepted that wage increases in excess of production gains are not compatible with stable prices. At the present time, wages are advancing at something like 3 to 3½ percent annually. Productivity gains, as noted in the President's economic message, have averaged about 2 percent. It is obvious, therefore, that the present rate of wage increases is inflationary. The present gap between wage increases and productivity gains threatens, over the years, a continued upcreep of prices of 1 to 1½ percent. If we want stable prices, wage increases on average can be only little more than half as large as they have been. They will then average out at about 2 percent. I suggest that this figure be adopted as a standard for reasonable wage increases.

The standard should be a voluntary one based upon a national consensus. Wage control is entirely alien to the spirit of this proposal. It should be propagated energetically through public and private channels, as an educational campaign to mobilize the pressure of public opinion. Management and labor should be strongly conscious of it when they sit down to negotiate. Their wage bargains should be judged in the light of this standard. It should be clear all around that whoever raises wages in excess of 2 percent—except in a few clearly justifiable cases—is contributing to inflation.

In industries where productivity gains are above average, more than 2 percent will actually mean falling costs of production. In these industries, prices will have to come down. In particular, where above average wage increases nevertheless occur, the proper price reaction should be an accompanying

price cut and not, as we have seen so often, a price increase. These cuts are required to compensate for price increases elsewhere that are almost inevitable, especially in services. Here again, not legislation, but voluntary operation of market forces, spurred by competition, antitrust action, and the pressure of public opinion, are to be relied upon. But it should be made abundantly clear to producers that failure to reduce prices where productivity gains make reductions possible is just as harmful as are above productivity wage increases.

Observance of the 2-percent standard will not hurt labor, if price stability is achieved thereby. Instead of wages going up 3 to 3½ percent per year, with 1½ percent of the gain canceled by rising prices, we would have approximately 2-percent wage increases fully validated by stable prices.

The proposed 2-percent standard obviously is a rough rule of thumb. Like any rule of thumb, it is in danger of overlooking refinements and special cases. Some of the following argument will show that these refinements are less important than they seem, and that our present wage setting practices often disregard them in any case. Meanwhile, if we can approximate the 2 percent standard, we shall be a great deal better off than if we continue with our present practices.

NATIONWIDE APPLICATION OF THE STANDARD

That productivity places a ceiling on noninflationary wage increases is well known. The reason why the principle has not been better observed in particular wage settlements is to be found in various complications that tend to obscure the simplicity of the basic facts. These complications have prevented the crystallization of a clear-cut productivity standard and have prevented the application of the standard in particular wage negotiations. The result has been—in combination at times with the effects of inflationary fiscal and monetary policies and of administered price push in a small number of industries—a continuing upward creep of prices. When such lack of sense or of discipline begins to threaten the growth of a nation at a critical point of history, the time has come for a new approach.

The principal complication—or perversion—is the frequently made appeal to productivity gains in an industry, or even in a single large enterprise, instead of nationwide gains. Productivity gains in one industry, say, steel, or men's clothing, can be well above the national average or below it. If productivity gains in each industry were taken as the standard, wages in the high-gains industries would tend rapidly to outdistance wages in the low-gains industries. If adhered to long enough, this would lead to everwidening and unjustifiable wage differentials.

In perfectly competitive labor and product markets, such differentials would of course be impossible. Workers would move toward industries with higher wages and would keep wages for similar work in line nationally. We do not have this kind of labor market. Nevertheless, competition among employers for labor, together with union action, has avoided the extreme differentials that would result if wage increases were based on productivity gains in each industry. Instead, we have experienced above-productivity increases in the low-gain industries, although usually not commensurate with those of the leaders. The results have been an average wage advance in excess of productivity and a rise in the price level.

The correct standard is given by nationwide, not industrywide productivity gains—the historic approximately 2 percent per year. If wages in the fast gaining industries are limited to this standard, wages in the slow-gaining industries can rise at the same rate without pushing the average too high. A

widening of relative differentials will be avoided. This does not mean, of course, that wages in the low-gains industries ought necessarily to rise as much as 2 percent per year. Some lower increases in this area would help to compensate for increases in excess of 2 percent which would undoubtedly continue to occur here and there.

SOME PRICES MUST FALL

A compensatory movement of prices will be required. In the slow-gaining industries, prices will be pushed up moderately by rising wages. The price of men's clothing, say, will continue to advance. But in the fast-gaining industries, where wages rising at 2 percent would lag behind productivity, widening profit margins make possible price reductions. Falling prices in some industries, say, durable consumer goods, will offset rising prices elsewhere. The general level of prices will remain stable, in the absence of other inflationary developments.

PROPER MEASUREMENT OF PRODUCTIVITY

A further complication that obscures the proper productivity standard derives from difficulties in measuring productivity gains in the short run. Over the course of a few years, these gains fluctuate appreciably. Productivity tends to advance rapidly during a business upswing, slowing down in its later phases and in the early stages of a contraction, when it may even decline. It is not practicable, therefore, to base wage advances upon the productivity gains of any particular year. To do so would require sharp increases at particular times that would have to be slowed or even reversed at others. The longrun average of productivity gains has been highly stable, however, at the historic approximately 2 percent. That is the standard to be aimed at, although in practice wage settlements no doubt will tend to be higher in expansions than in contractions. Changing productivity gains during the cycle will be reflected chiefly in rising and falling profits. That same situation prevails now, because wage advances have not changed much from one year to the next.

A third complication, which also affects the proper measurement of productivity gains, has to do with shifts of labor from one occupation to another. When a low-paid agricultural worker moves from Kentucky to a better paid—because more productive—job in New York City, he raises the national productivity average. This productivity gain, however, is no reason to give a wage increase to all the rest who are already employed in New York, or anywhere else. The productivity gains that make increased wage rates possible are those in existing jobs. To arrive at this statistic, it is necessary to deduct from national productivity gains that part of the increment that results from labor shifts to better jobs. This has been expressed also as the difference between productivity gains per unweighted and per weighted man-hour, the weighting being done in accordance with the skill of the job. The weighted type is the one that advances more slowly.

These productivity measures can be further refined. It is possible, for instance, to differentiate between gains for the private economy and gains for the entire economy including Government. Productivity gains for the entire economy have been somewhat slower than those for the private economy alone, largely because of the concepts of productivity applied to Government activity. Gains since the end of World War I have been somewhat greater than those for a longer period. For all these reasons, productivity data today seem to lack the precision that gross national product or production growth rates appear to possess. This precision, however, is in good part artificial. It is the result of arbitrary conventions as to what to include and exclude, how to define

how to measure. If similar statistical decisions are made as regards the measurement of productivity, much of the vagueness will depart.

It can always be argued, on the basis of one definition or another, that the proper figure to be used for a wage standard is a few digits above or below 2 percent. The 2-percent figure which the President used in his economic message originates in work done by members of the staff of the National Bureau of Economic Research (who of course developed it without reference to its possible use as a standard for wage increases). Though it is an approximation, it has the virtue of being clear cut and of protecting us from the risk of optimistic fallacies that most higher estimates incur.

CORRECTION OF INEQUITIES

In sum, while the principle is clear enough, there has been enough difficulty of definition and understanding to permit wholesale disregard of the appropriate wage standard without a strong public reaction, and without probably even a full understanding on the part of management and labor of what they were doing. There are some situations, to be sure, that would warrant deviation. The wage structure contains some major inequities, for instance, that deserve to be corrected. This is the function of minimum wage legislation. A step in that direction has just been taken, though there may be questions as to the appropriate timing and magnitude of that step. There are other instances in which above average increases in the lowest paid groups would be justified, if the employers can pay them. The trouble with present wage setting procedures has been that often strong unions get high raises for their already highly paid members, while the others show little sign of catching up. The application of a more uniform percentage standard of increases would not make this situation any worse.

LABOR MOBILITY

Management, on its side, may claim that unless it has freedom to pay premium wages and give large increases in some instances, it may not be able to attract workers to new jobs. This might be an obstacle to the expansion of rapidly growing industries, in which productivity also is often advancing rapidly. Hence, management may say, it is logical to pay labor in proportion to the industry's rather than nationwide productivity gains. Mobility of labor is fundamental to our economy and this objection deserves full consideration. The fact is, however, that industries that need to attract labor do not necessarily have high or rapidly rising productivity, nor do they pay high or rapidly rising wages. Retailing is an example. Yet retailers have been able to attract the labor supply they have needed, because other factors have been more important than wages. On the other hand, many industries with high and rapidly rising productivity and wages do not need to attract labor. The steel industry, and in fact all durable goods manufacturing, have for some years been displacing labor. If wage rates really were geared to enhance labor mobility, these industries would not be paying wages that are both high and rapidly rising.

Our present wage structure and wage movements, in other words, seem to have little to do with the needs of labor mobility. They are not at all helpful in this respect. By the same token, there is not much here that a national productivity standard for wage increases would affect adversely.

LABOR'S SHARE IN THE NATIONAL INCOME

A 2-percent wage standard, and price movements that would keep profit margins and the price level constant, would tend to

inhibit changes in the share that wages and profits have in the national income. This would be true, at any rate, if future productivity gains work out exactly at 2 percent and the wage standard is strictly adhered to. Since in practice neither can be expected to be the case, continued changes in the shares of wages and profits are likely.

Over the very long run, these shares have, as a matter of fact, shown remarkable constancy. Temporary fluctuations have occurred, however. Thus, during the 1950's the share of wages has increased substantially relative to that of profits. If observance of a 2-percent wage standard should slow down future changes in these shares, it would do so at a time when the status quo historically is favorable to wages.

The reason why the share of wages has tended to rise has been precisely that wage increases have exceeded productivity gains. Prices have risen to compensate in large part. If they had not, profits would have been wiped out altogether. But the price increases have not been quite sufficient to restore the balance. Some net gain beyond productivity increases, therefore, has remained for labor. This method which a social group can employ to increase its share in national income is, however, a dubious one. Its principal victims are, not profits, but fixed income receivers. In sum, the impact of a 2-percent wage standard upon the share of wages in the national income probably would not be disadvantageous to labor at this time when its share is historically high. At worst, it would tend to restrain the use of a device for raising labor's share still further that is unfair to large social groups and harmful to the value of the dollar.

OTHER GAINS OF LABOR AND CAPITAL UNAFFECTED

Other objections that labor and management might raise have less weight. A slower rate of wage advances, for instance, as pointed out earlier, would not restrict the growth of real wages; i.e., wages in constant purchasing power. Today, inflation cuts down excessive wage increases to the level made possible by productivity gains. The current 3 to 3½ percent, adjusted for price increases of 1 to 1½ percent, still comes out around 2 percent. That, except for some small further squeeze on profits and fixed income, is all that labor can gain—because it is all there is. In that case, why not limit wage increases to productivity gains which would validate them through constant prices?

On the labor side, it sometimes is said that competition among union leaders inevitably tends to bring about high wage increases. In the absence of such increases, it is argued, the leaders might find themselves challenged by insurgent rivals. This, however, is hardly a good explanation why such competition should produce the present rate of wage increases, rather than twice this rate, or half. It is largely a question of what union members are accustomed to. Expectations have already declined substantially in recent years from the over-5-percent annual increases during the mid-fifties. It should be possible, without hampering the proper political processes of the unions, to adjust expectations to a realistic 2 percent.

Strong unions, to be sure, can at times secure wage increases that exceed price increases by more than the growth of nationwide productivity. This is possible only, however, at the expense of some other group—the recipients of profits, or other labor groups, or fixed-income receivers. The more unions engage in this competitive game the greater the inflationary effect and the smaller the benefits to the participants.

On the side of management, meanwhile, the view has sometimes been expressed that

if wages advance in proportion to productivity, the entire increment goes to labor and nothing is left for capital. In fact, these conditions insure that the shares of capital and labor remain unchanged. If labor gets 70 and capital 30 of the 100 produced by a business, a 10-percent increase in productivity will raise labor income to 77 and capital to 33.

Both management and union may allege that a 2-percent standard does not give them the flexibility that may sometimes be required to take care of special cases, of local needs and conditions, etc. Unfortunately, there is no such thing as a normal case. Every case is a special case. This offers very little excuse, therefore, for special dispensation. Each contract, moreover, has many dimensions. Basic rates, differentials, fringes, to say nothing of work rules, are all subject to negotiation. They all can be adjusted to the special case and to local needs, subject to one restraint—the financial settlement should not exceed the equivalent of 2 percent. In practice, no doubt, the line would be broken often enough without good reason. There need be little fear that, in the few cases where there is good reason to break it, the line would become impossibly confining.

MOBILIZING PUBLIC OPINION

In moving to implement the productivity standard, an energetic educational campaign will be needed. At present, the economic facts of the situation are not widely appreciated. Labor and management, as well as the general public, have given no clear evidence that the present rate of wage increases is recognized as inconsistent with stable prices. Nor is there much evidence that the need to limit wage advances to nationwide productivity gains, as contrasted with gains in particular industries, is at all widely accepted. In other subjects, we are rapidly achieving higher levels of economic sophistication. The needs for a flexible monetary policy, for a sound budget policy, for proper attention to the balance of payments, have been receiving increasing recognition. The issue of productivity and wages is no more complex than these, and will not long defy public understanding if it is adequately publicized. An understanding of the issues, resulting in mobilization of strong public opinion and consequent pressure upon business and labor, can be expected to be followed by a good degree of voluntary compliance.

Responsible conduct on the part of powerful individuals and groups is an essential part of American democracy. Business and labor have increasingly come to accept this belief. The pressure of public opinion has been instrumental in advancing its acceptance. The Economic Reports of the President in recent years have repeatedly appealed to this sense of responsibility. The need for self-restraint in wage and price determination has been stressed. More specific meaning and a clearer orientation will be achieved if appeals of this kind are coupled with a specific quantitative standard.

AVOIDANCE OF CONTROLS AND RIGIDITIES

Some pitfalls will have to be avoided. Efforts to achieve voluntary restraint and compliance are sometimes slow to bear fruit. There then arises the temptation to accomplish the goal by more rapid route of legislation. Wage and price controls might seem to loom ahead. These would be incompatible with our free economy, and the very opposite of what the voluntary approach here proposed seeks to achieve. The voluntary approach seeks to make wages and prices behave as they would if our markets were perfectly free and competitive, which they are not. Wage and price controls would abolish the freedom of the market and of the economy.

Nor should the naming of a maximum lead to the maximum also becoming a minimum.

Some wage rates will continue to move more slowly than the maximum, as they have always done. Industries that cannot afford to give wage increases today will not be put in a different position by the present proposal. Meanwhile the demands made upon them may well be less rather than more, as the bellweather industries slow down their advances. These below-standard advances will help to compensate for some excessive increases which are bound to occur.

PROSPECTS FOR PRICE REDUCTIONS

Efforts will have to focus not only on promoting wage restraint, but also on price reductions. Price reductions in industries with above-average productivity gains are essential. Labor would rightly reject proposals that limit its wage demands if business, rather than the consumer, were to be the principal beneficiary. In reasonable competitive markets, these price reductions tend to occur automatically. The recent range of reductions in prices of consumer durables, where productivity gains have been high, confirms this expectation. This is the reason for devoting less detailed attention to the problem in this paper, but it is nevertheless clear that pressure will be needed. Intensified antitrust action, aimed particularly at price rigidities, will be important. The pressure of public opinion, mobilized by increasing awareness of the problem, will have to be brought to bear on prices as much as on wages.

FISCAL AND MONETARY POLICIES

Finally, it will be up to the Federal Government to carry out the proper fiscal and monetary policies to backstop voluntary restraint and the pressure of public opinion. Obviously, neither of these will be able to accomplish much against market pressures set loose by inflationary financing. But when budgets are orderly and credit under control, there is no inherent reason why wages should rise faster than productivity or why prices should creep forward.

We have allowed ourselves to get into bad habits in wage and price determination. The good sense of people in a democracy should be capable of ridding us of them.

OPERATION EMPLOYMENT—HISTORY OF UNEMPLOYMENT INSURANCE

The SPEAKER pro tempore [Mr. STEPHENS]. Under previous order of the House, the gentleman from New York [Mrs. WEIS] is recognized for 60 minutes.

Mrs. WEIS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain tables.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mrs. WEIS. Mr. Speaker, as you know, Republican Members participating in Operation Employment have in recent weeks discussed here various aspects of employment and unemployment in a dynamic, free-enterprise economy.

For the most part my colleagues in this project have been concerned with those factors at work in our economy which are producing a growing demand for highly trained labor and, at the same time, a diminishing need for the services of unskilled workers. They have, in short, been concerned with the complex problems of employment in a period of extremely rapid technological change.

This afternoon, my distinguished colleague from Massachusetts, Congressman BRAD MORSE, and I want to focus attention on yet another aspect of the overall problem of employment and unemployment in a free enterprise economy, the subject of unemployment insurance.

The basic material for our discussion here this afternoon was provided by an article written by Father Joseph M. Becker, S.J., of the Institute of Social Order at St. Louis University, St. Louis, Mo. Father Becker is universally recognized as an expert in the fields of social security and social welfare problems. His writings in the field of unemployment insurance are distinguished and I want to publicly express our gratitude for this particular paper, entitled "Twenty-five Years of Unemployment Insurance." Father Becker's paper will appear in its entirety at a later point in the RECORD.

In the meantime, I want to make it clear that while we have drawn heavily on his paper for both fact and interpretation, the conclusions reached by both Congressman MORSE and me are entirely our own and do not necessarily coincide with those of Father Becker. We are most grateful for his help, but we want to excuse him from any responsibility for our conclusions.

Briefly, I propose to discuss, in summary fashion, the history of unemployment insurance legislation in the United States since the adoption of the present Federal-State system in 1935, calling attention to the characteristic features of the system as it has developed in this country and suggesting certain tentative conclusions about our experience with unemployment insurance as well as certain problems which still remain. My colleague, Representative MORSE, will then discuss, in some depth, the technique of "experience rating," by means of which the State unemployment compensation tax is actually levied on the individual employer.

BRIEF HISTORICAL DEVELOPMENT

Unemployment insurance is a part of the U.S. social security system, having been established as a part of the Social Security Act of 1935—see title 49, Statutes at Large, section 639, 1935. As it was conceived by the Congress and as it has developed during the 26 years of its existence, unemployment insurance in this country is a Federal-State program, with major emphasis on the responsibility of the individual States.

The applicable Federal laws deal principally with the limited conditions which must be met by the States in order that the States and employers in the States may be afforded the benefits granted by the Federal law. The State unemployment insurance laws are the ones which actually provide the terms under which insurance payments are made to unemployed workers.

Title IX of the Social Security Act of 1935 levied a 3-percent Federal unemployment tax, but the act provided for a 90-percent offset against this tax for contributions made under State unemployment compensation laws meeting certain minimum requirements. The re-

sponsibility for selecting benefit, eligibility, and disqualification standards was left entirely to the separate States.

This discretion left to the State was partly motivated by a fear that too many federally imposed standards would jeopardize the constitutionality of the act and partly by a belief in the desirability of permitting the States to experiment and adjust their State laws to local economic conditions and characteristics.

The Federal legislation was in fact completely effective in securing the enactment of State unemployment insurance legislation and by June 30, 1937, every State in the Union, and the District of Columbia, Hawaii, and Alaska, had adopted approved legislation.

On May 24, 1937, the constitutionality of the Federal Unemployment Tax was upheld by the Supreme Court, by a vote of 5-to-4 (*Stewart Machine Co. v. Davis*, 301 U.S. 548 (1937)). On the same day, the Supreme Court ruled, in another 5-to-4 decision, that the Alabama State unemployment compensation law was constitutional (*Carmichael v. Southern Coal & Coke Co.*, 301 U.S. 495 (1937)). Thus the basic features of the Federal-State system of unemployment insurance were given the official blessing of the Court and no basic changes have been made in the structure of the system since that time.

In its basic essentials—and perhaps somewhat oversimplified—the system works in the following manner: The Federal Government levies a tax on all employers with four or more employees—with certain stated exceptions—at the rate of 3.1 percent on the first \$3,000 of each covered employee's earnings. However, employers in States with an approved unemployment insurance program—all 50 States now have one—may claim an offset of 2.7 percent against this tax. What this means, in effect, is that every covered employer pays a Federal unemployment insurance tax of four-tenths of 1 percent and a State unemployment insurance tax at a rate established by the State.

The money collected from the State unemployment tax is placed in a special fund, held by the U.S. Treasury, and it is used to pay benefits to unemployed workers within that State at benefit levels and under such conditions of eligibility and duration as are established by the State itself.

The funds derived from the Federal tax—four-tenths of 1 percent—are used to pay the administrative costs of the entire program, at both the State and Federal levels, and to maintain a loan fund against which States may draw when their individual funds reach dangerously low levels.

This, briefly, is the general outline of the unemployment insurance program as it operates today in the United States and even a cursory examination makes it quite clear that the program is essentially State oriented. Each individual State determines how much it will tax its employers for unemployment insurance purposes, how much it will pay to unemployed workers in weekly benefits, for how long a period benefits will be paid, and under what conditions workers

qualify for benefit payments. The Federal Government sets certain very limited standards which the State programs must meet in order to secure the tax offset, it pays the costs of administering the program, and it maintains a loan fund for the use of States with low reserves.

However, beginning in 1944 and continuing through the provisions of the 1960 unemployment insurance legislation, the Federal Government has played an increasingly larger role in providing funds to States which have either exhausted their unemployment funds or whose reserves have fallen to a level considered dangerously low.

The War Mobilization and Reconversion Act of 1944—title 58, Statutes at Large, section 785, 1944—established a Federal loan fund for the first time, with advances to the States to be financed out of the accumulated excess in Federal unemployment tax receipts over administrative expenses. Little use was made of the loan fund during this period, however, and the authority for it expired in 1952.

Public Law 567 of the 83d Congress, popularly known as the Reed Act, provided for the establishment of a \$200 million fund out of the excess of Federal tax collections over administrative costs, with the fund again to be used to provide advances to those States whose unemployment funds had fallen to low levels. These advances were repayable by the individual States, and if not repaid within a certain fixed time period they were to be collected by reducing the State's Federal tax offset. Anything over \$200 million in excess was to be distributed to the States' unemployment trust funds on a pro rata basis.

The Reed Act technique of repayable advances was employed by the Federal Government to help States finance extended benefit durations used to meet the longer term unemployment which developed in 1958. The legal vehicle was the Temporary Unemployment Compensation Act of 1958 which provided for a wholly voluntary arrangement by which

each State was given the option of entering into an agreement with the Federal Government to act as agent in the disbursement of temporary unemployment compensation and to repay the costs.

In 1960 the Federal law was amended to increase permanently the Federal tax from 3 percent to 3.1 percent and to increase the size of the Federal loan fund from \$200 million to \$550 million.

Finally, this year legislation was enacted to provide a temporary extension in unemployment compensation payments to workers who had exhausted benefits. This time, however, each individual State was not required to repay by itself the full amount it took as an advance. Instead, provision was made for repayment of the Federal advances by an increase in the net Federal unemployment tax levied on covered employers in every State from four-tenths of 1 percent to eight-tenths for calendar years 1962-63.

But so much for the basic Federal laws relating to unemployment insurance. What has the system actually accomplished?

THE GROWTH AND DEVELOPMENT OF THE UNEMPLOYMENT INSURANCE SYSTEM

Unemployment insurance has been, by virtually any measuring stick, a very successful experiment. One need only look at how unemployed workers fared historically and contrast that with how they have fared since 1938 to realize what a significant role unemployment insurance has played. A brief look at some selected statistics will perhaps show the impact, as well as the continuing development and expansion of the program.

From an average monthly coverage in 1938 of about 20 million workers, or about one-third of the total labor force, all unemployment insurance programs in 1960 covered an estimated 46 million workers, or two-thirds of the labor force.

Benefits, in dollar amounts, have risen steadily since the inception of the program. The average weekly benefit in 1939, the first year of payment by all

systems was \$10.66. In 1960, the average weekly payment was \$32.87, or over 200 percent higher than the average 1939 payment. The purchasing power of benefits, which is a better gage than absolute dollar amounts, has also increased, as a result of benefits rising faster than the cost of living.

As the various State programs have developed, the length of time during which benefits are paid has also been increased, both by reducing the waiting period before benefits are paid and by extending the duration of benefits.

As an indication of the overall economic impact of unemployment insurance programs, from the beginning of the State-Federal program through March 1960 total contributions to the State-Federal system, plus interest, amounted to \$30.4 billion. During that time a total of \$24.2 billion was paid out in benefits to unemployed workers and their families.

There are, of course, an almost endless stream of statistics relating to the unemployment compensation system. For those who may be interested in examining the programs in somewhat more detail, I am inserting at this point in the RECORD three charts. The first of these shows unemployment insurance benefits under each State program and aggregate State spending, income, and reserves under unemployment compensation laws. The second indicates the financial experience of unemployment insurance funds in the period 1938-59 and the third the cost and distribution rates during the same period.

The following chart, compiled from Labor Department statistics, shows unemployment insurance benefits under State programs and aggregate State spending, income and reserves under unemployment compensation laws. Benefits listed are for persons "totally unemployed"—that is, unemployed the entire week. Unemployment tax collections include interest paid on State accounts held by the U.S. Treasury. Figures are for calendar 1960 except where otherwise noted.

State unemployment insurance benefits and program finances

State	State benefit programs					State unemployment fund financing, 1960			
	Average weekly benefit, 1st half 1960	Maximum weekly benefit under State law ¹	Average weekly wages in covered employment (1959)	Maximum benefit as percent of weekly wage	Minimum and maximum duration of benefits (weeks) ²	Average State tax rate for employers on taxable wages	Benefits paid	Collections	Reserve on Dec. 31, 1960
United States	\$32		\$91			Percent 1.9	Thousands \$2,726,767	Thousands \$2,493,130	Thousands \$6,643,400
Alabama	23	\$28.00	75	38	11-20	1.2	27,163	19,746	53,970
Alaska	37	45.00	137	33	15-26	2.9	5,539	7,291	4,860
Arizona	31	35.00	90	39	10-26	1.3	9,294	11,608	62,380
Arkansas	22	30.00	62	48	10-26	1.4	12,542	9,923	36,760
California	39	55.00	103	53	26-26	2.0	386,042	310,851	801,600
Colorado	38	43.00	90	48	15-32½	.5	15,258	7,862	61,870
Connecticut	36	45.00	95	47	12-26	2.1	65,103	51,307	168,560
Delaware	33	40.00	100	40	11-26	2.5	6,746	10,209	11,960
District of Columbia	26	30.00	89	34	11-26	.9	5,483	7,850	62,440
Florida	27	33.00	78	42	10-26	1.2	31,740	24,918	102,460
Georgia	24	35.00	71	49	9-26	1.4	30,389	31,586	144,590
Hawaii	31	45.00	74	61	20u	1.1	4,501	5,691	25,310
Idaho	36	40.00	80	50	10-26	1.7	8,535	6,183	28,870
Illinois	34	32.50	101	32	26-26	2.1	136,148	168,887	355,920
Indiana	30	36.00	96	38	6-26	1.2	52,448	46,722	168,170
Iowa	30	30.00	84	36	10-26	.5	14,486	11,738	115,470
Kansas	34	41.00	84	49	10-26	1.0	20,526	12,671	72,070
Kentucky	28	37.00	80	46	15-26	2.4	31,762	30,416	104,090
Louisiana	30	35.00	81	43	12-28	1.5	37,863	26,803	120,980
Maine	21	33.00	74	45	26u	1.7	12,922	9,690	28,500
Maryland	30	35.00	83	42	26u	2.8	50,769	51,321	67,790
Massachusetts	37	40.00	85	47	23-30	1.9	118,816	87,374	221,260

State unemployment insurance benefits and program finances—Continued

State	State benefit programs					State unemployment fund financing, 1960			
	Average weekly benefit, 1st half 1960	Maximum weekly benefit under State law ¹	Average weekly wages in covered employment (1959)	Maximum benefit as percent of weekly wage	Minimum and maximum duration of benefits (weeks) ²	Average State tax rate for employers on taxable wages	Benefits paid	Collections	Reserve on Dec. 31, 1960
						Percent	Thousands	Thousands	Thousands
Michigan	\$36	\$30.00	\$107	28	9-26	2.9	\$147,391	\$162,497	\$220,150
Minnesota	29	38.00	88	43	18-26	1.1	36,784	24,683	63,770
Mississippi	24	30.00	64	47	12-26	1.9	14,296	14,333	32,730
Missouri	29	33.00	88	37	26-26	1.0	41,317	35,626	201,730
Montana	27	32.00	80	40	22u	2.3	11,189	7,317	26,060
Nebraska	30	34.00	79	43	11-26	1.0	7,443	7,874	40,300
Nevada	38	37.50	96	39	10-26	2.2	6,211	6,846	17,710
New Hampshire	26	38.00	74	52	26u	1.7	6,897	7,683	24,020
New Jersey	32	35.00	98	36	13-26	2.1	131,486	124,970	337,170
New Mexico	29	36.00	85	42	18-30	1.2	8,939	7,236	42,340
New York	35	50.00	99	51	26u	2.3	397,808	370,110	999,060
North Carolina	20	32.00	67	48	26u	1.6	35,607	43,772	186,590
North Dakota	29	32.00	76	42	24u	2.0	4,913	3,845	7,350
Ohio	40	42.00	100	42	24-26	1.5	206,113	121,187	310,570
Oklahoma	26	32.00	53	39	10-39	1.2	17,808	13,518	37,010
Oregon	35	40.00	91	44	15-26	2.7	28,150	36,853	47,490
Pennsylvania	30	40.00	83	46	12-26	3.1	265,271	252,444	174,530
Rhode Island	30	36.00	88	46	12-26	2.7	16,164	20,123	32,970
South Carolina	22	26.00	65	40	10-22	1.1	12,234	14,784	76,540
South Dakota	29	33.00	75	44	16-24	1.8	2,452	2,189	15,180
Tennessee	22	32.00	74	43	22u	1.7	34,210	35,351	74,440
Texas	24	28.00	83	34	16-24	1.9	58,252	50,829	249,840
Utah	33	42.00	83	51	10-36	1.5	8,178	8,469	38,060
Vermont	27	38.00	76	50	26u	1.3	4,063	3,113	13,670
Virginia	23	32.00	74	43	8-20	1.8	16,716	21,148	88,580
Washington	32	42.00	95	44	15-30	2.7	58,830	56,153	202,230
West Virginia	22	30.00	89	34	24u	2.7	24,040	26,920	35,450
Wisconsin	36	49.00	93	53	12-34	1.4	45,518	42,402	216,150
Wyoming	40	47.00	85	55	12-26	1.4	4,421	3,178	12,440

¹ Does not include dependents' benefits or special increases possible under certain conditions.

² In States marked with "u", benefit is uniform for all eligible persons. In States where maximum and minimum are shown as the same number of weeks (California, for example) minimum duration of benefits may be lower under certain special conditions. This is also true for Massachusetts, Ohio, Oregon, South Dakota, Texas.

³ Funds available reflect loans from the Federal loan account to: Alaska \$2,630,000 in January 1957, \$2,635,000 in February 1958, \$3,000,000 in July 1958, and \$500,000 in January 1960; Michigan \$113,000,000 in September 1958; Pennsylvania \$96,440,000 in April 1959, \$1,504,000 in May 1960, and \$4,056,000 in July 1960. The loans must be repaid by 1963, a factor which must be considered in assessing the condition of these States' reserves, especially where benefit payments have been exceeding collections.

Source: Congressional Quarterly, week ending Feb. 3, 1961.

TABLE 1.—Financial experience of unemployment insurance funds, 1938-59

[In billions of dollars]

Year	Contributions	Contributions and interest	Benefits paid	End-of-year funds		Year	Contributions	Contributions and interest	Benefits paid	End-of-year funds	
				Amount	Percent of total wages					Amount	Percent of total wages
1938	0.82	0.84	0.39	1.11	4.2	1949	0.99	1.14	1.74	7.01	7.5
1939	.82	.86	.43	1.54	5.3	1950	1.19	1.34	1.37	6.97	6.8
1940	.85	.90	.52	1.82	5.6	1951	1.49	1.65	.84	7.78	6.6
1941	1.01	1.06	.34	2.52	6.0	1952	1.37	1.55	1.00	8.33	6.5
1942	1.14	1.21	.34	3.39	6.2	1953	1.35	1.55	.96	8.91	6.4
1943	1.33	1.41	.08	4.72	7.1	1954	1.14	1.33	2.03	8.22	6.0
1944	1.32	1.42	.06	6.07	8.8	1955	1.21	1.39	1.35	8.26	5.6
1945	1.16	1.29	.45	6.91	10.4	1956	1.46	1.66	1.38	8.57	5.2
1946	.91	1.04	1.09	6.86	9.4	1957	1.54	1.76	1.73	8.66	5.0
1947	1.10	1.23	.78	7.30	8.4	1958	1.47	1.67	3.51	6.95	4.1
1948	1.00	1.15	.79	7.60	7.9	1959	1.96	2.13	2.28	6.9	3.9

TABLE 2.—Cost and contribution rates in unemployment insurance, 1938-59

Year	Cost rate	Contribution rate	Year	Cost rate	Contribution rate
1938	2.18	2.70	1949	2.28	1.31
1939	1.59	2.72	1950	1.68	1.50
1940	1.72	2.69	1951	.93	1.58
1941	.89	2.58	1952	1.05	1.45
1942	.69	2.19	1953	.97	1.30
1943	.13	2.09	1954	2.10	1.12
1944	.10	1.92	1955	1.33	1.18
1945	.76	1.71	1956	1.26	1.32
1946	1.72	1.43	1957	1.54	1.31
1947	1.06	1.41	1958	3.22	1.32
1948	1.01	1.24	1959	2.00	1.70

In summary, it is quite apparent that significant strides have been made by the States in conducting unemployment compensation programs during the first 25 years of the State-Federal unemployment insurance system. Real protection afforded the unemployed has, on the average, increased by over 100 percent;

in the large industrial States, in which most of the covered workers live, the increase has been even greater—about 200 percent in California, about 400 percent in my own State of New York. As compared with those who received benefits in 1938, the first year benefits were paid, the beneficiary in 1960—of whom there were millions more—received his benefits sooner, for a longer time, and could buy substantially more goods and services with what he received.

THE REMAINING PROBLEMS

The fact that protection has steadily increased does not, of course, necessarily mean that protection is now adequate or that no further improvements in the system are necessary. On the contrary, there are a number of complex and controversial issues and problems remaining to be resolved. It is not within the scope of this presentation to even begin to enumerate all of these problems or to

suggest potential solutions, but for those who may be interested in pursuing the matter further, I want to call your attention to an article by Wilbur J. Cohen, the present Assistant Secretary (for Legislation) of the Department of Health, Education, and Welfare and a former professor of public welfare administration in the School of Social Work at the University of Michigan. Dr. Cohen's article, "Some Major Policy Issues in Unemployment Insurance and General Assistance," which appears in *Studies in Unemployment—U.S. Senate, 86th Congress, 2d session, Special Committee on Unemployment Problems, January 1960*—focuses attention on these problems as well as on the variety of proposed solutions. While I am considerably more impressed with the achievements and advances which have been made in our present unemployment insurance system than is Dr. Cohen, and

while I do not subscribe entirely to the solutions he appears to favor, his article is nevertheless well worth careful reading for its careful enumeration of the problems yet to be solved and the various alternative directions which the program could take in the future.

Despite substantial increases, the adequacy of the benefit level is clearly still a problem. This was the subject of an earlier presentation by two other participants in Operation Employment and I do not wish to dwell on it here other than to say that benefit levels in some States obviously lag behind desirable levels.

Duration of benefits is another problem area in which some States have been remiss. The Eisenhower administration recognized the need for improvement in both the benefit level and duration of benefits. On several occasions, President Eisenhower recommended that the States increase maximum benefits so that the great majority of covered workers would be eligible for payments equal to at least half their regular earnings, and that States which had not already done so lengthen the maximum term of benefits to 26 weeks for every person qualifying for any benefits who remained unemployed that long. I subscribe wholeheartedly to both these recommendations.

Further extension of coverage to at least a portion of the one-third of the labor force not now covered is yet another problem area, as is also the question of how to deal with the unemployment problem of the worker with a number of dependents. Still another problem is that of how to deal, in terms of unemployment compensation, with unemployment of a chronic, long-term nature.

A SPECIAL CONFERENCE ON UNEMPLOYMENT INSURANCE

These are simply illustrative of the problems confronting us as the State-Federal unemployment system passes its first decade. They are serious problems which cannot be dealt with frivolously, or in terms of shopworn clichés. They require hard thinking and careful analysis and it would seem to me that the time is ripe for a special conference, called by the President with the support of the Congress for the purpose of systematically evaluating our 25-year experience with unemployment insurance and exploring carefully the problems of the present and future and their potential solution. Such a conference, preceded by careful staff work, could bring together the best minds in the field for a sustained period and would be most useful in focusing attention on the subject and in mobilizing public opinion behind the need for further progress. The complex problems of employment and unemployment in a dynamic economy require dynamic thinking and I sincerely hope that President Kennedy and his administration will give the subject of unemployment insurance the full attention it deserves.

CONCLUSION

In conclusion, I want to make clear my own personal preference for an es-

entially State-oriented type of national unemployment insurance system.

We forget sometimes how young the present system actually is. It was barely underway before World War II and had little relevance or attention during the war years, so that in reality the system is still in its adolescent stage. In my opinion the system has worked reasonably well in these formative years and I see no reason to believe that it cannot do even better in the future. In this connection, I want to quote very briefly from Father Becker's article to which I referred earlier. At one point he says, referring to the trend toward steadily increased protection:

The fact that there has been such a trend toward expanded protection and that the same forces which brought about the expansion in the past are still operative in the present has considerable relevance for the choice of leaving the program in the hands of the States or calling upon the Federal Government to assume more control. In the lives of institutions, the direction and momentum of their movement is at least as important as their present position.

I find these words particularly meaningful. Father Becker is not entirely satisfied with the operation of the system and neither am I. He is not arbitrarily ruling out the possibility of a larger Federal role and neither am I. But I am greatly impressed with the solid and substantial progress which has been made thus far, and I am impressed by the direction in which the program has been moving ever since its inception. Given the great advances of the past and the considerable promise which the present system holds for the future, I would hope that any and all attempts to alter this system would be scrutinized and debated with utmost care and thoroughness and I would hope, further, that under no circumstances would the basic nature of the system be changed.

Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. MORSE].

Mr. MORSE. Mr. Speaker, I first want to commend my distinguished colleague, the gentlewoman from New York, on her perceptive and thorough coverage of the history of unemployment compensation and her incisive analysis of the complex of Federal-State relations which have worked so well in our American system of unemployment compensation.

The topic which I shall cover is the system of experience rating. The statutory basis of our system of unemployment insurance is complex, and, I have found, not generally understood. A description of the way the Federal unemployment fund operates may be in order.

As my colleague observed, there is a tax of 3.1 percent levied by the United States on all covered payrolls. Prior to 1960, this tax was set at 3 percent. A credit is allowed for State unemployment taxes of up to 2.7 percent. Since all States have an unemployment tax of 2.7 percent or more, the net effect is a Federal unemployment tax of four-tenths of 1 percent, increased from three-tenths of 1 percent in 1960.

This year, of course, this tax was temporarily increased from 3.1 to 3.5 percent, giving a net Federal tax of 0.8

percent, to support benefits under the Temporary Extended Unemployment Compensation Act, for fiscal years 1962 and 1963.

The moneys collected under the Federal unemployment tax are paid over into a Federal unemployment fund, from which payments are made to the States.

Normally, the principal payments to the States from the fund consists of grants of appropriate sums requested by the States coextensive with, and for the purpose of supporting, the administrative expenses of State programs.

Additionally, disbursements may be made to the States upon application, in the form of interest-free repayable advances to enable the State to meet its monthly requirement of funds to be paid out to claimants.

Finally, under the temporary extended unemployment program enacted this spring, payments are made to States to support the extended payments of compensation authorized by the act.

A standard State tax of at least 2.7 percent on covered payrolls is insured by this program. But one way, and only one way, is provided by which States may impose lower tax rates on individual employers, without subjecting them to an increased Federal tax equivalent to the differential. This method is experience rating.

All States, with the exception of Alaska, now have some form of experience rating by which the tax rates on individual employers' payrolls are modified on the basis of their experience with unemployment risk.

Certain requirements are imposed by the Federal Government if a State is to use the experience rating system, the most important of which requires 3 years of experience with the program. The 83d Congress enacted a modification allowing reduced rates to be extended to employers with but 1 year of experience, but requiring rates to be based on at least 3 years experience, after the employer has completed that period.

The effect of experience rating is to give a credit on Federal taxes equivalent to the full 2.7 percent imposed by the State as a standard rate, without subjecting the employer to the payment of the full State tax.

States have hit upon a variety of formulas for computation of tax rates under experience rating. These include:

First. Reserve ratio: This method, employed by 33 States, including my home State of Massachusetts, employs a balance, consisting of the surplus of tax contributions by the employer over benefits received by his workers since the employer first was covered by the program. This balance is taken as a percentage of the employer's taxable payroll, and the resultant figure determines the tax category of the employer.

Second. Benefit ratio: This approach compares benefits paid, over the last few years, to payroll. This method is geared to short-term experience.

Third. Benefit-wage ratio: This system compares the number of compensated separations to wages earned by the worker during a base period.

Fourth. Compensable separations: This formula weighs compensable separations by the benefit amount paid to the worker.

Fifth. Variations in the employer's payroll: This final method takes changes in payroll as a percentage of total payroll of the employer.

Within these broad categories of experience-rating formulas, there is considerable variation in detail from State to State. For example, the number of schedules of reduced rates varies from 3 or 4 up to 25 or 27, and the rates themselves can vary. In Alabama, where the maximum rate is 2.7 percent, the minimum is 0.5 percent. In Illinois, where the maximum rate is 4 percent the minimum rate is 0.1 percent. There are considerable differences in the resulting tax rates for different States. High-cost States include Maryland and Michigan with estimated average rates for 1961 of 3.1 percent. The estimated average for New York in 1961 is 3 percent. In Massachusetts, the average 1961 tax rate is predicted to be about 2.2 percent. Another group of States, on the other hand, is still averaging below 1 percent. These include Texas, Iowa, Colorado, the District of Columbia, and South Dakota.

These complex State variations enable the particular requirements of a given State to be met, within the general framework set down by the Federal law. Furthermore, the existence of 50 separate and different State programs reflects one of the essential benefits of a Federal system of government—the opportunity to experiment on a limited scale.

In order to explain in greater detail the operation of experience rating in a particular jurisdiction, I have selected my home State of Massachusetts for further discussion.

Massachusetts provides weekly benefits for the unemployed worker for a period of up to 30 weeks a year. Eighteen additional weeks are provided to persons enrolled in approved vocational training or retraining courses.

The Massachusetts Legislature made significant changes this year in the financing provisions of the unemployment system. Effective in the 1962 tax year, the taxable payroll base is increased to \$3,600 per employee. Seven tax rate schedules for employers are provided, with a greater range between the highest and lowest tax rates than previously obtained. Under the most favorable schedule, tax rates vary from one-half of 1 percent up to 3.3 percent. Under the least favorable schedule, they vary from 1.7 percent up to 4.1 percent. The status of the balance in the State fund compared to taxable payrolls determine the governing schedule in a given tax year.

Under the prior law in Massachusetts, tax rates for 1960 were established according to a reduction schedule which varied the tax rate from 1 percent for employers with the best rating, to 2.7 percent for employers with the worst rating. Of the nearly 98,000 employers who had built up an experience rating by 1960, about 32 percent of the employers paid the highest rate, the 2.7-percent rate. The other 29 percent of employers paid intermediate rates rang-

ing from 2.5 percent down to 1.1 percent. The distribution of these rates worked out to an estimated average rate in 1960 of about 1.87 percent. This compared with an average rate of 1.77 percent for 1959, and 1.5 percent for 1958. It is estimated that the average rate will be 2.2 percent for 1961.

An industry-by-industry breakdown produced the same general pattern in 1960 as in previous years. Employers in the contract construction industry paid an average unemployment tax of 2.49 percent. For employers in manufacturing the average was 2 percent, for wholesale and retail trade 1.66 percent, for transportation, communication, and utilities 1.47 percent, and for finance, insurance, and real estate, taken together, 1.34 percent.

An experience rating provision was first written into the employment laws security of Utah, Wisconsin, and New Hampshire, passed before the Federal program became a reality. The Committee on Economic Security, which proposed the social security program to the Congress, recommended that such States' provisions be respected. This provision was eliminated by the House, but was contained in the legislation finally passed. The Senate Finance Committee said:

We believe that the Federal law should provide for recognition of credits allowed by the States to employers who have regularized their employment. In his message dealing with the subject of social security, the President [Roosevelt] urged that unemployment compensation should be set up under conditions which will tend toward the regularization of employment. All unemployment cannot be prevented by any employers, but many employers can do much more than they have done in the past to regularize employment. Everyone will agree that it is much better to prevent unemployment than to compensate it.

It is clear that the unemployment compensation program provided in the Social Security Act of 1935 contained experience rating provisions to induce employers to avoid causing unemployment. It emphasized the role that the individual employer can play in stabilizing employment. Moreover, it stressed the individual responsibility of the employer to do what he can to solve the pressing social problem of unemployment. It did this by means of an incentive—the very basis of our free economy. It provided a flexible device by which States might vary their taxes, so that the revenue received may be placed into balance with the demands on the fund.

In a sense, the experience rating system makes the employer a guardian of the program, with a significant stake in preventing unentitled claims by employees, since improper claims are charged against his own account in the unemployment fund. It is reasonable to expect that he will report these irregularities to keep his own tax rate down. This form of employer participation is desirable to assist effective administration of the program. Since the employer and the employee are the only parties who have firsthand knowledge of the facts giving rise to the claim, the employer is placed in the position of being the only source of information other

than the claimant regarding the validity of the claim.

Thoughtful scholars of employment security laws have long debated the social desirability and the administrative effectiveness of the experience rating system. A study of some of the literature has persuaded me that it is sound—that it injects into the unemployment compensation equation a uniquely American ingredient—competition.

I would like to join my distinguished colleague, the gentlewoman from New York, in her proposal for a special conference on unemployment compensation. There can be no doubt that serious problems plague the subject—problems which require the best thinking of our best informed citizens. I am confident that the President, were he to adopt my colleague's suggestion would find abundant support among Members of the minority here in the House.

Mr. CURTIS of Missouri. Mr. Speaker, will the gentleman yield?

Mr. MORSE. I yield.

Mr. CURTIS of Missouri. Mr. Speaker, at this time I want to compliment both the gentlewoman from New York and the gentleman from Massachusetts for the work they have done in this area, and also the preceding speakers, the gentleman from Iowa [Mr. SCHWENGL] and the gentleman from Ohio [Mr. ASHBROOK]. I know from some familiarity with the paper that was prepared by Father Becker, of the Institute of Social Order at St. Louis University, who is one of the outstanding scholars in this area, that we all could derive great benefit from his paper and the interpretation and comments that are in the remarks that have just been made. I want to point up one thing because some people have raised the question, Well, who were all these scholars that were selected, were they people of a persuasion that would support a Republican position? And the answer, of course, is "No, they were not." They were picked on the basis of their scholarship. Father Becker I am certain would not like to be particularly identified with the Republican Party. He would not like to be identified with either party. I thought it was appropriate to make these remarks at this time. In fact, a couple of professors we have had were very definitely identified with the Democratic Party. Again I want to compliment my colleagues for their fine work.

Mrs. WEIS. I thank the gentleman. I absolve Father Becker of any responsibility for any conclusions that I have set forth in my paper.

Mr. MATHIAS. Mr. Speaker, will the gentlewoman yield?

Mrs. WEIS. I yield to the gentleman from Maryland.

Mr. MATHIAS. I would like to say I can testify these are nonpartisan background academic materials because one of them has been prepared by a chairman of Democratic State Central Committee of Maryland.

Furthermore, I compliment the gentlewoman and the gentleman from Massachusetts [Mr. MORSE] on the very fine presentation they have made and their contribution to operation employment,

which I am sure is very valuable to all of us.

Mrs. WEIS. I thank the gentleman from Maryland.

CAUSES AND ANSWERS TO THE PROBLEM OF UNEMPLOYMENT

The SPEAKER pro tempore (Mr. STEPHENS). Under previous order of the House, the gentleman from North Dakota [Mr. SHORT] is recognized for 30 minutes.

Mr. SHORT. Mr. Speaker, today it is my privilege to make my little contribution to the Republican study of the causes and answers to the problem of unemployment. Congressman RALPH BEERMANN, of Nebraska, and I bring to the attention of the House today a paper prepared by Prof. Mussa Hussanyini of Alma College at Alma, Mich. I certainly want to commend this study to the Members of the House because while it is rather long and detailed, he brings out some excellent points and at the same time very important points on those causes that develop in our modern economy which contribute to the unemployment situation. This study specifically deals with the tendency in our economy in the United States to develop certain rigidities or fixed positions that have grown out of custom and practice and tend to hinder progress and the creation of new job opportunities.

Professor Hussanyini emphasizes that since the depression of the thirties this Nation has had a tendency to develop a psychology of caution centered around a desire for security and evidencing a lack of faith in the potential vitality of reliance on market demand as the determining factor in creating new markets for new products. Application of this principle of freedom of opportunity beyond question brought about the dynamic growth and unparalleled achievements of the American economy.

Since the 1930's, the trend toward expanding the function of government in the Nation's economy has tended to deter personal risk in investing in new enterprise. This must slow down the creation of job opportunities and this factor must be recognized as to some degree responsible for our unemployment problems. We must adopt a national policy geared to maximum encouragement for individuals to risk their capital and effort if we are to maintain maximum economic growth. The welfare, not only of our country, is at stake, but that of the entire free world.

When government attempts to restrict the free working of market prices in the interest of establishing security for a segment of the economy, the inevitable result is a restriction of opportunities for those who would get into that business.

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

Mr. SHORT. I now yield to the distinguished gentleman from Nebraska [Mr. BEERMANN].

Mr. BEERMANN. I thank the gentleman from North Dakota for yielding.

Mr. Speaker, an area of farming and industrial production that would help

stability of employment income is graphically illustrated in the sugarbeet growing and processing industry. Long-term sugar legislation would immediately start an expenditure of \$15 million in 15 different locations totaling expenditures over a 2-year period in construction of \$225 million. These 15 sugar factories would employ an additional 5,500 employees in the fall and winter and provide year-round employment for 800 people. Each of these plants would process beets from an average of at least 30,000 acres, totaling 450,000 acres. From these 450,000 acres minimum, the railroads and trucking industries would receive \$18 million at the rate of \$40 in income per acre.

Purchases of new, modern farm machinery would be stimulated thereby, providing jobs and dollars from the start of steel production through the finished product.

On the farm this long-term sugar legislation to allow 15 new factories would benefit about 700 farmers per plant, or at least 10,500 family-size farms.

Many growers receive \$200 per acre and more gross. But for our purposes today I will use a yield of only 10 tons per acre at \$15 per ton. This would give each of our family-size farmers \$150 per acre on 40 acres or \$6,000 gross income.

At \$6,000 per farm to 10,500 farms would provide additional farm income of at least \$63 million annually and I remind you this is a conservative estimate.

Long-term sugar legislation increasing the domestic supply would provide some other benefits. It would relieve the State Department from having to make as many delicate decisions on sugar allocations and purchases.

It would enable the Department of Agriculture to bring supply and demand in more favorable balance by allowing at least 450,000 acres to produce a crop that has domestic demand. Another group of people, almost forgotten, who will appreciate the relief are the American taxpayers.

Stability of employment is a problem that affects not only the large industrial cities but also rural communities. This is strikingly shown when you compare the average per capita income of the nonfarm population with the average per capita income of the farm population, and analyze the sources of income for the farm population. In 1960, the average per capita income of the nonfarm population—of the people living in cities—was \$2,282. In the same year, the average per capita income of the farm population was only \$986—less than half, only 43 percent of the average income of the person living in a city. Of that \$986 the average farm citizen receives in a full year, only \$657 comes from farming. The other \$329—more than one-third of his annual income—the person living on a farm is obliged to obtain from sources off the farm. These figures point to the great need for providing industrial employment in our rural communities—figures from page 7 of the U.S. Department of Agriculture Miscellaneous Publication No. 870, published July 1961.

A great opportunity for stabilizing employment in rural communities now ex-

ists through expansion of the domestic beet sugar industry. This is an unusual opportunity which the administration apparently fails to recognize—for it preaches a gospel of delay, delay, and still more delay on sugar legislation.

Let us review for just a moment how that opportunity for increased employment in rural communities has arisen. On the morning of Sunday, July 3, 1960, after an all-night session, the Congress gave the President of the United States the authority to establish the Cuban sugar quota at a level which he deemed would be in the best interests of the United States. Because of Castro and the Communist government in Cuba, of course the President, immediately upon being given this authority, set the Cuban sugar quota for the balance of 1960 at zero. Let me remind you that the Democratic chairman of the House Agriculture Committee—had delayed and delayed action on legislation to grant this authority last year until Castro had shipped more than three-fourths, nearly 80 percent, of his 1960 sugar quota to the United States. Only 700,000 tons of the 1960 Cuban quota of about 3,200,000 tons had not been shipped when the President received the authority to block further shipments of Cuban sugar to the United States.

Under terms of the sugar law passed in that all-night session, sugar was obtained from other foreign nations to replace the 700,000 tons barred from Cuba last year. The present sugar law, now on the books and in effect today, also requires that a sugar quota denied to Castro be allocated to other foreign countries. Our own domestic sugar producers have not been allocated a single ounce of the former Cuban quota.

During the current calendar year, at the present level of sugar requirements as determined by the Department of Agriculture, the Cuban quota would have been 3,297,195 tons. All but 50,000 tons of this huge amount of sugar, nearly one-third of the entire U.S. sugar market, has been authorized for import from foreign nations. The 50,000 tons have been held in reserve—allocated to no one. But domestic producers have not been allocated a single ounce of the former Cuban quota, and under the present law they cannot be allocated an ounce until all foreign sources have been exhausted.

Yet if even a portion of the former Cuban share of our market were allocated to domestic producers, American farm income could be raised and stability of employment in many rural areas could be significantly increased.

At this juncture it may be well to point out that there is no obligation to foreign sugar interests for the United States to continue to import as much sugar we are required to do under the present law. When the U.S. sugar program was first developed 27 years ago, Cuba was intended to be one of the chief beneficiaries. This was in keeping with our traditional ties with this then friendly Republic in the Caribbean. The legislative history of the initial sugar-quota law, the Jones-Costigan Act of 1934, the basis of all subsequent sugar

acts, shows conclusively that the law was designed to benefit Cuba fully as much as to benefit domestic sugar producers. But other foreign countries, until Castro came along, had only an extremely small part of our market. The temporary windfalls the foreign countries have received as a result of the Cuban affair are just that—windfalls of a temporary nature.

Foreign sugar-producing nations have generally recognized that the interests of American producers come first. For example, the representative of the Mexican sugar industry, testifying at a sugar hearing of the House Committee on Agriculture on June 25, 1955, said:

Certainly the Congress has an obligation to look after the best interests of the United States first, and to foster such a domestic sugar industry as it deems consistent with those best interests. We consider it extremely inappropriate for any foreign principal to seek preferential advantage for itself by attempting to influence that judgment. Mexico seeks only to obtain a fair share of that portion of the U.S. market which is to be allotted among foreign producers after the domestic producers have been taken care of (from p. 274, printed record of the hearing).

This still should be the attitude of the foreign sugar producers who should recognize that the American Congress has an obligation first to the American people, and not to foreign sugar interests.

To help provide a measure of stability of employment in at least some rural communities, we would not have to allocate all of the former Cuban quota to domestic sugar producers. A worthwhile and beneficial effect would be achieved by allocating only a portion of it—say, a third, or, roughly, about a million tons of the nearly 3½ million tons available. This would still leave more than 2 million tons available to foreign nations on a temporary basis and for restoring to Cuba if a friendly government should ever succeed Castro.

A million additional tons of quota for the domestic beet sugar industry—above the present beet sugar quota of about 2,600,000 tons—would justify the building of a minimum of 10 and perhaps as many as 15 or 16 new beet sugar factories in the agricultural regions for our Nation. To show what this would mean, let us take the building of just one such factory and see what it would mean to an agricultural community.

We specifically mention agricultural community because the nature of the sugarbeet is such that factories must be built close to the areas of production. The sugarbeet is a bulky crop, and it is not practical to haul it for processing very much farther than 50 to a hundred miles except under special circumstances. Most of the 60 or so beet sugar factories operating this year will draw beets from a radius of only about 25 to 50 miles. The industry is thus, by its very nature, a decentralized industry; and thus, also, its benefits are spread into many predominantly agricultural communities, over a large part of our Nation.

The first significant effect on employment would be in the erection of the processing plant itself. A new beet sugar

factory today will cost about \$15 to \$16 million in labor and materials. It will require about 2 years to build. So the immediate impact on the rural community would be to provide jobs for a number of construction workers and a large number of people who can do common labor—for a period of 2 years. The skills required for most of the construction work are skills that men who wrest most of their livelihood from the soil already possess. The number, of course, will vary according to the stage of construction, but new off-the-farm employment for even a hundred men has a significantly beneficial effect on a predominantly agricultural community.

The benefits of new construction naturally spread far beyond the community where the construction is taking place. Steel must come from the steel mills, and lumber from the lumber camps and the lumber mills. Machinery must come from the machinery fabricators. And all the materials and equipment must be hauled by truck and train—providing additional employment in our great transportation industries.

The most important employment effects—the long-range stabilization—will come through operation of the new factory over the years.

Each factory employs from 250 to 300 persons—sometimes more, depending on the size of the factory—during the sugarmaking "campaign," a period ranging from 4 to 6 months. In a typical sugarbeet-producing area, the harvest begins late in September or early in October, and runs for about 6 weeks or so. The factory begins to operate when the beet harvest begins—but the factory operation continues long after the harvest. The beets are stockpiled in the factory yards—huge piles of beets, which, in the cool climate which prevails in all the 22 present beet-producing States except California, remain in good condition throughout the winter months. The additional employment resulting from the beet sugar factory thus takes place during the months when activity on the farm is low—and thus provides the opportunity for supplemental employment, during the winter months, for persons who live on the farm.

In addition to the seasonal employment, during the sugarmaking "campaign," the beet sugar factory provides year-round employment for 50 to 60 persons.

The total annual payroll of a beet sugar factory ranges in the neighborhood of a million dollars—and an additional income of \$1 million a year in an off-the-farm activity means a great deal to stabilize the economics of a rural community.

While the effect on the local community is major, the benefits of a beet sugar factory extend far beyond that. Purchases of supplies and services extend the beneficial effects to innumerable other segments of the American economy.

To mention just one: transportation. No other major crop means so much per acre to the transportation industry of this Nation. For each acre of sugarbeets, the railroads and trucking businesses of this country receive about \$40 in income.

Each new beet sugar factory will require the production from at least 25,000 acres, and in some areas up to 40,000 acres of land. At \$40 an acre, the railroads and trucking industries, therefore will receive at least an additional \$100,000 a year in income. This certainly will have a beneficial effect on the stabilization of employment in those industries.

In addition, there is the purchase of new farm machinery to be considered—mechanical beet thinners, mechanical beet harvesters, perhaps additional tractors. Thus the benefits of new acres in sugarbeets spread to the people who work for farm implement manufacturers, and to the people who work in the steel mills.

Finally, of course, there is the direct benefit to the farmers who produce sugarbeets—the increase in income through production of a crop which thousands of American farmers want to grow but are now denied the permission to grow.

The average sugarbeet allotment is now 40 acres. At this same average, 25,000 acres in sugarbeets for one factory would give 625 farmers a dependable cash crop they do not now have. That is just for one factory.

In spite of the obvious employment stabilization possibilities of an expansion of the beet sugar industry, the administration has refused to develop a long-range sugar program envisioning such expansion. Just last week the Secretary of Agriculture, in a letter made public by the chairman of the House Committee on Agriculture, let it be known that the administration has no intention of announcing a sugar program during this session of Congress.

Mr. SHORT. I thank the gentleman from Nebraska for making this rather conservative analysis of the potential for expanded beet production in the United States. I think this conservative estimate coming from this conservative Member of Congress is quite provocative. I think perhaps this typifies what Dr. Hussanyni brings out in the paper I am going to ask permission to insert in the Record when he is referring to rigidity in our economy being brought about by Government regulation sometimes.

The beet sugar industry is another part of the farm economy which is subject to Federal regulation. Food production, sugar production quotas, are strictly regulated, and in the present instance, as our supply of sugar we have traditionally received from Cuba is no longer available to us, it seems only practical and fair to the American farmer—and, as the gentleman pointed out, to the American taxpayer—that we enlarge our domestic production of beet sugar so that we may come nearer to supplying our domestic needs from our own domestic production.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to have printed immediately following my remarks the study made by Dr. Hussanyni.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

(The matter referred to follows:)

SELECTED AREAS OF RIGIDITY IN THE
AMERICAN ECONOMY

This paper has its rationale in the common observation that there is a tendency in the economy of the United States to develop rigidities with age. The phenomenon is not an exclusive monopoly of the economic sector; it has its counterparts in the political sphere, at the social level, and even in the educational system of the country. For example, as early as the beginning of the 19th century, John Stewart Mill wrote about the predominance of custom as a hindrance to progress. Edmund Burke, on the other hand, glorified custom and tradition as being the distillation of the wisdom of the past. Between the two extremes, modern society has tried to strike a balance; but there is ample evidence of the existence of a tyranny of custom and tradition, and, more far reaching, a tyranny of laws and ideas which need to be remedied. It is the purpose of this paper to analyze the impact of some such rigidities upon the level of output and employment in the U.S. economy.

There are indications that since the depression of the thirties this country has developed a "defense psychology" centered around a desire for security, emphasis on equality, a lack of faith in the vitality of market forces, and a tendency to settle on moral grounds, arbitrarily set up, many questions which otherwise would have been left to the working of natural forces. Stated differently, there is evidence of a new social philosophy which has emerged as a result of a trend toward expanding the functions of government, and a growing recognition, developed beyond reasonable limits, of governments as positive forces in the economic world. This stands in sharp contrast with the environmental and institutional setups which have characterized this country in the past; and which have permitted it to score its unparalleled economic achievements.

Besides a continentwide area endowed with rich natural resources and an invigorating climate, this country owes much of its success to two sets of factors: First, a growing, energetic, and intelligent population, free from the rigidities of social caste and convention, and always eager to improve its lot. Second, a set of political and economic institutions which gave the individual a large measure of freedom, opportunity, and incentive to seek his own good as he sees fit.

It should be pointed out, however, that if a critical stand is taken vis-a-vis some of the sore spots in the American economy, this should in no way lead to the unwarranted conclusion that we need to necessarily deprecate some of the positive advantages this country has enjoyed, and is likely to continue to enjoy for some time to come. Among such positive factors is a rising population which is able to generate with it new talent and creativeness, an ever-increasing potential demand for goods and services, and a stimulus to more efficient utilization of resources; a changing attitude of people toward spending, lending support to an expanding market; and a continued advance in the march of technology, made possible through education and more and better research.

It goes without saying that a thoughtful reading of the economic record of the past, and a better understanding of the task of sustaining prosperity and growth in this country in the future, will enable any person to form sound opinions about these questions for himself. But what makes the kind of private and public economic action that will foster enduring prosperity and growth a pressing issue these days is the recognition that upon a well-sustained growth of the U.S. economy depends the security, not of this country alone, but that of the free world as well.

The only way this country could defy the Communists, especially before the uncommitted nations, is by showing the world an impressive record of full employment and growth, without inflation, and with freedom and benefits widely shared by all.

The writer's thesis which he intends to develop in this paper is that among the major defects which have marred the performance of the U.S. economy in recent years has been the rigidity in the movement of resources and prices, caused by inadequate competition, and attributable to two sets of factors:

(a) Structural changes which have been developing in this country for some time; and

(b) Increasing governmental interference with the normal functioning of a competitive system.

For both reasons, prices have been barred from serving their function as barometers signaling needed changes in supply and demand relationships, and calling for adjustments in output and in the use of resources.

Mobility of labor and capital into areas and industries where the value of their product is highest has always been an important factor in the growth of productivity in this country. If today's market structure is characterized by anything, it is in the restrictions placed upon output and the mobility of resources. Business units with monopolistic advantages tend to charge higher prices by restricting output; they are inclined to exercise monopoly power in order to obstruct entry into their fields; and they may even hoard technological improvements in order to extend the service life of relatively obsolete existing assets. Labor unions tend to resist further automation and new techniques that might increase production; and through the exercise of pressure and legalized monopolistic advantages, they may press for and get boosts in pay which exceed improvements in labor productivity. If and when the increase in pay is granted, it means that management is of the opinion that the added cost could be shifted forward to the consumers in the form of higher prices.

Rigidities resulting from governmental interference to single out one industry and subsidize it, as against other industries, are best illustrated in Government support to agriculture. Other sources of rigidity find their expression in high tariffs, import quotas, and purchase programs of so-called strategic materials. In most such instances, the Government is artificially supporting the employment of people in areas where their productivity is much less than it would otherwise be.

The above list is in no way inclusive, but it serves as evidence that mobility of resources has become slow, that competition is no more pervasive, and that prices are not sufficiently sensitive to changes in demand, especially on the lower side. As a result, the economy has suffered from persistent unemployment, at varying degrees, every few years, with the concomitant result of slowed down growth and economic progress. The sensible remedy seems to be in the restoration of flexibility which Dean Jacoby describes as "basically a matter of creating the framework of workable competition in many markets from which it is now absent."

Without undermining the effective role Government could play in trying to stabilize the economy and bolster its growth, through monetary and fiscal measures, it would be most unrealistic to assume that in those measures lies the overall remedy to all the complex and highly dynamic problems of the U.S. economy. Conceivably nothing short of war or a 100-percent welfare state could bring us to the happy ending of full employment, but not without inflation, or slowed progress, or both.

A sensible stand to take seems to be that full employment, enhanced productivity, and economic growth should continue to remain

the responsibility of the private sector. This is not to suggest, of course, that monetary and fiscal measures, properly administered as to timing and size by the government, should not be resorted to to help stabilize the economy. But it does mean that either an exclusive or an excessive reliance upon the central government to solve our economic problems is both ethically unsound and highly impractical. In a free, dynamic society, the solution of economic problems is the joint responsibility of almost all concerned; business, labor, industry, farmers, consumers, and the government. In this setting, government's primary role should be to foster competition and to break monopoly powers, thereby permitting necessary adjustments to take place; and to use its own powers to soften the pains of transition on people by assisting them to move to new jobs, where they will be better rewarded, and where their efforts will be made more useful. When performing the latter function, government may have to extend relief to those who deserve it, and when it does, it should so name it rather than give it the dignity of economic rationale.

The writer is convinced that the future of free enterprise in this country will continue to hinge upon the spirit of the American people, their energies, creative impulses, aggressiveness, and, above all, their decision as to what kind of society they decide to live in. Toynbee's classic remark in this regard: "There is no instance of a civilization being murdered; it always commits suicide" is as relevant to this age and to this country as ever. The real threat to economic progress seems to lie in insufficient attention being given to such intangibles as the incentive to risk, to experiment, to invest, and to expand; and that the best defense for ever-increasing output and employment lies in maintaining a strong and growing economy through removal of sources of rigidity and substituting for them sources of structural flexibility.

Use of the term "dynamic" in the main title of these discussions is not without significance. It involves an assessment of the cornerstones responsible for past economic performance; and an inquiry into forces which have worked to curb such progress. In this attempt, the writer is aware of the limitations which exist when trying to apply positive knowledge with its emphasis on causal relationships to social problems. Stated differently, the objectives of science are quite often different from those of policy; and because there are too many variables in social problems, it is very difficult to apply the line of reasoning to cause and effect to many social and economic questions.

Science deals with the means of doing something; in this light classical economic theory and marginal analysis were developed in order to explain the maximization of output and profits, in a given state of the arts, and the maximization of welfare on the part of rational consumers. But the big question which economic theory evaded has always been its failure to recognize that human beings are ends in themselves. Contemporary society is trying today to provide room for the exercise of individual preferences, based on moral judgments, which could not be scientifically rationalized.

Paradoxical as it may seem, all economic systems start off by stressing the interdependence of modern society. The industrial revolution with its stress on specialization and division of labor has produced a highly interdependent society, and from then onward, interdependence has extended to the whole world. As a result, society became more complex; and both complexity and interdependence posed the question whether society could rely on its automatic adjusting mechanisms or that the need for control and conscious directives were called for.

There seems to be little disagreement on what is or should be our economic objectives: They consist of full employment, making adequate allowance for frictional unemployment necessitated by the need to allow for movements of people among jobs in a dynamic economy; full production and an ever-expanding growth in the capacity of the country to produce and to sell; and a stable dollar: all three to be accomplished in a free society with equal opportunity for all.

It is in the area of the method or methods to be pursued that opinions differ, and with them policy recommendations. The lip-service usually given to the cardinal truth that in a free economy government role should be to foster the free play of economic forces notwithstanding, American economic thinking over the past three decades has been sold on the idea of becoming almost exclusively occupied with a quest for personal security. Support for effective demand at the consumption level has overshadowed the thoughts of many academicians and policymakers, and the product of the legacy has been a large inventory of "economic rights," and a tendency to lean more and more on the paternalism of an omnipotent central government which volunteered, during emergency situations, to acquire more and more rights, and thereby leave less and less freedom to individuals and to the free working of an objective, impersonal market mechanism.

It is conventional in liberal literature to argue that the price system works more efficiently, more smoothly, and in an impersonal way. People who administer controls are not infallible; they do not possess enough knowledge of information with which to make rational decisions; they do make mistakes; and their errors are far more serious than those of the free market. With regulation and interference are usually mentioned increased costs, bureaucracy, and unnecessary wastes.

At the same time, freedom of choice, freedom from control, political freedom, as well as cultural freedom, underlie liberal philosophy. It is usually argued that freedom is to a large extent the basis of progress; and the moment people start to lose their feeling that it is their society, they would lose the incentive and the motivation to help bring about a better way of life.

It is further argued that within the framework of society, there must only be a limited amount of public ownership and control; the reason being that people's loyalty to society becomes highly undermined unless people feel and believe that the restrictions are reasonable.

Viewed in this light, it is not difficult to come forward with very plausible arguments for using the price mechanism as regulator of economic activity. Consistency would also dictate that the free-market idea should be extended to cover the market for ideas where the presence of rigidities is equally pervasive.

There are, however, a few basic assumptions in the light of which the above line of reasoning has been developed. Among those is the assumption that man is a rational creature, and that he would always seek to maximize his gain or satisfaction. This attitude reflects, at least by implication, a philosophy of individualism which places emphasis on material aspects of life without regard to ethical or national considerations. According to this philosophy, each is to be rewarded according to his performance; but if equality in the distribution of income is to be promoted, it should arise from the deliberate choice of individuals. As a corollary to the above, logic dictated removal of government interference, except for a few limited functions, and it made individual self-interest the guiding force for both individual and social well-being. As

one writer put it: "The economic man was a consumer and a producer of goods but his citizenship was lost. The teachings of classical economics, strictly applied, made the individual a citizen of the world."

There are many economists today who still adhere to this method of approach, who are fascinated by its logic and coherence, and who see no possibility of any other alternative. At the other extreme is a larger group of dissenters who insist that the task of economics is to describe and explain what people actually do, not what they would do if they were rational; and when actual behavior is described, it is evident that the ways of doing things have been changing throughout history, and that the change continues. The goods and services we want and produce today were largely unknown to our ancestors; our society has grown more and more complex; and the institutional framework within which modern society operates hardly resembles its predecessor of even a few decades ago. With economic systems and the whole structure of society undergoing change, conventional deductive theory fails to throw light on those changes and their causes; and a set of theories is coined to discover the "laws of motion" which govern the economic process and the development of societies.

Leading disciples of this school have contended that individual and national interests might be or are at variance, instead of being in complete harmony. Changing conditions have made the survival of the individual dependent upon the survival of an omnipotent state. They attacked the *laissez faire*, free trade, individualistic teachings of the classical economists, and favored the building of strong states. They put the nation ahead of the individual, and they made his wealth dependent upon the well-being and power of the state. Viewed in this light, it follows that economic policy must draw its lessons from experience, its measures must be appropriate to the times, and it must rest on philosophy, social policy, and history.

Appealing as the above line of reasoning might be, it is both false and dangerous because it maliciously overlooks the fact that the essence of a free society lies in the fact that human preferences should mold everything: political setup, social and moral values, and economic choices. To argue that this is not so, or that it is applicable to one sector but inapplicable to another, is a violation of the unity of the social system wherein all the forces consistently converge to bring about natural harmony. If the economic problem of modern society is mainly one of rapid adaptation to changes in particular circumstances of time and place, it follows that ultimate decisions must be left to people who are familiar with those circumstances, and who know directly of the relevant changes and of the opportunities immediately available to meet them. Such diffusion of knowledge is beyond the comprehension and reach of the few at the top. The moral lesson here is that no man is more cruel than he who believes that he is right.

But to argue in this way is to run the risk of moving against the current, and to invite all the resistance which pressure groups, vested interests, and resistance to change could provoke, besides the accusation of being impractical. But lest I be misunderstood, let me make my stand clear. I am not trying to plead the case of one group or of one sector against another group or another sector. What I am trying to say is simply this: As I see it, the curse of rigidity is all-embracing in U.S. society; and it represents a very strong hindrance to more and better performance.

Let me cite one all-inclusive example. Ever since the Federal Government pledged itself in the announcement that it is the

duty of the National Government to guarantee full employment, and that the National Government is able to provide same, a large number of people have come to believe and to expect that all pledges in this regard will be fulfilled, without stopping to think how such a paternalistic responsibility could be met, and, if so, at what price. There is further evidence that a large sector of the American public has already stretched its expectations beyond the right to a useful and remunerative job, and is now demanding additional rights in the form of adequate pensions, adequate medical care, adequate recreation, adequate education, and the list continues.

To try and seek the underlying reason behind such rigidity is not hard to find. It owes much of its origin to the influence of emergency and personality. D. H. Macgregor, of the University of Oxford, arrived at the following deep and penetrating conclusion after having reviewed a century's literature of financial debates in the British Parliament. "It is notable," he said, "how the influence of a growing opinion upon the law has depended for its final impact on two factors of human progress, emergency, and personality. It is through emergency that the principles of classical finance came to be established, and, 90 years later, overthrown. In each case the advocates of the new outlook disentangled themselves and their case from the emergency itself, and sought to show that the remedies had independent and permanent validity."

A parallel but more specific remark was made by E. W. Swanson and E. P. Schmidt when they said: "The decade of the 1930's was unparalleled in two respects. It gave us the worst depression on record and it brought a world of Keynesian ideas." It was during the thirties, when popular confidence in the self-adjusting capacity of capitalism was at its lowest, that Keynes stepped forward to challenge very forcibly the classical assumptions and to provide a theoretical framework for contemporary economic thought. As a bonus, he offered the following tip: "I expect to see the state, which is in a position to calculate the marginal efficiency of capital goods on long views and on the basis of the general social advantage, taking an ever greater responsibility for directly organizing investment."

It is possible to extend the debate one step further and argue that the now existing bias in favor of more governmental intervention owes much of its origin to the personality of the late President F. D. Roosevelt whose political philosophy, centered around Rousseau's concept of the general will, conceived of government as a service agency with political, economic, and social powers centralized in the executive branch. In his foreword to "On Our Way," the President defined his objective as "a measured control of the economic structure." He justified his stand by the scope of the emergency which, he asserted, "covered the whole economic and therefore the whole social structure of the country. It was an emergency that went to the roots of our agriculture, our commerce, and our industry. It could be cured only by a complete reorganization and a measured control of the economic structure. It called for a long series of new laws, new administrative agencies. It required separate measures affecting different subjects, but all of them component parts of a fairly definite broad plan. We could never go back to the older order."

There is no doubt that thinking requires time, but it is bound to be accelerated if you are pressed for the result. The severity of the depression of the thirties, followed by World War II, then the Korean war, and later the Soviet challenge, have all joined hands to consolidate and reinforce the centralization of immense economic powers in the hands of the Federal Government. This, of

course, did not go unnoticed; and heated debates and sharp controversies did develop among academicians and policymakers, but the trend toward increasing acceptance of the new philosophy continued to gain support. Furthermore, the change in objective: from avoiding deflation, to checking inflation, back to fighting recessions, and then crusading for a higher rate of economic growth, has offered ample evidence that human beings tend to be influenced most by their most recent experience. What seems to be urgently needed is more vigilance on the part of citizens, and a lot of farsightedness on the part of Government, with less reliance on short-term expediency in running the economic affairs of the state.

There are very few economists today who adhere to the extreme view that widespread unemployment for any length of time is an impossibility. But there are many who are convinced that individual initiative, regulated by competition, should be allowed a freer hand. Likewise, whereas it is true that the maxims of Adam Smith about the role of the state are relatively outmoded, yet the fabulous expansion in Government expenditures makes return to "more thrifty and economical" expenditures a paramount duty of Government. This is particularly true during wars and emergency periods when principles of expenditure become "demoralized," and when familiarity with larger figures of expenditure becomes the norm.

In its more permanent aspect, a policy of retrenchment has even had a well-intentioned theory of employment behind it. Its line of reasoning ran something like this: The best way to relieve the burden of laborers is, of course, to give them employment. The latter could only be insured by reducing taxes which press more immediately on the productive industry of the country. Retrenchment, heavily dwelling on the elasticity of demand for goods and for labor, argued from lower taxation to more employment, from more employment to more consumption, hence more revenue and to still lower rates of taxation.

Judged by current standards, the above line of reasoning is likely to invoke a big smile, but on second thought one is likely to find in it the germ of a big truth. Government tax policy should not dry up the streams which fertilize the whole field of employment and industry. Money ought to remain in the pockets of the people, there to fructify by use, to stimulate the efforts of their industry, and to add to the resources of the State. And this does not bar the effective use of fiscal and monetary measures as instruments of economic policy. Indeed, in an economic system where millions of people and business firms make free decisions about how much of their incomes they intend to spend or to save, there is no guarantee that there will be that exact balance of total spending which is required for full employment.

But to argue in this way does not mean that we should treat as permanent a tendency toward maladjustment in the economy. Commonsense would dictate that if unemployment or inflation is a sore spot on our side, we should strike at their respective causes. Unfortunately current attitude seems to be satisfied with recognizing symptoms of the disease, and trying to adopt measures to counterbalance them. By so doing, they tend to hide the symptoms, but also perpetuate the malady.

Straight Keynesian analysis argues that most unemployment is due to lack of effective demand. It argues further that demand for capital goods is subject to greater fluctuations than demand for consumer goods. Consequently, if the level of effective demand, and so of employment, were to be stabilized at a high level, it is the investment sector which needs treatment, and which will respond most readily to it. As-

suming that we accept this diagnosis, the question may be posed: Is it unreasonable to assume that what widespread central planning and control is able to accomplish in this regard, private enterprise, operating within the framework of a flexible environment favorable to investment, wouldn't be able to accomplish?

The answer to this question is, of course, in the realm of guesswork; but the important thing is that strong forces collaborate together in order to prevent finding out the answer. All sorts of arguments, economic and otherwise, are used to defend rigidities. Rigidity of wages downward is an institutional fact, it will be argued, the persistence of which may be taken for granted. A parallel line of reasoning, but using different arguments, is usually applied to agriculture, and to a permanent subsidization of sources of waste, inefficiency, and monopoly power through a protective tariff policy. It makes little difference to which farmers the subsidy to agriculture is paid; and those who have benefited from tariff protection continue to resist abandoning their favored position even after their infant industries had grown to giants. Full implementation of the antitrust laws is considered to be a lengthy process and an expensive one. And when the need for tax reform is called for because of the heavy tax burden on incentive and the ability to finance risky investments, items such as "prior commitments," yield, administrative costs, and "practical considerations" which the policymaker must take into account are also called for.

The objective observer of the American scene cannot but conclude—having watched the characters of the play: the farm lobbyists, the oil and mining interests, the union officials, the business pressure groups, and the party doctrinaires—that the basic problem facing this country is fundamentally moral and ethical, rather than political or economic. Both sound economics and good politics are being flagrantly abused. Big Government could not survive without appealing to economic interest groups; continued support of the latter is only possible via the route of class conflicts; and in the midst of all this, economics is being asked to do the impossible of giving rationale to irrationality.

Good government, good judgment, and good economics would all dictate that monopoly power, rigidities, and sources of pressure and waste should be uprooted wherever they exist. Sources of rigidity, political and economic, should be removed; and although this may not sound "practical" politics, it still remains good politics, but it needs moral courage to do it, especially by the few at the top.

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

Mr. SHORT. I yield to the gentleman from Minnesota.

Mr. LANGEN. I want to commend the gentleman from North Dakota and the gentleman from Nebraska for the very eloquent manner in which they have presented these dissertations to the House on the unemployment problem today. It is most interesting and encouraging to note these remarks coming from Representatives of a rural area. So many times the unemployment problem is associated substantially with metropolitan areas; however, those of us who represent those areas have long since known the presence of the unemployment problem. One unemployed in a rural area is the same as in the metropolitan area if he does not have a job.

I have noticed the remarks referring to the matter of sugarbeets. It has long

been my opinion that I do not know of anything that has the potential of either improving the unemployment problem or the agricultural economic problem as much as does the production of sugarbeets in the areas throughout the country that have the potential of raising beets. At this particular time, when we have recognized that we can no longer rely on Cuba for a substantial amount of sugar, this point we ought to emphasize and we ought to pay particular attention to today.

I have taken the occasion today to insert in the RECORD some remarks relating to this very same problem. I commend the gentleman for having made this very able dissertation today.

Mr. SHORT. I thank the gentleman from Minnesota.

In my opinion, it is fair to point out the very important fact that every man who can be employed somewhere in the rural area takes away one from the potentially unemployed in any city area or industrial area.

Mr. CURTIS of Missouri. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I want to commend and thank the gentleman from North Dakota and the gentleman from Nebraska for the work they have undertaken in going over this fine paper and preparing the remarks and the very cogent comments that have been made here on the floor today; also the contribution the gentleman has made to this overall study of such an important subject as employment in our dynamic economy.

Mr. SHORT. I thank the gentleman from Missouri for the leadership that he has offered in carrying out this entire project.

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

Mr. SHORT. I yield to the gentleman from Minnesota.

Mr. NELSEN. I was particularly interested in the reference to sugarbeets. Last spring I attended a meeting of growers in Albert Lea, Minn. It was there pointed out to me that the farmers in order to get in line for production had to lay out quite a large investment. They were anxious to know what acreage they could get and how they could plan for production. Now we are living in a time when the agricultural economy of the United States is suffering from an accumulation of surpluses that we do not know what to do with. At the same time we must assure ourselves of an adequate supply of sugar. Certainly it would make sense for us to speedily move in the direction of getting some farmers of the United States started in the production of a commodity which we need, and take out of production some of the crops of which we have a surplus. I think it would be beneficial to discuss this aspect of the sugar problem, and I also think it important that the Congress of the United States move in this direction. I fail to understand the delay at this level of Government—this delay which has been expressed in conferences with the Secretary of Agri-

culture, and which also has been brought out in discussions of agricultural legislation here on the floor of the House.

I thank the gentleman.

Mr. SHORT. I thank the gentleman for his comments.

Mr. CURTIS of Missouri. Mr. Speaker, I should like to develop this further aspect of the importance of our sugar supply. Too often it has been forgotten that sugar becomes particularly important during wartime. We are all aware of the experience in both World War I and World War II where immediately there was a demand for sugar rationing. A study of the economics of sugar in World War II reveals how important it is, not just in making ammunition but for the industrial alcohol which is derived from it and used in making rubber and in many other war-essential products and industries. Apart from the economic picture and the importance of having a ready supply, sugar is important to the United States from a defense standpoint.

Mr. SHORT. I thank the gentleman.

I do not know whether the people understand this sugar situation as well as they should. I think few people realize that only about one-third of the sugar consumed domestically is produced in the United States. A great portion of our consumption was formerly produced in Cuba, only 90 miles off the shores of the United States. Now that supply is no longer available to us. We are reaching around the world for sugar that we formerly received from Cuba, some as far away as India, half or two-thirds the way around the world. Certainly that is not a very secure and dependable source of supply in the event of hostilities developing. In addition to being important from the aspect of adding to the possibility of employment in this country, certainly there are many other important aspects as to why we should produce a larger proportion of our sugar in this country.

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

Mr. SHORT. I yield to the gentleman from Nebraska.

Mr. BEERMANN. By way of trying to get something done on this sugar legislation, four of us new members on the Committee on Agriculture on this side of the aisle, the gentleman from Kansas [Mr. DOLE], the gentleman from Illinois [Mr. FINDLEY], the gentleman from South Dakota [Mr. REIFEL], and myself, have written to the chairman of the Committee on Agriculture and suggested that we four Republican Congressmen would be glad to work on sugar legislation from now until next winter, when we go into session again, and have something available. As of this date we have received no reply. But, we would like to get this done, thereby contributing to a solution of this problem.

Mr. SHORT. I think you four Members are to be commended for taking this step in trying to help out with this sugar problem.

OPERATION EMPLOYMENT

The SPEAKER pro tempore. Under previous order of the House, the gentle-

man from Minnesota [Mr. NELSEN] is recognized for 60 minutes.

Mr. NELSEN. Mr. Speaker, in "Operation Employment" as developed by the Republican policy committee of the House, I have been particularly interested in the subject of "New Approaches to Surplus Labor Areas" because in northern Minnesota we have a major case in point which requires intelligent action on the part of a variety of interests. I call attention to the following from the study on this subject by Dr. Donald H. Ackerman, Jr., staff director of the policy committee:

The ultimate solution of depressed areas is not money haphazardly applied, but lies in a study of cause as well as effect. It must consist of efforts to release American enterprise from some of its restraints. It is incentive, industry, and imagination that is so necessary to solve the problem of depressed areas. Government assistance and Government bureaucracy must be the servant and not the master.

In the areas of northeastern Minnesota you will find the famous iron ore deposits which have been the major source of supply to the American steel industry for decades; you will find vast forest areas which are the sources of pulp and paper and lumber; you will find some of the finest recreational areas in a great wilderness which continues to be a tremendous potential; and you will find an agricultural activity which because of the nature of the area is not of the same productive capability as the richer farmlands in other parts of Minnesota.

But these same tremendous assets also create the problems for these northern counties: An iron mining industry subject to wide fluctuations in the production of steel and subject too to an immense increase in imports of iron ore; and great activities in mining, forestry, and recreation which are subject to seasonal influences.

Thus there are periods of relatively high employment, affected not only by seasons but by technological changes, and there are periods of low employment for a wide variety of reasons.

The factors involved in the problems of northeastern Minnesota are summarized in a provisional development plan submitted this week by Minnesota's Gov. Elmer L. Andersen, to the area redevelopment administrator, for the purpose of qualifying under the Area Redevelopment Act. It is evident from this submission, and from my own familiarity with the region, that high on the list of solutions of the area's problems are these:

First. A tax climate which will encourage vast new developments in an expanding taconite industry. This is the great new promise—the building of additional plants like some already developed for the beneficiation of taconite ore of which the reserves are virtually unlimited.

This is a question involving the State as an example of how local and State communities have the primary responsibility—so-called liberals in the Minnesota Legislature recently blocked a proposed constitutional amendment which would assure taconite developers the same tax treatment afforded other industry. I am told that the iron ore in-

dustrial plans great new plants at large investments if such a favorable tax climate is developed—and that can mean many new jobs.

Second. Greater utilization of the skills of the manpower in the area by diversification of industry, by development of jobs of a nonseasonal character, by better utilization of the tremendous resources of the area both for industry and recreation.

Third. More effectively organized efforts in which the State and local communities will combine their leadership, research and promotion to assure adequate approach to the problems.

Thus, while Government can play a part, the task is one which requires the best of our talents at home, and a willingness to take the measures which will get at the cause and find the ways to assure stability and progress.

I now yield to the gentleman from Michigan [Mr. HARVEY].

EMPLOYMENT IN THE DYNAMIC AMERICAN ECONOMY

Mr. HARVEY of Michigan. Mr. Speaker, if this is not the last, it is one of the last papers to be introduced on employment in the dynamic American economy, which is a project of the House Republican policy committee.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include with my remarks the paper "New Approaches to Surplus Labor Areas," which was prepared by Dr. Donald H. Ackerman, Jr., staff director of the House Republican policy committee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HARVEY of Michigan. Mr. Speaker, Dr. Ackerman's paper is well written and is worthy of the time of all Members of the House in his treatment of this important subject. I don't have time here today to discuss it in all of its detail, but I do want to comment on some of Dr. Ackerman's conclusions.

On the final page of his discussion of this subject, Dr. Ackerman concludes:

The ultimate solution of depressed areas is not money haphazardly applied, but lies in a study of cause as well as effect. It must take the form of exploring new tax incentives to cause business to move into these areas.

I wholeheartedly concur with these sentiments.

It is easy to lose sight of our goal in area redevelopment legislation. That goal should be to give industry incentive to build new plants and thereby create new jobs in these areas. How do you best give that incentive? The administration in its bill which was passed earlier this year proceeded on the mistaken premise that the extension of credit is the key factor in building new plants. I challenge that premise. Less than 400 new plants are built each year in this country. Literally thousands of industrial development agencies are competing for these few new plants. You can read the Wall Street Journal any morning and see where numerous communities are offering 100 percent financing

for the construction of new plants in order to attract them to these communities. No bill that this Congress can pass can offer more than this 100 percent financing, and so I submit to you that extension of credit is not the key factor.

Instead, we should recognize that almost 30 percent of our labor force today is in manufacturing, and the high unemployment figures testify to only one thing—the failure of the manufacturing industry to expand as it should. I do not believe the incentive to this expansion is the extension of credit for the construction of new plants, for industry can already secure this. I do believe the incentive necessary is a change in our thinking with regard to depreciation for tax purposes. It is important that we begin thinking in terms of "useful life" rather than "physical life," thus permitting a faster writeoff, and it is important that we think in terms of "replacement cost" rather than "original cost," thus protecting against inflation. We must show an understanding that it is through this process of depreciation that industry gets its capital for expansion. This is the incentive that the manufacturing industry needs. These simple changes in our philosophy will do more toward bringing about new plants and new jobs than any depressed areas bill.

Dr. Ackerman's paper is also valuable because it clarifies the role of the local community in relation to the Federal Government insofar as assistance is concerned. Essentially, he states that help from the Federal Government should come as a followup to self-help in the local community, and not as an alternative. The testimony upon which the administration's depressed areas bill was based demonstrated clearly that too few communities were prepared to accept this basic premise.

Finally, I think that Dr. Ackerman's paper points out that insofar as retraining new workers is concerned, there must be a survey of skills indicating which are in abundance and which are in short supply. I asked my question of Secretary of Labor Goldberg during the hearings as to whether such information was available, because in the Republican substitute for the depressed areas bill retraining was emphasized as a worthy feature. It is clear, however, from Dr. Ackerman's paper that there is not now a centrally located source for this information, and that any retraining program would thus be seriously handicapped.

Mr. Speaker, I have commented only generally upon this very fine paper covering this subject. I take great pleasure, however, in offering it to all Members of the House for their reading:

NEW APPROACHES TO SURPLUS LABOR AREAS

(By Dr. Donald H. Ackerman, Jr., staff director, House GOP policy committee)

From 1955 to date, annual attempts to enact so-called depressed areas legislation took place in the Congress of the United States. The Joint Economic Committee in 1955 called on the Federal Government to set up an area redevelopment program, but the bill to implement the committee's recommendations, introduced by Senator DOUGLAS, got no further than the Senate Labor and Public Welfare Committee. Following the

recommendation of President Eisenhower for enactment of a more limited measure in 1956, a Senate-passed bill was not cleared for floor action in the House.

The next year, a version of the Douglas-Payne bill received hearings in the Senate Banking and Currency Committee, and in 1958 a bill passed both Houses only to be pocket vetoed on September 6 by President Eisenhower since it called, in his opinion, for too little local responsibility. The same fate met a 1960 bill, and attempts to override an Eisenhower veto failed by 11 votes in the Senate. Thus the entire matter became a subject of grave election controversy in the presidential campaign of that year.

During the campaign, then-candidate Kennedy made repeated references and promises in the field of depressed area legislation in Charleston, W. Va.; Lockport, N.Y.; Duluth, Minn.; Carbondale, Ill.; Evansville, Ind.; and Scranton, Pa. Senator Kennedy's aids felt that his discussion of the depressed-area theme had aided his cause in the West Virginia primary earlier. A typical statement was his promise at Evansville on October 5 that "I have pledged that if elected President, I will sign a bill to bring help to areas like Evansville—to rebuild the economies of our distressed areas—so that a strong and growing America can serve its own people—and serve the cause of freedom everywhere."

How strong a political mandate the Democrats may have received on this issue is somewhat questionable. President Kennedy carried Pennsylvania by 116,000; West Virginia by 45,000; Illinois by an almost microscopic margin. However, Republican congressional candidates more than held their own in these states and picked up seats in some of the most economically depressed districts. It must be remembered that many Republican candidates in these areas also advocated some form of depressed area legislation as well, however.

Be that as it may, 1961 saw the enactment of the first bill (S. 1) to aid chronically depressed areas. The details of this act are still fairly fresh in the minds of those who followed the issue in Washington, with the major provisions authorizing the Administrator to borrow \$200 million from the Treasury to set up two revolving loan funds of \$100 million each, one for industrial redevelopment and the other for rural redevelopment; authorizing the appropriation of up to \$75 million in grants for public facilities in redevelopment areas which could not afford to repay Federal loans; authorizing annual appropriations of \$4.5 million for vocational retraining; authorizing annual appropriations of \$4.5 million for technical assistance to redevelopment areas; and other more detailed provisions. The act also set up an Area Redevelopment Advisory Policy Board, a 25-member National Public Advisory Committee on Area Redevelopment; and authorized the President to appoint an Area Redevelopment Administrator to serve under the Secretary of Commerce.

Minority House Members sought to substitute a bill for this \$394 million act, and favored a larger sum for retraining and for industrial redevelopment loans, along with funds for a study of rural redevelopment in the place of an authorization for a program not specifically detailed in any way. They also objected to conference acceptance of the Senate version, authorizing direct borrowing from the Treasury to finance the three loan funds for industrial areas, rural areas and public facilities—so-called backdoor spending. However, they were defeated on the conference report, 224 to 193, and earlier on the substitute motion, 126 to 291. Republican Members sharply criticized featured which might lead to industrial relocation at the expense of other States; political definition of rural areas; insufficiency of funds for the problems at hand; etc., but several praised the strong antipiracy pro-

vision, placing of the administration in the Department of Commerce, and criteria for definition of depressed areas, all features of former Eisenhower recommendations.

In the debate on the bill itself, many overlooked the comments by Representative EDGAR W. HIESTAND, of California, when he said on March 28 that "It is variously estimated to take \$10 to \$15 billion to do the job that is outlined in the bill, and the proponents freely admit the authorized funds are vastly insufficient." Subsequent events, even with our recovery from the 1960-61 recession, indicate that chronic unemployment in surplus labor areas will be with us despite the passage of S. 1, and that money, as such, is not the answer to the problem of depressed areas. In fact, a division of the \$100 million in loans for industrial area plants among the 20 major and 88 smaller industrial areas classified as "areas of substantial and persistent labor surplus" by the Labor Department Bureau of Employment Security on March 24, 1961, would allow loans of less than \$1 million per area on an equated basis. Those testifying on behalf of some surplus labor areas before the House Committee on Banking and Currency earlier this year indicated that they would not be satisfied with less than \$50 to \$75 million this year for just one of these areas involved.

The author of this paper has some serious questions as to how best to approach this entire problem. The balance of the paper will consist of a short analysis and proposed recommendations for the solution of these problems along newer vistas than those enacted into law this year. Five main questions are summarized as follows:

1. What truly constitutes a depressed area and how can it legally be defined?
2. How can workers be retrained without a nationwide survey of available skills in various geographic areas?
3. What should be the role of private enterprise and community groups in the solution of the problems of depressed areas?
4. What is the relation between surplus labor areas and the trends in cyclical unemployment seen since World War II?
5. If money is to be used to help solve problems of depressed areas, how can it best be applied as a stimulant to industry rather than as another hobbling measure stifling growth and investment?

DEFINITION OF DISTRESSED AREAS

Any definition of a chronically distressed labor area must contain reference to both of these factors; namely, surplus labor and a period of persistence. Without safeguards to require both abnormally high unemployment as compared to a national average and lengthy duration of such unemployment, any period of recession would result in hundreds of areas being designated as chronic labor surplus areas, only to see these areas become prosperous or typical once normalcy returns to the economy.

This is why the Eisenhower administration objected to prior depressed areas bills which only used severity and duration without reference to a national average rate. Finally, the 1961 bill included the definition adopted the previous year by the U.S. Department of Labor, to wit, areas where unemployment is now 6 percent or more of the labor force, discounting seasonal factors, and where the annual unemployment rate, on the average, has been at least 50 percent above the national average for 3 of the last 4 years; 75 percent above for 2 of the last 3 years; or 100 percent above for 1 of the preceding 2 calendar years. Otherwise, the 103 areas which would have been automatically included in the criteria as of January 1961 would have been extended to include hundreds of other areas. As it is, many observers are struck by the presence of areas such as Atlantic City, N.J., and White Sulphur Springs, W. Va., in which resorts play a vital role on a seasonal basis and may provide

enough income in a few months for a year's livelihood.

Many were concerned when the Area Redevelopment Act, as it was signed into law by President Kennedy, not only set up this criterion as a minimum definition of depressed areas, but also put a political foot in the door by allowing the Secretary of Commerce to designate as "redevelopment areas" those other areas in which he determines that there has existed substantial and persistent unemployment for an extended period of time. This could be any reasonable or unreasonable area in the Nation under the terms of this law.

My fundamental suggestions would include the following:

1. Eliminate any administrative discretion at this point in view of the already small amount of money and large number of distressed areas provided for in the mandatory provisions of the act.

2. Begin gathering statistics for labor markets of fewer than 15,000 workers, in which 30 percent of the labor force resides and works, so that a determination of areas of chronic labor surplus may be made and not guessed at.

3. Study distressed areas at the source by attempting to aid production and marketing of the industries which have fallen off—a fact responsible for the great majority of our depressed areas at this time.

4. While continuing to use the mandatory definition given on the previous page for determination of distressed areas, the Labor Department should more regularly survey the extent of unemployment in so-called minor as well as major urban labor markets. As it is, smaller areas are only surveyed when special requests are made by Congressmen or other officials, leading to some confusion and favoritism almost inevitably.

SURVEY OF AVAILABLE SKILLS

Members of both political parties are agreed, in the main, about the following facts:

1. Most unemployment exists among the unskilled as compared to the semiskilled and especially the skilled.

2. Therefore, with automation and the decline of "production-line-type" industries, efforts must be made to retrain workers for skilled positions more in demand.

3. Though not so universally agreed upon, there is a sentiment that those retrained should be denied no unemployment insurance benefits, even when they must move from State to State for this retraining, and that the Federal Government might have to assist in relocation costs as well as costs involving retraining programs.

However, the sad fact of the matter is this—that no unskilled workers in the coal mining areas of Pennsylvania know what jobs to retrain for due to the fact that there is no comprehensive classification of skills or classification of areas certain skills are in demand around the Nation. Thus a coal miner in Scranton who retrains as a plumber will have difficulty if he later discovers that no plumber is in demand any closer than San Diego, Calif. How much better it would be if he could have found out that a new skill is now required in Philadelphia which he could have trained for and filled with far less expense and inconvenience.

In Secretary Goldberg's testimony before the House Banking and Currency Committee this year (p. 437, hearings) he was asked by Mr. Harvey, "I wonder if you could tell us are there shortages of certain classifications of workers throughout the country today?" His answer was that "there are undoubtedly some categories among skilled people still in short supply," but he complained that because of the shortage of help and appropriations for his Department it was not easy to collect such information on a Federal basis.

In response to my request, Secretary Goldberg wrote me on May 12 asserting that the Bureau of Employment Security and its affiliated State agencies develop considerable occupational information on manpower requirements and labor supply, but that these products of the employment security system are geared primarily to meeting community manpower problems and the operating needs of local public employment offices. Secretary Goldberg pointed out that the current labor market conditions in engineering, scientific and technical occupations, area labor market trends, and quarterly survey of local occupational shortages were designed to somewhat meet the need for classification of occupational shortages, but that all local occupational shortages are not reflected in these figures.

The Secretary mentioned the excellent skill surveys published by San Diego, Dallas, and Tucson, providing needed information for directing local educational and training objectives. I have examined these materials and several other sources of data, and have concluded:

1. Outside of some high spots provided by certain communities around the Nation, there has been no systematic attempt to classify the new skills coming into our occupational repertoire in the past few decades.

2. Outside of some attempts to draw together data from State and local agencies, there is no centrally located source (such as the Bureau of Employment Security or the U.S. Employment Service) in which a conscious attempt has been made to provide information as to what jobs (classified by skills rather than area) are in abundance and what training is necessary to obtain them.

3. Regardless of where a few workers are needed at this precise time, no long-range attempt has been undertaken, by skills and by areas, to predict the trends and needs for future employment and to collect this data on a nationwide basis.

4. I would thus conclude that retraining has some degree of handicap in that we must spend some of our energy detailing ways and means for determining what occupational skills and what areas of geographic location we must concentrate on in any retraining period.

5. Generally, I would make the point that retraining, where possible, should be worked out in cooperation with industry, community and labor in the form of collective bargaining agreements and conferences before Government necessarily steps in. Even then, retraining should not be a rigid thing applied to those who are not trainable, or to those who have no incentive for making the most of their opportunity. Certainly those desiring and receiving retraining for a useful purpose should not have their unemployment insurance cut off for this reason. In fact, it might well be a topic for debate as to whether requiring retraining as a condition of receiving unemployment benefits could be done in certain areas of the Nation.

THE ROLE OF THE COMMUNITY AND PRIVATE ENTERPRISE

A few simple and concise comments should be made at this point about the need for community and business action when labor surplus prevails. I might mention the activities of the Can Do organization, one of the industrial development arms of the Greater Hazleton, Pa., Chamber of Commerce, as detailed in "A Community Attack on Chronic Unemployment," a case study of Hazleton as published by the U.S. Department of Commerce. Another paper in this series will detail the community efforts of Wheeling, W. Va., in marshaling academic, professional, and civic leaders in a crusade for improving employment opportunities.

In the area of businesses, Sears, Roebuck has for years made strides in this area, as

has the famous Armour experiment. Currently, in Wisconsin, cooperation between IBM and insurance companies has paved the way for retraining and relocation of employees from one industry to another. While there are examples, such as Scranton, Pa., where persistent community efforts have not solved the distressed area problem, the successful experiments and record to date indicate:

1. That when aid to distressed areas is to be apportioned, funds be concentrated on those areas which have made a maximum local effort to solve their problems by the use of community resources and cooperation between civic, business, and labor leaders. Mayor Mobley, of Flint, Mich., testified before the House Banking and Currency Committee this year that \$50 million would help pay for the first stage of a new supply of water coming from Lake Huron into Flint. This would take half the entire authorization for the first fiscal year of operations under the new distressed areas bill, and apparently very little has been done by the community of Flint as compared to Hazleton, Scranton, or Wheeling in trying to launch an all-out civic attack on this problem. Government assistance should come as a followup to community assistance, not as an alternative.

2. Business and labor, where possible, should take the lead in predicting trends in a particular industry which will point up the need for retraining, relocation and other corrective measures before problems occur. If industry and its decline in certain areas is the main cause of chronic unemployment, as it seems to be, then the point at which problems can be solved with the least cost and problems would be at the business level. Excessive reliance on a single industry; technological advances; shifts in demand; migration of industry and depletion of natural resources all could be avoided in some cases by the proverbial "ounce of prevention" which is better applied by industrial study in cooperation with labor than is the "pound of cure" costing governmental agencies money, time, and personnel later on.

3. It is time that the entire problem of distressed areas is linked with business investment, taxation, incentive, and profits. Distressed area legislation should be combined with legislation dealing with accelerated tax amortization, along with similar measures to increase business motivation. There are areas not now recovering from the recession despite the ready availability of land, resources, empty buildings, markets, transportation, and all other factors so often mentioned. However, business will not take a gamble when a sure thing is at hand. They will not risk moving into a distressed area no matter how much is done for them when they will have to pay new taxes, and cannot depreciate new equipment that becomes obsolete rapidly in our age of technological change. Again, business must be unleashed and not hobbled. Bringing business into distressed areas has the same principle as improving our private enterprise system anywhere in the Nation, and the sooner this is realized the quicker labor surplus areas will disappear by their own devices rather than by bringing businesses in by Government subsidy and subsequently creating depressed areas elsewhere.

SURPLUS AREAS AND CYCLICAL UNEMPLOYMENT

Again I would point up the need for specific differentiation between true distressed areas and borderline cases which swell their unemployment rates in times of recession. For example, there were in 1951 about 15 major areas of substantial labor surplus, and 20 in 1952, and 18 in 1953; 1954 and 1955 saw a rise to 41 and 31, respectively, only to see the familiar ratio of 20 apply in both 1956 and 1957. Granted the figure rose to 76 in 1958, 52 in 1959, and 38 in 1960, and once more climbed to an all-time high by

January 1961. (Under a new system of classification, difficult to compare with previous listings.) Now, other than the persistent areas existing under good times and bad, are we talking about all those areas classified as "distressed areas" in 1961 or in 1957—in 1958 or in 1952? Congresswoman DWYER, of New Jersey, made a point of asking Secretary Goldberg about the availability of comprehensive data distinguishing between those areas where the present labor surplus is the result primarily of the present recession and areas where unemployment is caused chiefly by automation or other technological factors (so-called structural changes). He replied that no such data is available, other than for individual areas. Again this problem would seem to indicate the following recommendations:

1. In order to eliminate some of the pirating of industries which might inevitably result from distressed areas legislation, and in order to better maximize the effects of such Federal help as is deemed absolutely necessary, a limited number of truly chronically distressed areas might be selected for aid.

2. Further research is necessary to determine the actual cause of unemployment found in differing areas of our Nation in light of foreign competition, automation, shifts in market demand, and other similar factors which might be present in one area and not in another.

3. Rather than increase the rate of unemployment insurance, the amount of benefits, and the standards of State participation indiscriminately, as has recently been suggested, it would seem far wiser to investigate the possibility of setting up a permanent "temporary" unemployment compensation benefit program, with built-in provisions to extend benefits for an additional 13 to 26 weeks when it has been amply demonstrated that a recession has caused national labor surplus. This could be done in conjunction with present State programs and without additional Federal controls. This would mean that the Federal Government would at least formally differentiate between structural and cyclical unemployment, and this would further aid in a sharpening of definition of such unemployment in surplus labor areas.

4. Area redevelopment cannot be confused with the elimination of unemployment. It attacks different problems from different points of view. During the recovery of 1953, unemployment reached only 2.7 percent, while in the 1957 boom it reached 4.2 percent and in 1960 reached 4.8 percent. Long-term unemployment deserves and demands individual attention and it must be emphasized that the approach to distressed areas must be dissimilar.

ASSISTANCE TO INDUSTRY AS A STIMULANT

This is a problem which is far broader than mere area redevelopment legislation. It deals with tax policy and, more importantly, with a state of mind in America. Our economy today is a dynamic one, filled with improvements and changes. Any distress is a result of our progress, not of our weakness. The economists who note that our economy is a sluggish one would not for the world take us back into the days of bucket brigades to fight fires or offices full of clerks to make elementary statistical calculations. Why then do they insist on underplaying our strengths and leading from our weaknesses in insisting that we must close an alleged gross national product gap and use government spending to emerge from a recession which the forces of private enterprise have already long since overcome?

The ultimate solution of depressed areas is not money haphazardly applied, but lies in a study of cause as well as effect. It must consist of efforts to release American enterprise from some of its restraints. It must

take the form of exploring new tax incentives to cause business to move into these areas, for as we have proven time and time again, buildings and public facilities do not cause industry to move into Scranton, Pa., or into Fall River, Mass.

New remedies must be tested. Perhaps in some areas schools might be held in session all year to relieve the drain on employment during the summer months. In other areas retraining, or relocation, or more rapid tax amortization would supply the answer. But I would emphasize that in the long run it is business itself that is the only factor acting as a relief or brake on depressed areas, and not mere stagnant factors of production.

It is incentive, industry and imagination that is so necessary to solve the problem of depressed areas. Government assistance, and Government bureaucracy, must be the servant and not the master in this instance.

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

Mr. NELSEN. I yield to the gentleman from Minnesota.

Mr. LANGEN. I wish to compliment my colleague from Minnesota and my colleague from Michigan on the very eloquent remarks they have just made relating to the unemployment problem. I have noticed with particular interest their reference to the local communities. We have had several instances in my own district and other parts of Minnesota under the direction of our Governor in which they have answered in a very excellent manner to the needs of the communities by way of developing new processing plants relating to agricultural products, forest products, and so forth, which have rendered a real service to those communities. They have developed very well. This is a point to which we must give every consideration as we concern ourselves with this problem. Your endeavors in this respect have served the Congress and the Nation well today.

Mr. CURTIS of Missouri. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield.

Mr. CURTIS of Missouri. I, too, want to join in those last remarks and also express my appreciation for the diligent work of both the gentleman from Minnesota and the gentleman from Michigan.

I want to make two particular comments, one as to the work the gentleman from Michigan has been doing on the subcommittee in going into this specific problem and the knowledge he brings to the Congress in his remarks and in the printed remarks that will appear in the Record along with Dr. Ackerman's paper. It will be particularly valuable in the study.

May I say to the gentleman from Minnesota that as I understand some of the study is going into the mining area of Minnesota, the Mesabi Range area, which to me is one of the most interesting economic studies one can undertake. Some of the papers and the statistics that will be supplied for the record, as I understand, are original, and that material is not available anywhere else. Am I correct?

Mr. NELSEN. The gentleman is correct. It was my intention to develop

some figures that would show the employment levels when our mines were in full operation, as compared to employment figures of today and to show, if possible, the amount of unemployment compensation payments now being paid to individuals in that area of Minnesota. Both the gentleman from Minnesota [Mr. LANGEN] and I served in the State legislature. We are well aware that State tax revenues fluctuate, and now because of certain tax conditions investment capital on the range has been hesitant. The result has been that we have lost taconite plants that should have gone to Minnesota but have gone elsewhere. We think some security should be established so that we can again develop the range properly.

As I pointed out when back home some time ago, the habit we are getting into here in the Congress is to pass out appropriations of sizable figures, which actually is only sugar coating. When we bite into the pill it is rather bitter, because we have been evading the question rather than finding jobs. We feel that the range area of Minnesota is a place where we need to do a great deal of work and develop conditions so that we can have work, instead of adding to the problems of our people back home.

Some years ago taconite legislation was enacted by the State legislature which gave tax credit where a great amount of labor was involved and this encouraged the establishment of the taconite industry. The past session of our State legislature considered an amendment that would have given long-term tax security and tax assurance to capital invested in taconite. Such a tax program would be beneficial to the range, but unfortunately the legislature adjourned without having taken action.

I thank the gentleman for his kind comment about our great State of Minnesota.

Mr. CURTIS of Missouri. One of the values of this overall study of some 50 Republican Congressmen has been on this very point that the gentleman from Minnesota now demonstrates. By drawing upon the information as you have in your own communities and your own State, and as other Congressmen who have participated in this effort by drawing on their experiences in their local communities, we are bringing together a great wealth of information along with the studies of the various professors and other students of this subject.

So that we can put them all together and take a good look at this complex problem which is really more one of employment and filling the jobs that exist today. These jobs are going unfilled. Skilled workmen, mechanics, technicians, doctors—we need more school-teachers. Anyone reading the want ads in the newspapers today will see column after column of skilled jobs being unfilled. So the emphasis has been on employment, and we look to the unemployed as a source of getting these skills that we so badly need.

I thank both gentlemen for their contribution toward the solution of this very important problem.

IN OPPOSITION TO THE PROPOSED DEATH TAX ON THRIFT INSTITUTIONS—A BANKERS' BONUS BILL

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, I will read for the RECORD, because I feel it is of sufficient importance, the testimony I gave this afternoon before the Committee on Ways and Means concerning the proposals to tax thrift institutions:

STATEMENT OF WRIGHT PATMAN OF TEXAS

Mr. Chairman, it is very generous of the committee to hear me.

I have the highest respect for the tax lawyers in the Treasury who are working so diligently to find ways to improve our tax laws.

I have no doubt these people are deeply committed to the principle of "tax neutrality." In proposing to increase taxes on the thrift institutions, which would shift competitive advantages to the commercial banks, these people are no doubt genuinely concerned with correcting what appears to them to be inequalities in the Government's treatment of competing classes of financial institutions.

The unfortunate fact is, however, that the nature of commercial banking is little understood, and a great many people mistakenly see similarities between commercial banking and the operations of the thrift institutions, where no similarity really exists. Furthermore, because the nature of commercial banking is so frequently misunderstood, a great many people who are otherwise well informed are not aware of the tremendous favoritism and the vast subsidies which the Federal Government pours into the commercial banks. Accordingly, it is my purpose today to invite the committee's attention to these subsidies and preferential laws so that the committee can better weigh the question of equity between the commercial banks and the thrift institutions.

I also have great respect for the two authors of the bills which the committee is considering, and I know they intend to do only what is fair.

Despite the authors' good intentions, however, these bills go a great deal farther and faster toward taxing the savings and loan associations and the mutual savings banks out of existence than anything the administration has suggested.

Furthermore, the immediate effect of these bills would be to raise interest rates in general, and home-mortgage rates in particular. They would increase the cost of the savings institutions and drive up their lending rates, which, of course, is one of the main reasons why the commercial bankers are demanding this legislation. When the savings institutions raise their lending rates, we can be sure the commercial banks will promptly raise theirs. This will happen even though the legislation contains no taxes for the commercial banks, closes none of the special tax loopholes the commercial banks enjoy, and even though the commercial banks pay no interest

whatever on most of their deposits. In other words, this is banker legislation, and it would cost the general public several dollars in increased interest charges for every new dollar the legislation would bring into the Treasury.

The bankers have been beating the drums for this legislation for a long time, and, recently, beating them faster and faster. They have now worked themselves into such a frenzy that their cannibalistic instincts are showing. The feast dance is on. The bankers have their competitor in a pot—or so they think—and are about to boil him.

They tell me, Mr. Chairman, that out in real cannibal country, where I imagine things are relatively simple, a book which is at the top of the bestseller list is one titled "How To Serve Your Fellow Man."

My point, Mr. Chairman, is that I appreciate the difficulties of trying to legislate on such a complex matter in an atmosphere of hysteria. I hope that the committee will take plenty of time to consider, as I know you will, all of the equities at issue in this legislation.

This is not a case where tax neutrality in the usual sense of the term will provide or even permit nonpreferential Federal treatment of the commercial banks and the private thrift institutions. I have conservatively estimated the various Federal subsidies to the commercial banks at \$5 billion per year. True, a large part of this subsidy can and should be eliminated. Furthermore, the big tax loopholes which have been put into the tax laws mainly for the benefit of the commercial bankers can and should be eliminated. I will offer some specific suggestions on this as I go along.

But the point is, even if the bankers' special tax loopholes were closed and all the Federal subsidies to the commercial banks that conceivably could be eliminated were actually eliminated, Federal subsidies to the commercial banks would still be overwhelming. In other words, this is not a case where the Ways and Means Committee can say we will have tax neutrality and let the other committees worry about neutrality in other Federal laws and programs. The Congress could not eliminate all of the preferential treatment which the Federal laws give to the commercial banks, as opposed to the thrift institutions, without overturning the whole banking system and recreating it on principles which would be new to any we have ever known in the banking system in this country.

The claim is being made, of course, that the commercial bankers are at a disadvantage with the thrift institutions under the present tax laws because, it is said, these laws permit the thrift institutions to accumulate money for lending faster than the banks can accumulate it. Let us examine that proposition and examine, also, the subsidies and preferential treatment which the commercial bankers enjoy under Federal laws.

SUBSIDY NO 1. FREE USE OF THE GOVERNMENT'S POWER TO CREATE MONEY

First and foremost, the commercial banks enjoy the free use of the Government's power to create money.

Mr. Chairman, you know that the commercial bankers are the only people who are permitted to manufacture money and who can manufacture money without the threat of going to the penitentiary.

The Constitution assigns to Congress the power to create money, but Congress has delegated this great power to the commercial banks. It has not delegated any of this power to the savings and loan associations or the mutual savings banks or the credit unions or any of the other competitors of the commercial banks. Only the Federal Reserve banks and the private commercial banks can use this privilege of creating money.

The committee knows, of course, that there have been societies in times past in which the government or the head of the government either sold or gave away the government's power to collect taxes. I am not suggesting that the committee would wish to sell or give away to private interests the Government's power to tax; but I do point out that if this privilege were given to some private group, it would be no greater privilege than the Federal Government has extended to the private commercial banks in delegating to them the Government's power to create money.

The Federal Reserve Bulletin of July 1961 reports that the commercial banks of the country have assets amounting to \$252 billion. In contrast, the total capital accounts of these banks, plus their borrowed capital, amounted to only \$23 billion. By total capital accounts we mean, of course, all of the stockholders' investment, plus the earned surplus of the banks, plus the undivided profits of the banks—in other words, every penny which the stockholders have any claim to in the banking enterprise. Where did the other \$229 billion of assets come from—the difference between the banks' total assets and the stockholders' equity? The commercial banks have acquired these \$229 billion of assets simply by manufacturing money out of nothing more than thin air and the Government's inherent and constitutional power to create money.

The previous Secretary of the Treasury, Mr. Anderson, understood this. Let me quote a passage from an interview with Secretary Anderson that appeared in the August 31, 1959, issue of U.S. News & World Report, page 68:

Question. Do you mean that banks, in buying Government securities, do not lend out their customers' deposits? That they create the money they use to buy the securities?

Answer. That is correct. Banks are different from other lending institutions. When a savings and loan association, an insurance company, or a credit union makes a loan, it lends the very dollars that its customers have previously paid in. But when a bank makes a loan, it simply adds to the borrower's deposit account in the bank by the amount of the loan. The money is not taken from anyone else's deposit: it was not previously paid in to the bank by anyone. It's new money, created by the bank for the use of the borrower.

I wonder how the bankers can keep a straight face while complaining that

the tax laws permit the thrift institutions to accumulate funds for lending faster than the commercial banks can accumulate them. The argument is utter nonsense. The commercial banks do not have to accumulate funds for lending; they create the money they lend, just with a stroke of a pen. When a commercial bank makes a loan to a business firm or to an individual, it creates the money loaned. When a commercial bank buys a Government security, it creates the money to buy it. When a commercial bank buys debt obligations of the State and local governments, it creates the money it uses to buy obligations.

While I am on this subject, let me clear up two other fallacies about commercial banking.

Fallacy No. 1: The commercial banks create money on their reserves against demand deposits only.

The fact is that commercial banks expand on their reserves against time deposits just as much, if not more so, as they expand on their reserves against demand deposits. I have questioned a great many commercial bankers, several Federal Reserve bank presidents and members of the Board of Governors of the Federal Reserve System, and they have all stated that reserves against demand deposits and time deposits are commingled and mixed. In point of fact, when a commercial bank computes its required reserves, it computes a single amount which is a weighted average of its required reserves against both demand and time deposits. In other words, when a commercial bank has an increase in time deposits, the reserves set aside against those time deposits permit the bank to create new money in the form of demand deposits.

Fallacy No. 2: Required reserves reduce the commercial bank's lending power.

This is completely untrue. Required reserves do reduce the lending power of the thrift institutions, but they do not reduce the lending power of the money-creating banks.

We have all heard the claim that the member banks of the Federal Reserve System are required to pay a large portion of their funds into the Federal Reserve banks as reserves, and we have also heard the complaint that the commercial banks receive no interest on these funds.

The truth of the matter is that the commercial banking system never paid any funds into the Federal Reserve banks to receive the reserve credits which they have with the Federal Reserve banks. The Federal Reserve banks created these reserves, using the Government's power to create money, just as the commercial banks have used the Government's power to create money when they have made loans or investments.

On April 12, 1961, member banks had \$16.2 billion of reserves covering both time and demand deposits. Their time and demand deposits, on the other hand, amounted to \$171.4 billion, meaning that they had used the Government's money-

creating power to create \$10 for each \$1 the Government had itself created.

This brings me to subsidy No. 2.

SUBSIDY NO. 2. FEDERAL LAW GIVES COMMERCIAL BANKS INTEREST-FREE USE OF DEMAND DEPOSITS

The committee would be greatly surprised, I am sure, if someone proposed that we pass a law which would assure some manufacturer or some industry that it would receive its raw materials free of charge, at the expense of the people who own the raw materials. Some members of the committee might even be surprised to know that we have a Federal law which assures the commercial banks that they will have interest-free use of most of their depositors' funds. Yet that is the case.

Since the beginning of the capitalistic system, at the end of the Middle Ages, bankers in all capitalistic countries have paid interest for the use of depositors' money—that is, up until 25 years ago. Over these centuries bankers had to compete for the use of the public's money. The rate of interest a banker paid was his way of attracting funds, just as is true of the thrift institutions today.

But back a few years ago, the commercial bankers got a bright idea for a Federal law which would relieve them of the necessity for competing for depositors' funds. True, the bankers create the money they lend or invest. But such money, the moment it is created, becomes the property of some bank depositor. When a bank creates money to make a loan to a customer, that money then belongs to the customer. He can draw it out and put it in some other bank. And, of course, in theory he can keep it out of all banks, in cash; but as a practical matter individuals, and business firms have to have checking accounts these days, and the Government gives the commercial banks a monopoly on the demand deposit business.

Customers did move funds from one bank to another when banks were competing in the interest rates they paid on these deposits.

In the early 1930's, the bankers put on a drive to have Congress pass a law to make it illegal for them to pay any interest on demand deposits, which of course, accounts for most of the bank deposits. Congress finally passed that law.

The idea was not inspired by any early religious edict against interest taking. On the contrary, the law only forbids the banks to pay interest, not to take it. In fact, the bankers made two arguments for this law. First, they admitted its purpose was to stop competition between and among the banks to attract demand deposits, and the claim was that this was necessary to save the small banks. The second argument was that relieving the banks of the normal competitive free-enterprise burden of competing would compensate the banks for the cost of the FDIC insurance premiums which they were then expected to pay, to build up an adequate FDIC insurance fund.

Well, Congress passed that law in 1935, and the banks have had their demand

deposits free of charge and at the depositors' expense ever since.

The savings and loan associations, on the other hand, paid an average of 3.7 percent on their funds in 1960, and the mutual savings banks paid an average of 3.6 percent.

As to the compensation for the FDIC insurance premium, this turned out to be much more than a free gift. All other kinds of business firms have to pay their own insurance premiums without reimbursement from the Government. An argument could be made that this ought to be the case with the commercial banks because the insurance is for their benefit. It gives people confidence to put their money in the bank who otherwise would not trust the bankers with their money.

More than that, the bankers have never built up an adequate insurance fund. They subsequently got Congress to pass a law which gives the FDIC the privilege of drawing on the Federal Treasury up to \$3 billion any time the FDIC needs the funds to meet the insurance claims, and they pay nothing for this commitment. I will come back to this subject later.

It is enough to say now that the commercial bankers have a vast windfall in the Federal law which stops competition between and among the commercial banks themselves for deposits. They are going much too far, it seems to me, in asking now for a Federal law which will eliminate their competition from the thrift institutions.

Now let us consider just how great this subsidy to the commercial banks is. How much are commercial banks reaping in benefits at the expense of the public from the Federal law which denies the public the right to competition for demand deposits? The commercial banks now have \$129.2 billion of demand deposits. If they were paying only the average rate which prevailed on 90-day Treasury bills during the first half of this year, they would be paying the depositors of these funds a yearly interest rate of 2.35 percent. In other words, the banks would be paying depositors over \$3 billion a year for the use of their demand balances. In contrast, the total amount of their insurance premiums last year was only \$70 million. So this Federal law not only has the effect of making the public pay the bankers' insurance premium, it has the effect of making the public pay the bankers another \$43 billion for each \$1 of insurance premium.

Who is paying these benefits to the bankers?

The Federal Government itself maintained an average balance of \$4 billion with the commercial banks during the past fiscal year. So if the banks had paid for the use of these funds at the Treasury bill rate, they would have paid the Federal Government \$94 million a year. This is \$94 million out of the taxpayers' pockets and into the pockets of the bankers.

Who else is subsidizing the bankers?

Interestingly enough, Mr. Chairman, the savings and loan associations and the mutual savings banks are themselves

forced to subsidize the commercial banks. They, too, must have checking accounts.

The last available report, which is for the end of last year, shows that the savings and loan associations had demand balances with the commercial banks amounting to \$1.8 billion; and the mutual savings banks had demand deposits with these banks amounting to \$557 million. At the Treasury bill rate, the commercial banks would be paying these thrift institutions \$56 million a year for the use of these funds.

Finally—and this is to me most disturbing—the State and local governments have approximately \$11.8 billion on deposit with the commercial banks in demand deposits, drawing no interest. In other words, Federal law also denies the State and local governments interest for the use of their funds. If the commercial banks were paying the Treasury bill rate for the use of State and local government funds, they would be paying the State and local governments \$278 million a year.

It seems to me this law which prohibits the commercial banks from paying interest on demand deposits ought to be repealed, certainly as it applies to the funds of the State and local governments. If the Federal Government wishes to pour this vast subsidy into the commercial banks, then it ought to use its own funds for the purpose. But it seems to me the Federal Government has gone too far in denying the State and local governments any right to receive a revenue on their funds. The lost revenues are very badly needed by the State and local political subdivisions, for schools and other community facilities. I hope the Governors, the mayors and other local officials will interest themselves in seeing to it that the rights of the State and local governments are restored.

Mr. Chairman, I have secured from the Federal Deposit Insurance Corporation a breakdown of the demand deposits of the States and political subdivisions, on a State-by-State basis, which indicates how the various States are affected by this Federal law. With your permission, I will offer this tabulation for the record.

Demand deposits of States and subdivisions by State, insured commercial banks, Dec. 31, 1960

State:	[In thousands]	Demand deposits
Alabama	-----	\$256,597
Alaska	-----	7,815
Arizona	-----	105,217
Arkansas	-----	101,941
California	-----	778,568
Colorado	-----	89,602
Connecticut	-----	101,582
Delaware	-----	24,524
District of Columbia	-----	119
Florida	-----	414,958
Georgia	-----	241,105
Hawaii	-----	62,037
Idaho	-----	82,364
Illinois	-----	702,058
Indiana	-----	446,238
Iowa	-----	203,131
Kansas	-----	389,871
Kentucky	-----	132,240
Louisiana	-----	378,466
Maine	-----	28,122
Maryland	-----	135,463
Massachusetts	-----	347,745

Demand deposits of States and subdivisions by State, insured commercial banks, Dec. 31, 1960—Continued

State:	[In thousands]	Demand deposits
Michigan	-----	\$428,013
Minnesota	-----	247,755
Mississippi	-----	206,791
Missouri	-----	378,767
Montana	-----	72,368
Nebraska	-----	110,026
Nevada	-----	35,724
New Hampshire	-----	31,898
New Jersey	-----	417,822
New Mexico	-----	89,494
New York	-----	1,083,281
North Carolina	-----	167,118
North Dakota	-----	25,674
Ohio	-----	535,035
Oklahoma	-----	231,543
Oregon	-----	145,076
Pennsylvania	-----	420,551
Rhode Island	-----	39,016
South Carolina	-----	108,318
South Dakota	-----	66,114
Tennessee	-----	228,722
Texas	-----	648,785
Utah	-----	103,878
Vermont	-----	17,697
Virginia	-----	182,063
Washington	-----	195,957
West Virginia	-----	100,812
Wisconsin	-----	183,511
Wyoming	-----	47,270
Guam, Puerto Rico, and Virgin Islands	-----	71,526
Total	-----	11,650,373

Source: Division of Research and Statistics, Federal Deposit Insurance Corporation, Aug. 3, 1961.

I hope the committee will inquire very carefully into the reasons why the commercial bankers want this legislation. Is it really because the thrift institutions are taking lending funds away from the commercial banks? The thrift institutions do not destroy money; they do not absorb money and they are not depositories of money. In other words, all of the funds deposited or invested in these thrift institutions go immediately back into the commercial banks and are available to the commercial bankers for lending or investment.

The commercial banks have no less funds available for loans and investments than they would have if the thrift institutions did not exist. We must conclude, therefore, that the thrift institutions are cutting not into the amount of funds which the commercial banks have available for lending, but into the number of customers who might be knocking at the banks' doors asking for loans. In other words, these thrift institutions are an external force of competition which is helping to keep interest rates down.

As the committee considers the merits of the battle which the commercial bankers are waging against their great adversaries—I hope it will keep in mind just how formidable a foe of commercial bankers these institutions are. Let me put it this way: If the commercial banks were paying 3 percent interest on their demand deposits, instead of having these deposits free of charge—they would be paying the depositors \$3.9 billion a year. In other words we accept 3 percent as a reasonable rate, then the benefits which the commercial banks are receiving from this one subsidy alone is \$3.9 billion a

year. That happens to be more than the gross income of all the savings and loan associations, before payment of operating expenses and payment of taxes. And it is almost as much as the gross income of the savings and loan associations and the mutual savings banks combined. In other words, the bankers are really waging war on a very tiny, infant foe.

SUBSIDY NO. 3: INTEREST ON U.S. GOVERNMENT DEBT OBLIGATIONS, ACQUIRED THROUGH FULL USE OF GOVERNMENT POWER TO CREATE MONEY

The commercial banks now hold \$61 billion of U.S. Treasury obligations. Last year the Treasury, and the taxpayers, paid the banks the gigantic sum of \$1.8 billion in interest on these obligations. This is another huge, outright subsidy.

As former Secretary of the Treasury Anderson has explained, the commercial banks acquired these Government obligations simply by creating the money. They used the Government's power to create money to lend to the Government at a steep interest charge.

There is no reason whatever for the Federal Government to do business in this way, except for the reason of giving the commercial banks another subsidy. The Federal Government does not need to have the private commercial banks create money to buy its debt obligations, because the Government's own banks—the Federal Reserve banks—can do this. When the Federal Reserve acquires these securities, the interest payments go back into the Treasury, instead of out of the taxpayers' pockets and into bank profits.

Furthermore, the Federal Reserve banks could acquire these Federal obligations without increasing the money supply of the country by so much as a penny, so there can be no valid argument that this would be inflationary. The Federal Reserve has wide discretionary powers, not only to determine what the total money supply of the country will be at any given moment, but to determine how much of that money shall be of its own creation, and how much shall be of the commercial banks' creation.

In truth, the Federal Reserve banks now have some \$27 billion of U.S. Government obligations, and they receive a very tidy interest income on these—enough that last year they paid their expenses of \$154 million and returned \$897 million to the Treasury. But for reasons best known to themselves the Federal Reserve people prefer to have any given money supply made up of a minimum of Federal Reserve bank money, and a maximum of private bank money.

SUBSIDY NO. 4: FREE FEDERAL RESERVE SERVICES

What do the costs of running the Federal Reserve banks go for? Why are Government funds used to pay these expenses instead of being paid back to the Treasury?

The fact is that approximately \$120 million a year—which is most of the cost of operating the Federal Reserve banks—is the cost of providing free check clearing, free telegraph service, and other free services to the commercial banks. If the Federal Reserve did not provide these services, the commercial banks

would have to pay the expenses of private clearinghouse associations to perform these services. These free services, provided at taxpayers' expense, are not, however, just for the benefit of the member banks of the Federal Reserve System. The nonmember banks also enjoy their use, indirectly, through their correspondent banks.

This is another \$120 million yearly subsidy to the commercial banks.

SUBSIDY NO. 5: INTEREST-FREE DRAWING PRIVILEGE ON THE FEDERAL TREASURY

Let us come back now to another aspect of the FDIC insurance fund.

Despite the fact that the Federal law arranged to have the general public pay the commercial banks for what was to be the cost of the FDIC insurance premiums, and also gave the banks a tremendous windfall in addition, the commercial banks have never really paid these insurance premiums—certainly not in amounts necessary to build up an adequate insurance fund.

The real insurance behind FDIC insurance is the fact that Public Law 363, approved in 1947, gives the FDIC the privilege of calling on the Federal Treasury for funds any time they are needed, up to an amount of \$3 billion. In other words, the FDIC has a standing commitment on the Treasury in the amount of \$3 billion. If you or I or any business firm obtained a loan commitment of this kind from a private bank, or from an insurance company, we would have to pay a commitment fee. The going rate of such commitment fees is 1 percent. Thus, if the FDIC were paying the going rate for its commitment on the Treasury, it would be paying the Treasury \$30 million a year.

So this is another \$30-million-a-year subsidy which the taxpayers are paying indirectly, to the commercial banks.

It may be only coincidence, but it happens that the Treasury is never empty of this \$3 billion, should the banks need it. The Treasury keeps a minimum of \$3.5 billion on deposit with the commercial banks at all times. So that \$3 billion is, in effect, set aside, at all times, always available should the banks need it to meet their insurance demands. But it is costing the taxpayers much more than the 1 percent which I have suggested the banks should pay on it. These idle funds are costing the taxpayers the average interest rate they pay on the whole Federal debt, because if they were not kept in the banks, they would be used to reduce the national debt by this amount.

SUBSIDY NO. 6. SIX PERCENT INCOME FROM UNNEEDED INVESTMENT IN FEDERAL RESERVE STOCK

Federal Reserve banks sell a certain amount of stock in these banks to the private commercial banks that are members of the System. In fact, Federal law requires them to sell this stock and requires the member banks to buy it.

Yet the Federal Reserve System has no need whatever for the funds it derives from the sale of this stock. Indeed, the funds are not even invested. Yet Federal law requires that the private banks be paid an annual income of 6 percent

of their investment in this so-called stock. In other words, the Federal Government pays the banks 6 percent on the safest investment in the world, which is an investment in the Government of the United States.

This Federal Reserve stock outstanding amounts to some \$400 million; and banks receive an annual income of \$24 million on this. This is another outright subsidy to the commercial banks of \$24 million.

More than that, most of the \$24 million is tax-free income to the banks. Federal law provides for this.

Mr. Chairman, it would not be possible to make an accurate dollars-and-cents total of all the Federal subsidies to the commercial banks. There are several which I have not yet mentioned. For example, there is one tremendous loophole in the tax laws which is of special benefit to the commercial banks, and it would be difficult to make a dollars-and-cents estimate of the value of this. Even more important, the commercial banks enjoy a limited monopoly in the banking business, by reason of the fact that the Federal Government maintains some stiff restrictions and barriers to keep new competitors out of the banking business. Banking is not the kind of free enterprise we know in farming, or in running a retail store, running a manufacturing business or any other kind of commercial enterprise. Any citizen can go into these businesses whenever and wherever he pleases, if he has the capital. Not so the banking business. The Federal Government keeps most of the would-be newcomers out of this field. I will come back to this protected monopoly status of the commercial banks later, and also to the tax loophole.

Let me sum up, however, those subsidies which I have mentioned so far, for which we do have dollars-and-cents estimates. Altogether, they come to more than \$5 billion a year. I have recapitulated these Federal subsidies to the commercial banks in the table below.

Summary table of subsidies to commercial banks provided by Federal law and programs—(not counting tax loopholes and Federal barriers to keep out new competitors)

	[In millions]
Value of interest-free use of demand deposits (computed at 2.35 percent or average rate on 90-day Treasury bills)-----	\$3,036
On demand deposits of:	
(a) Savings and loan associations and mutual savings banks...	56
(b) Federal Government.....	94
(c) State and local governments...	278
(d) Other depositors, except banks...	2,608
Interest received by commercial banks on U.S. Government obligations acquired with created money.....	1,800
Cost of free Federal Reserve services.....	120
Interest-free commitment on Treasury for \$3 billion (computed at 1 percent commitment fee).....	30
Interest on \$400 million Federal Reserve bank "stock" (at 6 percent) (not including value of tax-free income status).....	24
Total subsidies-----	5,010

SPECIAL TAX LOOPHOLE MAINLY FOR THE BENEFIT OF THE COMMERCIAL BANKS

As the committee knows, the general rule for taxpayers who trade in securities, or have gains or losses from the sale of other investments, is this: If a taxpayer's capital losses within the year exceed his capital gains, he can charge off the losses against ordinary, taxable income only up to \$1,000 per year, regardless of the amount of his net loss.

But not so for the thrift institutions which are the subject of the present legislation and, incidentally, the commercial banks also. These are permitted to charge off losses without limit against ordinary income.¹ This means that the commercial bankers, who are the main beneficiaries of this loophole, can, and do, engage in what are for all practical purposes "wash sales." When the market value of the securities they hold goes down, the banks can sell these securities, write off the loss against ordinary income, but immediately buy other securities which are for all practical purposes identical. Then when the value of these securities goes up again, they can sell the securities and pay only the 25-percent capital gains tax on their profits.

This loophole applies not just to Government securities. It applies to any and all types of debt obligations which the banks buy and sell. The loophole was put into the law in 1942, incidentally, on the advice of some of the bankers as to what should be done to assure the bankers' all-out cooperation in meeting the financing needs of World War II. That was almost 20 years ago and the financing needs of World War II have long since disappeared, but the loophole still remains in the law.

I wonder why the proposed legislation before the committee today makes no provision for closing this loophole.

In actual experience, the commercial banks paid last year an effective income tax rate of only 38.4 percent. Except for this loophole, the banks would have been paying more nearly in the neighborhood of the 52-percent rate.

Before leaving the matter of the bankers' taxes, Mr. Chairman, I cannot refrain from commenting on another tax angle which seems very wrong to me. This is the fact that they not only acquire the securities of the State and local governments with bank-created money, which costs them nothing, but they then pay no income tax on the interest they receive on these securities. The commercial banks now hold some \$17.6 billion of State and local bonds, all acquired on bank-created money, all tax exempt.

Notwithstanding this tax loophole, and all the vast Federal subsidies to the commercial banks, the Treasury people seem to be laboring under the impression that the thrift institutions are taking lending funds away from the commercial banks, and also that the thrift institutions and the commercial banks are equally involved in the same kind of lending.

Thus, the Treasury Department's report of July 1961, titled "The Taxation of

¹ Sec. 582(b).

Mutual Savings Banks and Savings and Loan Associations," at page 3, speaks of "logical and equitable" application of taxes as between the thrift institutions and the banks as follows:

"From the viewpoint of a logical and equitable application of the Federal income tax, the mutual thrift institutions should be able to retain corporate earnings tax free only under a formula consistent with established concepts for computing bad debt reserves."

And, again at page 3, the report states: "Moreover, other financial institutions which compete for the savers' dollars, such as commercial banks, do in fact have to depend primarily on surplus built up after taxes, rather than on access to the equity capital market, in order to obtain the protective capital cushions which all businesses need."

And finally, at page 11 of the report, we find this statement:

"It has been stated that a policy of tax neutrality toward competing financial intermediaries promotes a more efficient utilization of economic resources as established by the marketplace."

In plain words, Mr. Chairman, the Treasury people are under a misapprehension that cutting the allowable bad debt reserves of the thrift institutions will, insofar as the Federal Government's intrusions into the marketplace are concerned, better equalize competition between these institutions and the commercial banks.

But I submit, Mr. Chairman, the Federal Government's role in the marketplace is overwhelmingly on the side of the commercial banks. More than that, the thrift institutions are not taking lending funds away from the commercial banks. And they are not in the same kind of lending business to such an extent as to warrant the same ratio of reserves for bad debt, or what the Treasury calls "capital cushion."

The thrift institutions are in the long-term investment business, such as housing loans running for 20 to 30 years. Their investments are not liquid, and they are relatively high risk investments, being subject to the risks of the business cycle, relocations of population, the drying up of industry in particular areas, and even the possibility that within the next 20 to 30 years some entirely new type of shelter may be developed for both people and business. The commercial banks are supposed to be in the commercial banking business. They are supposed to be making short-term low risk loans. They have no business being in the investment business.

FEDERAL GOVERNMENT PROVIDES MONOPOLY POSITION FOR COMMERCIAL BANKS

Mr. Chairman, the commercial banks should not be aided and abetted in their effort to choke off competition from other types of financial institutions. Of course, this is a final step. They have already been extremely successful in throttling competition among themselves; and this has been achieved in large part through the assistance of the Government, particularly in setting up almost insuperable barriers to entry into the commercial banking business.

First, let us take a look at the sharp decline in the number of commercial banks in the United States. In 1920 there were nearly 31,000 banks. Today—according to the July 1961 issue of the Federal Reserve Bulletin—there are 13,465 commercial banks. In other words, there are only 43 banks today where there were 100 some 40 years ago.

But since 1920 our population has risen from 106 million to 179 million. The population per bank in the United States was only about 3,400 in 1920. Now the population per bank exceeds 13,000. So the average bank now has 3.8 times the customer potential that prevailed in 1920. That alone should put the commercial bankers in an enviable position. But that is not all that has happened.

In practically every community in this country the number of banks has been reduced to the point where only a very few control the business. Here are some figures from the 1960 annual report of the Federal Deposit Insurance Corporation:

In no less than 58 out of a total of 65 metropolitan areas surveyed, the 3 largest commercial banks have more than 50 percent of the deposits of all the banks in the area.

In 33 metropolitan areas, the 3 largest commercial banks have more than 70 percent of the deposits of all commercial banks in the area.

In 22 metropolitan areas, the 3 largest commercial banks own more than 80 percent of the deposits. And in six metropolitan areas, the three largest commercial banks hold over 90 percent of the deposits.

It is pretty hard to drum up any competition among commercial banks when so few control so much. And this concentration picture is bound to get worse before it gets better, as anyone can see by just looking at the newspapers day by day and noting the large number of bank mergers that are taking place.

Superimposed upon all these concentrations in local areas is the dominant position of the largest commercial banks in the country. The top 10 commercial banks—6 of which are located in New York City—on June 30, 1961, held \$48.2 billion of deposits. This represents 21.7 percent of the \$222 billion of deposits held by all commercial banks in the United States. These few giant commercial banks set the whole pattern of interest rates charged by commercial banks throughout the country.

ENTRY BLOCKADED

Nor is there much hope that the number of commercial banks will be increased in the foreseeable future, even though, as I have pointed out, there is nearly four times the potential business for the average bank there was 40 years ago. The Comptroller of the Currency and the Federal Deposit Insurance Corporation have set up more than ample barriers to new entrants. In fact, the only way you seem to be able to get into the banking business today is to be in it already.

But it has not been enough for the banks to cut down the number of competitors, increase concentration in the

hands of a few of the largest banks, and to block the entry of new banks. Now they resort to the tax route to hobble the competition of the savings and loan companies and the mutual savings banks. What about the credit unions? They compete with commercial banks, and do a pretty good job of it. Will the commercial banks appeal to Congress to cripple the credit unions, too? They are probably next on their death tax list.

PROPOSAL WILL INCREASE MORTGAGE INTEREST RATES

The Treasury Department expresses concern over the impact this proposal may have on the housing program. The Treasury report states:

"The continuation of proper housing programs requires an adequate supply of funds for home mortgages. Consequently, from the viewpoint of our housing programs, any change in the current tax treatment of these institutions must be weighed in the light of its possible adverse effect on those programs."

The Treasury estimates that in a period of tight money, the proposal may cause a loss of anywhere from \$500 million to \$2 billion in the supply of mortgage money and that this might cause a reduction of from about 3 percent to as much as 10 percent in the volume of residential construction.

The Treasury Department does not carry its analysis to the point of the effect this proposal may have on mortgage interest rates.

We can be sure of one thing. It certainly will not contribute toward a decrease in mortgage rates, and I would remind the committee that an increase of 1 percent in mortgage interest rates can mean more than a year's pay of an average family added to the cost of a \$15,000 30-year loan.

It is my prediction that this proposal will reverse the recent downward trend in mortgage interest rates.

PUBLIC INTEREST DEMANDS FAIR PLAY IN THE MARKETPLACE

There was a time when businessmen believed that the best way to get ahead was to produce a better product for a lower price. Now the technique seems to be to try to cripple one's competitors by some sort of a death tax. This is what the commercial bankers are trying to do in sponsoring legislation to increase taxes on savings and loan associations and mutual savings banks.

The commercial bankers who have over the years generated such intense hatred against thrift institutions by the use of misleading and distorted information should be ashamed of themselves.

The views of bankers' leaders in the American Bankers Association do not impress me as being in accordance with the views of bankers I know. Bankers are leaders in community life as well as in State and National affairs. It is seldom that you find them putting up such a terrific fight for something that is purely selfish and inimical to the general welfare.

If the attitude of the bankers is to be determined by their attitude in this case,

Congress must be more careful to safeguard the public interest against them. We cannot make a goose the guardian of the shelled corn.

Commercial bankers who really want to protect the public interest can find many subsidies to remove and many tax loopholes to close, without damaging the public interest as in the case of this legislation.

Forty percent—over 40 percent, Mr. Chairman—of the home loan financing is done through the institutions that the commercial banks are attempting to penalize and destroy in this attack.

My idea of bankers drawn from the image of the good bankers I have known all my life is contrary to what the leaders of the bankers are doing here. This is a bad proposal. It is a bank bonus bill. It should be rejected.

Thank you, Mr. Chairman.

ACTION ON THE CREATION OF A SPECIAL COMMITTEE ON CAPTIVE NATIONS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. Flood] is recognized for 30 minutes.

Mr. FLOOD. Mr. Speaker, it was my privilege last March to introduce the original resolution, House Resolution 211, proposing the necessary establishment of a Special Committee on Captive Nations. Since then, over 35 similar resolutions have been submitted with the same objective in mind. I cannot thank my colleagues enough for their forceful expression of the mutual idea and common objectives in the national interest which we share alike. My deeply felt gratitude extends also to many other Members who, though they have not submitted resolutions toward this end, have nevertheless been outspoken in their full support of our proposal.

QUESTIONS AND DOUBTS TO BE RESOLVED

Since the beginning of May a number of hearings have been held on these resolutions before the Rules Committee. All the essentials of the proposal have been carefully covered and discussed. Indeed, as early as the end of May the distinguished chairman of the Rules Committee wisely suggested that final action be taken on these resolutions. Unfortunately, to this date no such action has been taken.

It is a fact that many Members and citizens throughout the country who have carefully followed these developments are mystified by this protracted delay. Many are disturbed by doubts over this inaction and numerous others are asking: "Why this delay, especially in these critical times? Is there a maneuver on to stall action on this vital proposal? Who seeks to prevent the formation of this special committee which is so necessary to our national interest? Is there a plan afoot to relegate this crucial subject of captive nations to a level of secondary importance by steering it to some subcommittee or a contrived ad hoc committee that could not possibly attend to the tasks demanded by this fundamental subject?"

These and similar questions have been put to me, as I know they have to other Members. We can resolve these questions and doubts quite easily by simply taking the long awaited action on these resolutions. And they can be best resolved by quick and favorable bipartisan action in the Rules Committee.

CONCLUSIVE EVIDENCE OF POPULAR SUPPORT

Mr. Speaker, the evidence of popular support for the formation of a Special Committee on Captive Nations is overwhelming and conclusive. Since last March, week after week letters of support have poured in from every section of the country. Week after week since last March some of these letters have been printed on the average twice a legislative week in the CONGRESSIONAL RECORD. Moreover, this widespread support was clearly crystallized in the nationwide observances of Captive Nations Week, a report of which I presented in this Chamber 2 weeks ago for all to read and analyze.

Needless to say, in these several months the addresses and statements of my many able colleagues on this tremendously important subject have rationally and empirically substantiated the urgent necessity of this special committee. Those who have read these addresses and their supporting material have quickly come to the realization that the aims and objectives of the proposed committee are solid, imaginative, and enormously promising. There can be no doubt that once the proposal is reported out of the Rules Committee, it will meet with the substantial support of this body.

IMPRESSIVE REASONS FOR THE COMMITTEE

Mr. Speaker, one need not go far to understand the basis for this general popular support and the exceedingly favorable response to the proposal among our Members. The basis rests primarily in the impressive reasons that have been advanced in behalf of a Special Committee on Captive Nations. Explicitly and forthrightly, these determining and justifying reasons are:

First. On the issue of war and peace, the moral and political principle of national self-determination is in many respects a weapon far more potent, far more determinative, than missiles, nuclear bombs, or war-equipped space satellites. This overpowering weapon is ours, not Khrushchev's. A Special Committee on Captive Nations would steadily expand the arsenal of this weapon for use either in the cold war or in a hot one.

Second. In two Captive Nations Week proclamations former President Eisenhower summoned the American people "to study the plight of the Soviet-dominated nations and to recommit themselves to the support of the just aspirations of the people of those captive nations." No better medium for this popular study can be provided than a Special Committee on Captive Nations.

Third. In the last campaign President Kennedy declared:

I am, of course, in agreement with the Presidential proclamations. The captive nations should be studied intensively. If a joint congressional Committee on the Captive Nations is the best way to insure such

popular study, I would naturally not be opposed to it.

We feel that a special committee formed by the House would reflect best the popular will and would perform the demanding tasks.

Fourth. In his 1961 Captive Nations Week proclamation, President Kennedy points out that "it is in keeping with our national tradition that the American people manifest its interest in the freedom of other nations" and urges them "to recommit themselves to the support of the just aspirations of all peoples for national independence and freedom." Mr. Speaker, by what better means can our people manifest this indispensable interest and recommit themselves than through their elected representatives, forming and working on a Special Committee on Captive Nations.

Fifth. It is an open secret that a hazardous gap exists in our official and private facilities as concerns this necessary task of studying systematically, objectively, and continuously all of the captive nations, especially those in the U.S.S.R. Nowhere is there any agency, public or private, performing this essential task. Only a special committee can do it effectively, seriously, and constructively.

Sixth. The formation of a special committee would be the first concrete implementation of the Captive Nations Week resolution passed by Congress in 1959. The fearful reaction of Moscow to this resolution shall never be forgotten. With all their missiles, satellites, and arms the Russian totalitarians show an uncanny fear of the captive nations and the idea of national self-determination. By forming a special committee we can show in 1961 that we meant what we resolved in 1959.

Seventh. House Resolution 211 and the other resolutions are realistically based on the aggregate concept of captive nations—meaning those inside the U.S.S.R. as well as outside, in Asia as well as in Eastern Europe. It emphasizes the strategic importance—indeed, the primary strategic value—of all these nations for peace and also for cold and hot war purposes. A special committee would progressively unfold this importance and value of which Khrushchev is sensitively aware.

Eighth. As advocates of freedom everywhere, we must always realize that the cold war is not just between Moscow's totalitarian empire and the free world, but also and essentially between the captive peoples and their quisling governments. A special committee would produce results offering a necessary and prudent leverage for the captive nations in their cold war against colonial Russian domination.

Ninth. The enormous power of propaganda has long been a virtual Moscow monopoly. The studies, facts, and truths educed by a special committee would give the constant lie to the propagandized and overblown Russian image, particularly in the underdeveloped areas of Africa, Asia, and Latin America. One of the chief objects of the committee's inquiry would be the over 30 million captive Moslems in the U.S.S.R., a subject

which is almost totally overlooked in this country.

Tenth. A Special Committee on Captive Nations, which would be engaged in continuous study and investigation of the captive nations in the aggregate, would also serve as a rich reservoir of new dimensions of thought, of new and fresh ideas, about the extensive imperio-colonial system of Moscow. It would concentrate on the imperialism and colonialism of Soviet Russia and for the enlightenment of our own people as well as our friends abroad and it would demonstrate by contrasting data the colossal hoax of communism. The productive work of such a committee would serve our executive branch, our U.N. delegation, our representation in UNESCO and elsewhere.

Eleventh. The existence of a special committee would be a permanent reminder to Khrushchev that we do not now nor shall we ever write off the captive nations. This committee would give concrete evidence to the position expressed by the President in his state of the Union message:

We must never forget our hopes for the ultimate freedom and welfare of the Eastern European peoples.

Twelfth. From all of this it should be evident that a Special Committee on Captive Nations would have definite legislative intent and purpose. Its extensive studies and investigations would lead to conclusions that in turn would justify recommendations upon which specific legislative proposals would be founded. Activities ranging from propaganda to economic assistance with regard to the Red totalitarian empire would come within the purview of the committee's investigations.

Thirteenth. The existence of a special committee would, in reality and function, encroach upon no standing committee. Its unique orientation toward the captive nations in the aggregate would allow it to uncover phenomena which have been left largely untapped by existing committees, as, for example, the phenomenon of rampant economic imperialism and colonialism within the U.S.S.R. itself.

Fourteenth. The range and depth of work that this proposed committee would be engaged in would require time, effort, and dedicated application that only a special committee could undertake. No existing or simply ad hoc committee could possibly manage this.

Fifteenth. Although in each session of Congress numerous resolutions are submitted for the establishment of select and special committees of various sorts, who would deny that in these days of the Berlin crisis, the various threats posed by Moscow, and the many critical spots appearing on the globe, the captive nations have a priority of value and importance for our national interest? This priority can be best utilized by a Special Committee of Captive Nations.

Mr. Speaker, these 15 reasons more clearly justify the establishment of such an essential committee. The relatively small costs of operating this committee would be heavily overshadowed by its productive and highly profitable results, in the interest of our Nation and in the

interest of freedom generally. As I have done before, I offer further examples of the interest in these resolutions and additional material which elaborate on the points I have made here. I append the following items to my remarks, and request that they be printed as such at the conclusion of my address: First, my letter of August 2, 1961, to each member of the Rules Committee; second, the communication of the National Captive Nations Committee, Inc., to all members of the Rules Committee; third, the text of the Georgetown University Forum on the Captive Nations Committee; fourth, the Fort Wayne News-Sentinel editorial of July 19 on the "Vital Import of Captive Nations"; fifth, a release of the Assembly of Captive European Nations on Moscow's reactions to the 1961 Captive Nations Week; sixth, the Captive Nations Week proclamation by the Commissioners of the District of Columbia; seventh, an editorial in Freedom's Facts on "Captive Nations Week Draws Moscow's Ire"; eighth, an article which is very pertinent to our present discussion, "The Myth of Soviet Unity"; and ninth, a penetrating editorial in the Ukrainian Bulletin on "Captive Nations Week."

Khrushchev "got the message" in President Kennedy's speech and in the foreign ministers' position in Paris.

He told his people for the first time that there is a chance of war over Berlin. He must talk himself out of that one. So, he says let us talk about Berlin and everything else. We have taken another careful step in the initiative in this very tricky business of Alfonse and Gaston and the next move now must be Khrushchev's.

What does he do? I do not think he knows.

There could be no greater error than to suppose that historical myths cannot be actually created by design, or that crudity of such special pleading necessarily always militates against its effectiveness.

The image of Soviet-Western relations now being cultivated by Soviet historians is an important part of Moscow's contemporary political appeal to the peoples of countries just emerging to national consciousness and independence. Much of it appears to these people entirely plausible and creditable.—Quotation from "Russia and the West," by Mr. George Kennan, 1961.

The communications referred to are as follows:

AUGUST 2, 1961.

DEAR COLLEAGUE: In London last week, Lord Home, the British Foreign Secretary, said diplomatic negotiations are the way to settle the Berlin problem. The United States, in a note to Moscow, said the American people will defend their legal rights in Berlin, rights which "derive absolutely from the unconditional surrender of Nazi Germany." The U.S. note added, however, that the United States is always prepared to consider any "freely negotiated settlement" of German problems. In Moscow, the Communist newspaper Pravda said: "The sooner Western politicians agree to an international conference, the sooner will the black war clouds disappear from the horizon."

It seems clear, then, that those in authority in the major capitals of East and West see nothing inevitable about the threat of war, but look to diplomacy to find a solution. It is recognized that Khrushchev has made a diplomatic settlement difficult by putting a time limit (the end of this year) on Soviet

toleration of the present situation in Berlin. Nevertheless, in the presence of appropriate counterpressure, a diplomatic solution is not impossible.

These counterpressures are building up now. The notes to Moscow by the Western leaders, stating they will not yield the freedom of West Berlin to the threat of Communist force, are an essential part of the picture. The tangible defense buildup now underway in the United States is another. The restiveness in East Germany, whose residents are seeking asylum in West Berlin at a rate of 30,000 a month, is another. The Communists cannot be sure that, in event of hostilities, the East Germans would not be fighting on the side of the free world. There also are legitimate Communist doubts about the safety of Soviet supply lines across Poland, if Poles sensed a chance for successful revolt.

In diplomatic negotiation, the West appears prepared to let Khrushchev save face. He wants a separate peace treaty with East Germany. We think it unwise. We will not fight over it. We would prefer a peace treaty with all the Germans, reunified on the basis of free elections. In the months ahead, increasingly, the West presumably will challenge the Communists to accept such an arrangement, in devotion to the cause of self-determination. That, in fact, will be the rallying cry of the free world as it seeks to regain the propaganda initiative in the cold war. A worldwide campaign for national self-determination can weaken none of the props of the Western alliance. It can, however, gnaw at the vitals of the Communist empire, particularly in the satellite states of Eastern Europe.

In view of the above, it is clear we are gradually and carefully assuming the initiative and forcing Khrushchev on the defensive. And instead of merely counter-punching, we are now clearly leading at different points in different ways.

Under all the circumstances, one of the most effective weapons in our new arsenal should be the creation of a Special Committee on the Captive Nations, the operation of which persistently, consistently and effectively, will do much to emphasize the principle of self-determination in the captive nations of Europe, and in this way gnaw at and weaken the whole satellite structure behind the Iron Curtain. This, as much as any military effort will make it clear to Khrushchev he dare not move against the Western World—this with our military might will permit our diplomatic negotiators to speak from strength on both sides of the Iron Curtain.

I would hope the Rules Committee would see fit to report out House Resolution 211 without delay, so as to add this additional string to our bow—vis-a-vis the Soviet.

Sincerely yours,

DANIEL J. FLOOD,
Member of Congress.

AUGUST 7, 1961.

HON. HOWARD W. SMITH,
Chairman, House Rules Committee,
U.S. House of Representatives,
Washington, D.C.

DEAR JUDGE SMITH: On May 16 we addressed ourselves to you, seeking your support of the original House Resolution 211 and similar resolutions calling for the creation of a Special Committee on Captive Nations. We now urge that this vital proposal be favorably and expeditiously reported out of committee. It is mystifying to us that, although you wisely suggested final determination of this proposal back in May, action on it has been stalled.

With the Berlin crisis, Moscow's propaganda buildup of the 20-year plan, and further Soviet space achievements, the necessity of such a committee is greater than ever. Methodically uncovering the facts

about our natural allies, the captive nations—particularly those in the U.S.S.R. itself—the committee would provide not only the necessary enlightened perspective for our people but also the equally necessary hope of eventual freedom for these allies. It would be a watchdog committee on Moscow's colonial exploitation of the captive peoples, both within and outside the U.S.S.R. It would find ways and means to magnify the crucial asset of these natural allies to our national interest and, unquestionably, its new findings would lead to concrete legislative recommendations.

The utter necessity of this special committee is even borne out by these random items: (1) the President's fantastic statement in an otherwise excellent address on Berlin: "We recognize the Soviet Union's historical concerns about their security in central and eastern Europe, after a series of ravaging invasions." Since 1920 who invaded whom? (2) the chairman of the Senate Foreign Relations Committee laboring under the impression that there are "200 million Russians" (only about 100 million); and (3) the UNESCO Courier of October accusing the United States and other free nations of racism and anti-Semitism, but overlooking entirely the heinous crimes being committed in the Red totalitarian empire. When such misinformation persists on these levels, what can be expected elsewhere?

As shown week after week in the Record and during Captive Nations Week, popular support of these resolutions is widespread. It is generally recognized that only a special committee can devote the time and resources required and warranted by this vital subject. The captive nations, as a formidable weapon of free world security, deserve nothing else. We have no doubt that once reported out by the Rules Committee, this proposal will be overwhelmingly supported in the House. Many rightly view it as the first concrete implementation of the Captive Nations Week resolution for which they voted and which incited unprecedented fear in Khrushchev.

Trusting that you will not allow this invaluable opportunity to slip by and with grateful thanks for your wisdom in expediting this matter, I am,

Sincerely yours,

LEV E. DOBRIANSKY,
Chairman.

WHY A CAPTIVE NATIONS HOUSE COMMITTEE?
(The Georgetown University Forum broadcast, Washington, D.C.)

(Panel: Hon. Daniel J. Flood, Member of Congress from Pennsylvania; Hon. Silvio O. Conte, Member of Congress from Massachusetts; Dr. Lev E. Dobriansky, Economics Department, Georgetown University.)

Moderator MATTHEW WARREN. You will recall that in July 1959, the Congress of the United States unanimously passed the captive nations resolution. The act, now Public Law 86-90, authorized the President to issue a proclamation on the occasion, which he did. As a result, Captive Nations Week was celebrated nationally.

Two months ago, Congressman Flood, one of today's panelists, introduced a resolution in the House in which he proposed the formation of a House Captive Nations Committee for the purpose of "conducting an inquiry into and a study of all the captive non-Russian nations."

This is a new approach. Questions naturally arise. Why a special continuing committee? How would it get its information? What use could be made of results?

Today's panel will attempt to expound the nature of the proposed committee and to answer questions concerning its desirability and feasibility in relation to foreign policy and national security.

Congressman Flood, to begin, what prompted you to introduce such legislation?

Mr. Flood. Well, the success, the extraordinary success that we experienced when the resolution of which you spoke was passed by the Congress. By the way, that was 1959. Then in 1960 a second resolution was passed. President Eisenhower spoke favorably and strongly in support of both of these resolutions, and President Kennedy, to written inquiry made by me, indicated that he too would support such an idea—such a resolution. Well, the response not only in America but throughout the world, and the violent attacks made upon the resolution by Khrushchev himself and by the Russian Soviet generally, made it very clear that we should take the next step from the resolution, and that was to ask the House to create a select committee.

Mr. WARREN. Was it necessary to reintroduce these resolutions each time?

Mr. Flood. Yes. Because one Congress does not bind the last one, or the next one, don't you see. It was necessary to act independently in each Congress. The life of a resolution is specified in the purpose clause of the resolution itself.

Mr. WARREN. Congressman CONTE, what's your interest in this resolution?

Mr. CONTE. Well, I filed the resolution, along with Congressman DAN FLOOD. I feel, as DAN does, that this will focus the attention upon the Soviet Union throughout the world, that they are the real imperialists, and it will bring to light to the new building nations throughout the world what has happened to these people, these captive nations all over the world. The Republican platform committee, of which I was a member—I was vice chairman of the foreign policy subcommittee in the platform committee—came out very strongly in favor of such a resolution, as did the Democrats in Los Angeles during the campaign. I think both parties had pledged that they would form such a committee, made up of Members of the House, to investigate the captive nations and how they became captive nations.

Mr. WARREN. Dr. Dobriansky, you were personally involved, I believe, in Captive Nations Week, to a degree, and I know you support the captive nations resolution now before the House or which has been passed. But let me ask you what you propose to do with this resolution. Aren't we stepping on the toes of the Foreign Affairs Committee? Isn't this one of their functions?

Dr. DOBRIANSKY. Well, I don't know that this question should be directed to me rather than to the two congressional Members here. I'm just an outsider. But since you raised it, my feeling is that the resolution as it is stated makes allowances, you see, for members of the Foreign Affairs Committee to join this committee. Now one of the primary reasons for this resolution, as I understand it—

Mr. Flood. As a matter of fact, the resolution calls for 10 men, 10 people, 10 members, and 5 of them are to be from the Foreign Affairs Committee:

Dr. DOBRIANSKY. That is correct. But, as I was saying, one of the main reasons for this resolution, as it appears to me, is the fact that here in the United States—and I say this unequivocally—here in the United States we do not have a single agency in Government or in the private realm that carries out a study as contemplated by this resolution. What kind of a study? A study based first on the aggregative concept of the captive nations. Now this resolution expresses that aggregative concept. That same concept is in the Captive Nations Week resolution. And it means simply this: that the captive nations in central Europe are not the only captive nations. You have captive nations in Asia. But, in my opinion, primarily, the most important type of cap-

tive nations is within the Soviet Union itself.

Mr. Flood. Of course, what I think our moderator has in mind—the idea, and I know you agree—is to have the investigation conducted by a select committee as distinguished from a subcommittee of the Foreign Affairs Committee, so that it will be consistent, systematic, continuous, instead of just a shotgun, on just this one subject itself. The jurisdiction of the Foreign Affairs Committee embraces the entire spectrum of foreign affairs, and we think this subject is so important and so valuable that it should be dignified by a select committee.

Mr. WARREN. It seems to me that it would be a rather expensive function. You can't sit back and expect to get anything volunteered, anything sent to you from these captive nations. You will have to have investigations and inquiries. This should cost quite a good bit of money.

Mr. Flood. Oh, no, I had the Katyn Massacre Investigating Committee a few years ago, and we sat all over, we sat in Europe, and we sat in the United States, for many months. We were sitting for almost a year. We conducted elaborate, extensive hearings here and abroad and, as a matter of fact, turned back half the money appropriated. No, the only expenses incident to this sort of hearing investigation would be those directly concerned with the expenses of the operation of the committee; and if you are thinking of astronomical figures, that would not be the case at all. The best example I could give you is my own experience with the extremely successful Katyn Massacre Investigating Committee.

Mr. WARREN. What are the captive nations we are referring to, Dr. Dobriansky?

Dr. DOBRIANSKY. Well, the captive nations would be all the non-Russian nations that have been overrun, either directly or indirectly, by Russian imperialism and colonialism. Most Americans are familiar with the captive nations in what we call satellite Europe, meaning Poland, Czechoslovakia, Hungary, Bulgaria, Rumania, Lithuania, Latvia, Estonia—although I might say that too many Americans have already forgotten that there are three Baltic States which have been submerged in the Soviet Union. We are familiar, too, with North Korea, with North Vietnam, with Tibet, with mainland China, but some aren't familiar with Outer Mongolia or with Singkiang. And when we come to the Soviet Union, I think in this particular instance a committee of this sort can be vitally important in terms of American public enlightenment. Most of our people, unfortunately, are thoroughly unfamiliar with many of the captive nations within the Soviet Union. Their idea of the Soviet Union is that it is Russia, that it is made up largely of Russians, with a few ethnic groups, just as we have here in the United States. Whereas actually a study along these lines will reveal distinct groups, national groups—one, for example, Georgia, going as far back as 4,000 years.

Mr. Flood. May I suggest this, Doctor? You're an expert on this. I think if you make it clear that there are two distinct categories of captive nations. For instance, how many people who are listening to this broadcast ever heard of the Idel-Ural as a homogeneous nation? I'm sure only a very few. There are external and internal captive nations, two separate, distinct groups. The external, so to speak, is the one about which most of us are pretty conversant today. For instance, Poland, Czechoslovakia, Hungary, North Korea, North Vietnam and so on. But the internal captive nations are perhaps the most important for the purposes of this resolution. We must identify within what is known as the U.S.S.R. the existence of distinct, internal captive nations, homogeneous indigenous nationals in race, custom, mores,

religion, culture, and ethnically and in every other way distinct. For instance, say, to walk up to one of these people—any one of a half dozen Lithuanians, or an Estonian, a Latvian, a Ukrainian, a man from Turkistan—and say he is a Russian, that's like saying to my Grandfather McCarthy that he's an Englishman because he came from Ireland, in the British Isles. You can't do this, and it makes no more sense. But this is not understood.

Mr. WARREN. Mr. CONTE, how would you get the information?

Mr. CONTE. Oh, we'd get it by having hearings here, and we'd have hearings over in Europe. Just recently—I'm on the Appropriations Committee, as DAN FLOOD is on the Defense Subcommittee and I'm on Foreign Aid. I happened to visit Austria, and while I was there I went up to the border of Czechoslovakia and Hungary. I took a great many pictures there, colored slides, which I brought back, and have given many speeches back home concerning them. I think that people back home and throughout the world wouldn't believe what I saw there. These poor, unfortunate human beings in Hungary, living behind this barbed wire fence in rows and rows of land mines, like animals. And these Russians stand on these high plateaus with police dogs and machineguns. In fact, while I was there I read an article in the Vienna paper in Austria that some of the Hungarians had tried to escape through these land mines and through this barbed wire fence, and two young Austrian boys saw them hooked up on the barbed wire fence and ran to them to help them.

Everytime they would approach them and reach down to grab the Hungarian boys the Soviets would open fire with their machineguns, and this lasted for about 36 hours until these unfortunate souls bled to death, underneath this barbed wire fence.

I think that we should expose these incidents, and we could hold hearings in countries surrounding the Iron Curtain, and bring out many facts that are unknown to the public.

Dr. DOBRIANSKY. I'd like to supplement the Congressman's remarks by pointing out that when I went through the Middle East, actually from Tunisia all the way over to India, and had an excellent occasion to speak to many heads of state, including Bourguiba and numerous others, I constantly posed the question as to how they felt about the 30 million Moslems in the Soviet Union. Much to my surprise, they expressed definite affinity. And, of course, once you get into areas such as Pakistan and Turkey you have areas where there is a great deal of information that has been untapped. In this instance you might recall, Mr. Warren, that Georgetown University was connected with the Select House Committee To Investigate Communist Aggression. We prepared many of the studies conducted by that committee in 1954 and 1955. And I can say this, on a basis of sheer empirical evidence, that there is still much work to be done. And in a sense this committee will take up the work left undone.

Mr. FLOOD. Let's go back to the purpose of this Captive Nations Committee. What is one of the first things that we must do? In military tactics or strategy, the first thing you do is you must identify the enemy. Now who is the enemy? Who is the target? What is the problem here, and why is there a problem? Well, the chief problem here is that the world does not know, and especially the new nations coming into being do not know, that there is no such thing as the U.S.S.R. as a homogeneous entity, similar to France or Italy or the United States or Japan, that the U.S.S.R. is a conglomeration of many—not tribes, not clans, but—ancient, independent, sovereign states who have been captured, who have been brutalized, and who

have been destroyed in a political sense, by imperialistic, Bolshevik communism.

The great weapon, the one weapon, of Khrushchev in his appearance before the United Nations was to point the finger of scorn to the United States and say that we were a colonial power, or that we were the friends of a colonial power—colonialism became a very bad word.

The point is that we have never exposed the Soviet as the real top-dog colonial tyrant in the world. And what we must do, in this investigation, if and when this committee is born, is to unmask Khrushchev as the leading colonialist—strip naked the U.S.S.R. as the real dominant, colonial, tyrannical power in the world today. International communism is the chief exponent and practitioner of all the evils of colonialism. Now that's what must be done.

Mr. WARREN. We will assume, then, that this could embarrass or infuriate the Soviet Premier. Coming at this time, don't you suppose it might embarrass the President of the United States?

Mr. FLOOD. No—

Mr. CONTE. May I interrupt, DAN, to add to what you have said? There's another important point here, and that is the people of the captive nations themselves. It will show them that we haven't forgotten them, and that we're interested in them and in their cause.

Mr. WARREN. How will they be able to know about it?

Mr. CONTE. Oh, they'll be able to know about it. Through Radio Free Europe and what's the other program, DAN?

Dr. DOBRIANSKY. Through the select House committee several years ago they heard about it day in and day out—via their own radios, via their own publications.

Mr. WARREN. What caused the Hungarian revolt?

Dr. DOBRIANSKY. The Hungarian revolt is a case in itself. If you want a disposition on it I'd be more than glad to give it—that was a spontaneous affair. It wasn't premeditated in any way and it wasn't precipitated by the type of propaganda or dissemination of information that we had in this country.

Mr. FLOOD. Our purpose is not to stir up revolt and rebellion or to induce overt acts. However, as Mr. CONTE made very clear, it is important that the people in these countries are firm in their understanding that they are not abandoned by the United States, that this is a positive and affirmative act. We will make very clear what this program is.

If you think for one moment that there does not exist effective and good underground operations in all these nations, let me assure you that they do exist and these things will continue, so this is a means of sending words to our friends in these nations that they must not abandon hope, and that we would use every means, every weapon in our arsenal of propaganda. And this is propaganda. This is turning the Devil against himself in this case. And we propose to proceed in well-planned and well-authenticated investigatory methods.

Dr. DOBRIANSKY. Now, let me just give one illustration of what a committee of this sort could do. Recently Premier Khrushchev went down to Tiflis, Georgia, and into the area of Armenia, commemorating the 40th anniversary of both states. Now in Tiflis, Georgia, he almost talked himself hoarse telling these people how independent they are. In other words, a good deal of the internal propaganda within the U.S.S.R. repeats these things about being independent, about being in the happy coexistence of nations. Now, to the extent that we come out with the truth—in a true course, if you will, of developing a diplomacy of truth—to that extent we furnish definite leverage to these many captive non-Russian nations within the U.S.S.R. to assert themselves, to try to

get as much as they possibly can out of colonial Moscow, and, as a consequence, you will have friction, but nothing in the nature of a Hungarian revolt, I'm sure.

Mr. FLOOD. Well, I remember when Mr. Nixon was behind the Iron Curtain—that was right after we passed this resolution in the House, you recall—and Khrushchev spent most of the time talking to Mr. Nixon, complaining about it being done, and explaining at great length that Russia was not a colonial power. And then he went to the United Nations, and we are convinced that the only reason he spent most of his time at the United Nations pointing out that they were not colonialists and that we were the bad guys, was because of the effect this resolution had, not only on the captive nations but upon his own people all through the world who are very upset about this.

Mr. CONTE. He spent a great deal of time trying to tell Nixon that these people were free.

Mr. FLOOD. And when you say for a moment that he would be upset or annoyed by anything like this and that this would embarrass Mr. Kennedy in any conversations he might have with him, well, you are simply suggesting that we are interfering with the domestic affairs of, say, a brigand, or bandit who objects to anybody who interferes with his domestic banditry. But we can't accept this, morally or any other way.

Mr. CONTE. And may I supplement here that during the campaign John F. Kennedy said that we must never, at any summit, in any treaty declaration, in our words or even in our minds recognize Soviet domination of Eastern Europe. Later, he said, "The Democratic platform speaks my own mind on this subject when it declares: 'We will never surrender positions which are essential for the defense of freedom. Nor will we abandon people who are behind the Iron Curtain through any formal approval of the status quo.'"

Mr. FLOOD. Can you imagine what Mr. Kennedy will say to Mr. Khrushchev if Mr. Khrushchev takes up too much time trying to point out to Mr. Kennedy that he is not a colonial power. Can you imagine what Mr. Kennedy will say, coming from Massachusetts, knowing all about the Poles, the Ukrainians, the Czechs, and the Slovaks, Lithuanians and the groups that he, like you and I, have been born and raised with? I just can't imagine that Mr. Khrushchev would expose himself to what he certainly would receive if he ever vehemently denies to Mr. Kennedy the colonial attributes.

Mr. CONTE. He may also say to Mr. Kennedy, DAN, that he shouldn't be interfering in Cuba. And at that point Mr. Kennedy could say to him, "How about Hungary, and all the other captive nations—Lithuania, Estonia, Rumania, Bulgaria, Armenia—all the other captive nations? You have interfered, you have not only interfered but you have captured these people, and you have strung an iron curtain around their land."

Mr. FLOOD. Suppose Mr. Kennedy would just say, "Very well. Let's have the U.N. conduct an open election in all of the captive nations—not only the external captive nations of Poland and Hungary and so on, but in the Ukraine." Can you imagine what the vote would be in the Ukraine?

Dr. DOBRIANSKY. I hope he would. As a matter of fact, he has adequate basis for such a suggestion. Right after the Captive Nations Week resolution was passed Mr. Khrushchev wrote that article, you remember, which appeared in Foreign Affairs, in which he raised the question, how would the American people and legislators supporting this resolution have felt if the Mexican Parliament has passed a similar resolution seeking the liberation of Americans from the slavery of capitalistic America. And then he referred to Texas, and to Arizona and

California. Now the question raised at that time was, let's challenge him on this, provided you have comparable areas within the Soviet Union subject under United Nations auspices to a plebiscite.

But I'd like to mention this, Congressmen. I think, from the point of view of a private American citizen, that it was most dismaying last autumn when Mr. Khrushchev took the floor up in the U.N. and carried on that onslaught against us, against Britain and others, on the matter of colonialism, putting us completely on the defensive. Not one of our spokesmen got up and actually put him where he belonged.

Mr. FLOOD. The Canadians and the Chileans, and the Filipinos, of course, did point that out—I don't think, Dr. Dobriansky, you could have done any better yourself, and that's going pretty far. They did answer him pretty well. And I believe it was by gentlemen's agreement that the so-called big powers did not attack, especially the United States did not attack, at that time. But there was considerable attack made against Khrushchev, although I wondered at the time why much more was not made of it than was.

I think one of the reasons why we should go ahead with very elaborate hearings by this proposed committee, is that I don't believe that the people of this Nation or the people of the new nations of Asia or the Mediterranean basin, or of Africa, especially of black Africa, have any idea that there is in the Soviet Union the most shocking exhibition of colonialism that the world has ever seen since the days of Rome—if you will pardon, Mr. CONTE.

Mr. CONTE. DAN, I think we ought to get a shot in here for our resolution. It is before the Rules Committee now. And I was one of the 22 Republicans that bolted my party to enlarge the Rules Committee so that these bills, such as this Captive Nations Committee bill, could come before the House and let the House work its will. And I hope that this Rules Committee will give us that opportunity, to bring this bill to the floor, at least let us work our will. And I'm sure that the House of Representatives, if the Rules Committee releases the bill, will vote in favor of this committee.

Mr. FLOOD. I hope that you get your hopes. Dr. DOBRIANSKY. Judging by the display last March 8, when you brought this up on the floor of the House and over 25 or so Congressmen joined in that wonderful discussion, I think judging solely by that, my feeling is that if it should come before the House it would probably be passed.

Mr. FLOOD. And you will remember, Doctor—you were sitting in the balcony, as I recall—not only did 25 or 30 of our colleagues on both sides of the aisle participate in this, others were eager to. But may I have you recall the temper and tone of the speeches made by my colleagues—the great strength and power and belief in the idea of this resolution, to expose—I repeat for emphasis that we must expose—the Soviet as the arch-colonialist imperialist on the face of the earth today. This must be exposed.

Mr. WARREN. Why limit such a proposal to a study of captive nations? Why not a committee on the exposure, say, of Soviet tactics in general.

Mr. FLOOD. Well, because we believe that many of the standing committees are working on this all day and night all the time. But we think this element of colonialism is the Achilles' heel of the entire Soviet structure. This is the crack in their armor, and we must drive a wedge in there, and unravel the whole mess, from that standpoint. This calls for a rifle, not a shotgun.

Dr. DOBRIANSKY. The matter of tactics would come up anyway, in the course of the study. I might just suggest this, and I know this to be correct, on the basis of what has been said to me by many people in various parts of our administration, that

nowhere in our administration is any study being carried out on the matter of economic colonialism within the U.S.S.R. Now we get a great deal of talk about relative rates of growth between the U.S.S.R. and the United States, and yet, if this is brought out, it would again deflate the overblown Russian image.

Mr. WARREN. Thank you very much, gentlemen, for your discussion of the topic, "Why a Captive Nations House Committee?" The Honorable Daniel J. Flood, Member of Congress from Pennsylvania; the Honorable Silvio O. Conte, Member of Congress from Massachusetts; and Dr. Lev. E. Dobriansky, Economics Department of Georgetown University.

This program has been presented in the interest of public education by Georgetown University. Your moderator, Matthew Warren.

[From the Fort Wayne News-Sentinel, July 19, 1961]

VITAL IMPORT OF CAPTIVE NATIONS

This is Captive Nations Week, but it is not just another of our many "weeks." Indeed, the ultimate fate of the captive nations could well determine the fate of the entire free world, including most importantly (to us, at least), the fate of the United States, and all of our own personal freedoms. And ironically, the eventual fate of the captive nations also holds the key to the future of Soviet Russia and the Communist world conspiracy that it embodies.

Captive Nations Week was born 2 years ago this week, when both Houses of Congress, without a dissenting vote passed what was called the captive nations resolution. No lesser authority than Dr. Clarence Manion, director of the nationwide Manion Radio Forum of the Air, and former dean of the Law College of the University of Notre Dame, evaluates this action as follows:

"Nothing that has happened—before or since—has served the cause of world freedom so spectacularly as this unanimous declaration of the American Congress. At long last our anti-Communist guns were 'on target' and hundreds of millions of enslaved people throughout a third of the world were inspired with new hopes for freedom."

But Dr. Manion cites that lamentably "we haven't followed through" but that there is hope that we might now soon do so, that the captive nations are still determined to be free, and that Khrushchev admits as much when he tells us that West Berlin is "a bone in the Communist throat."

In order to lend timely accentuation to Captive Nations Week this year, Dr. Manion brought to the Manion network at week's end, one whom he describes as "an ardent, eloquent champion of the captive nations, who is resolved to exploit this weakness in the Communist slave system with another congressional resolution, one which provides for continuous constructive action."

This man is Congressman DANIEL J. FLOOD, of Pennsylvania, who has introduced a resolution in the House of Representatives providing for the creation of a Special Captive Nations Committee which would provide a means of systematically and methodically reporting on these nations in the aggregate, and would maintain the spotlight of free world attention and opinion on Moscow's iniquitous colonial system. Congressman Flood pointed out how most importantly:

"A full-scale exposure of Moscow's extensive colonial rule is in the highest interest of securing peace with justice. Khrushchev's attempt to conceal the colonial and captive status of the many non-Russian nations within the U.S.S.R. must be exposed. Nothing can contribute more to a genuine and solid improvement of relations with the U.S.S.R. than an intelligent expression of our live awareness of Moscow's

colonial and imperialist domination over nations both within and without the Soviet Union."

Flood said that such a committee engaged in continuous work based on the aggregate captive nations concept would become "a rich reservoir of new dimensions of thought, of new fresh ideas, of solid and grounded recommendations for positive and constructive action against the traditional imperialism and colonialism of Moscow."

Flood added that the functioning of such a committee would serve as a permanent reminder to Khrushchev that "we shall not now, nor shall we ever, write off the captive nations."

Both Dr. Manion and Congressman Flood indeed have added a lot to the vitally important meaning of Captive Nations Week. The enactment of Mr. Flood's resolution and the functioning of the Special Captive Nations Committee it would create, should add still more meaning to it in the years to come.

CAPTIVE NATIONS WEEK ATTACKED IN PRESS AND RADIO OF COMMUNIST BLOC

Captive Nations Week, 1961, promptly resulted in violent attacks behind the Iron and Bamboo Curtains both on President John F. Kennedy, the U.S. Congress, and the exile organizations. Examining the press and radio dispatches, it becomes evident that the campaign in all Communist bloc countries was centrally directed. Most articles and commentaries referred to the "poor lot of the Negroes" in the United States, to the desire of the Senate to restore capitalism in east-central Europe, and to the American support of dictatorships. Many of the dispatches spoke of the indifference of the American press and public toward the week, little knowing that Captive Nations Week would result in scores of editorials and hundreds of articles in the Nation's press, besides mass rallies and other observances in many major cities of the United States.

Izvestia, July 19, strongly criticized the "American ruling quarters" for starting Captive Nations Week. It said that the "filthy and dangerous game" can arouse only indignation: "It should be said clearly from the start: the whole idea of the week is a clear violation of basic international law—the doctrine of noninterference and consequently of the principles on which the U.N. is built. Who gave the American rulers the right to butt their noses into the internal affairs of other countries with whom, moreover, they maintain diplomatic relations?" After attacking the United States for its treatment of 20 million Negroes and for its support of dictatorships, Izvestia concluded: "No, the spurious American propaganda about Uncle Sam's alleged concern for the peoples of the Socialist countries, will fool no one. Only those who are politically blind or ignorant can fail to understand the meaning of the irreversible historical transformations in the Socialist countries of Europe and Asia. No one will succeed in dictating to the peoples what social system to choose."

The Bulgarian paper Zemedelsko Zname, July 19, reported that for several days now "the knights of cold war and the emigrant scum in the United States of America are again blowing their slanderous fanfares and engaging in a malicious campaign against the Socialist countries." The paper continued: "It is indeed difficult to find in the history of our times another instance of similar impudence and cynicism: the defenders of dictatorships, the chief organizers of subversive activities and espionage, the instigators of the arms race to amuse themselves in the role of freedom fighters. As much as it is mean, this campaign is no less foolish, because the peoples of the enslaved countries for whom the United States of America is shedding tears, know well enough the intentions of those who are praying for them

beyond the Atlantic." In conclusion the paper claimed that a "considerable number of bourgeois publishers must be realizing the absurdity of this 'farce' and prefer to pass over in silence the week."

Radio Tirana, July 19, said in a long commentary that the week concealed in fact the intention to restore capitalism in the Socialist countries and it also concealed war preparations. Kennedy's promise to the people that the United States of America would free them from Communist rule was another provocation of the U.S. imperialists. The week was, however, the paper said, not supported by the American people. Kennedy thus made himself a laughingstock. The week would be a shame for him and would show that the Kennedy administration was even worse than Eisenhower's.

Radio Sofia, July 19: "The whole campaign was arrogant and cynical. It was impertinent to speak about the enslaved East European peoples because they had freed themselves from capitalist oppression."

The Bulgarian paper Trud on July 16, in a political article by Apostolov said that the week was proclaimed by the President because of the necessity "to rescue the shattered foundations of the American position of strength." The writer said: "The winds Mr. Kennedy is sowing are not accidental—the time has come when the peoples should admonish the American rulers and their allies in London, Paris, and Bonn that 'He who sows winds will reap storms.'"

Nepszabadsag, Budapest, July 16, reported that by issuing the proclamation, the President "dealt a blow to the New Frontier policy" and the policy of the United States of America based upon "new and more realistic views." The organizing of Captive Nations Week proved that it contains "everything which is old and bad." Therefore it is a "hostile and provocative" gesture toward the countries of People's Democracy. "Many probably remember the new President's statement in which he expressed his desire to normalize U.S. relations with the countries of Eastern Europe. Well, the launching of the 'week' is a new proof that the deeds of today are different from the words of yesterday."

Tribuna Ludu, July 16: Its Washington correspondent, Z. Broniarek, said "For some years the most reactionary American Congressmen and Senators have been eager to worsen the relations between the East and West in this manner (Captive Nations Week), to poison the international atmosphere, and to hinder the search for a common language on the subject of a peaceful solution of controversial problems of international policy." The "propaganda week," the writer said, does not enjoy any excessive popularity in the American community, continuing "Its character is too well known, as well as the moral criteria of many of its organizers. The ill-famed Senator Dodd, of Connecticut, former FBI cooperator, is one of its leading spokesmen."

Mlada Fronta, the Czechoslovak youth paper, on July 16, disputed the right of the imperialist countries to fight for the liberation of the nations of Eastern Europe and recalled the year 1938 when the people of Czechoslovakia were thrown at the mercy of Hitler by the British and French allies who acted under the patronage of the United States.

Radio Budapest said on July 15 that the "obsolete weapons of the cold war have been set in motion again."

Hsinhua agency, of Communist China, on July 15, blamed President Kennedy for the provocative proclamation recalling that Captive Nations Week was created under a resolution of the U.S. Senate of 1959 with the outright wish to restore capitalism in the East European countries.

Radio Tirana, on July 15, said in a commentary that President Kennedy, by pro-

claiming the week against the Socialist camp, followed the Eisenhower pattern.

Radio Prague, said on July 15 that the Captive Nations Week campaign had been condemned by the world public and by the progressive circles in the United States as an attempt at interference in the internal affairs of countries which had gotten rid of the capitalist rule. These same circles had also urged the U.S. Government that instead it should pay attention to the poor situation of the colored population in its own country, and to the terrorist regimes of its own satellites which were merely preserved through the aid of American dollars and armed forces at foreign bases.

Radio Peiping, on July 17, in Serbo-Croat beamed to Yugoslavia, criticized the President for his proclamation, emphasizing that President Kennedy had inherited from President Eisenhower the hostile policy against socialist countries. The week has a provocative aim, the broadcast emphasized.

Radio Moscow, July 17, said "the most inveterate knights of the cold war, the rabble of anti-Communist emigrants, had started a wicked campaign against the Socialist countries." The commentator referred to the rallies and meetings organized by various anti-Communist organizations and said that the provocative shouting in connection with the week of captive nations supported and backed by official American Government circles evaluate as an attempt aimed at kindling the cold war and poisoning the international atmosphere.

A PROCLAMATION BY THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA ON CAPTIVE NATIONS WEEK, JULY 16-22, 1961

Whereas by a joint resolution approved July 17, 1959, the Congress authorized and requested the President of the United States of America to issue a proclamation designating the third week in July as "Captive Nations Week," and to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all captive nations of the world; and

Whereas the chairman of the Washington Committee on Captive Nations Week has requested the Commissioners of the District of Columbia to designate the week commencing July 16, 1961, as "Captive Nations Week," to be observed with appropriate ceremonies and activities; and

Whereas there is a strong belief that the observance of Captive Nations Week throughout our country and our community will serve the cause of America and the entire free world; that the keeping alive of the spirit of liberation is the West's most effective instrument in the cold war and the chief deterrent to a shooting war; and that it will, in particular, strengthen the hand of the West with respect to the ever present critical situation facing Berlin; and

Whereas it is deemed appropriate and proper to extend to the peoples of the captive nations the support and sympathy of the people of our community for their just aspirations for freedom and national independence:

Now, therefore, we, the Commissioners of the District of Columbia, do hereby proclaim the week beginning July 16, 1961, as "Captive Nations Week," and invite the people of the Nation's Capital to participate in the observance of this period by offering prayers in their churches and synagogues for the peaceful liberation of the subjugated peoples from the godless tyranny which oppresses them.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
WALTER N. TOBRINER.
ROBERT E. McLAUGHLIN.
F. J. CLARKE.

JUNE 29, 1961.

[From Freedom's Facts, August 1961]

CAPTIVE NATIONS WEEK DRAWS MOSCOW'S IRE

Moscow's answer to the millions of Americans who observed Captive Nations Week, July 16-22, was a violent charge that the United States was poking her nose into the internal affairs of other countries.

Alick de Montmorency, in the Washington Star, July 16, came much closer to the truth. He wrote: "A remarkable experiment, pitting the power of moral force against the military might of Soviet Russia, enters its third year today."

All over the Nation Americans representing many women's clubs, veterans organizations, trade unions, youth groups, and nationality associations took part in this effort. Special masses and prayers were said in churches. Special prayers were offered in synagogues. Everywhere there was an outpouring of support for the self-determination and national independence of countries now held captive by Communist power. They are:

Albania, Azerbaijan, Armenia, Bulgaria, mainland China, Cassakia, Croatia, Cuba, Czechia, East Germany, Estonia, Georgia, Hungary, Idel-Ural, Latvia, Lithuania, North Korea, North Vietnam, Poland, Rumania, Slovakia, Tibet, Turkestan and Ukraine. Total population, 910,698,000.

RED CONTROL—PERSUASION PLUS FORCE

Communists control all of these captive peoples by means of the Communist Parties backed up by the force of Communist-controlled arms. Arms alone are not enough to keep 910,698,000 people captive.

To succeed, Communists must convince at least a working minority of the captive peoples that they have no chance of victory if they do revolt, that their lives aren't so bad after all, that Communist world victory is inevitable, and that Communists have some right to rule because they are leading the people toward a better life.

Such have been the arguments Communist propagandists have put before the captive peoples. In the few months prior to Captive Nations Week this year the line was expanded. Khrushchev and others tried to convince the captive peoples that they "are the freest people in the world" and that the only enslaved peoples are those unfortunate outside of the Communist bloc.

The Kremlin's worry is that a great moral attack against the right of Communists to rule the captive nations, against the justice of their rule, against the oppressive political nature of their rule will have an effect. Communist leaders fear that effect will be to strengthen and crystallize opposition to Communist rule. At some moment of weakness, that opposition can change into action and the Communists era will be ended in revolution as it began.

The intensive propaganda attack against Captive Nations Week inside the Communist bloc is aimed to morally disarm captive peoples, to convince at least some of them that those outside who want to free them from Communist rule are mere troublemakers who, in any case, cannot succeed.

KHRUSHCHEV SOONER OR LATER WILL FAIL

Napoleon, who was the most feared tyrant of his day, the man seeking to rule the entire world, said that he had to keep delivering victories in order to satisfy the greed and ambition of those supporting him. Khrushchev is in the same position today. If he suffers a serious defeat, and the Communist position of invincibility is shattered, we can expect peoples in the captive nations to seek in action, the national and individual freedom they now nurture in their hearts.

Captive Nations Week observances in Washington, New York, Chicago, Buffalo, Syracuse, South Bend and in many other cities and in thousands of churches and synagogues throughout our Nation are the

means for strengthening captive peoples' will to be free. By so doing these observances are preparing the ground for the eventual total victory of freemen over Communist tyranny with a weapon which the Communists fear most—man's innate will to be free.

[From the Sign magazine, May 1960]

THE MYTH OF SOVIET UNITY
(By Lev Dobriansky)

The U.S.S.R. is a giant with clay feet—a restless conglomeration of many unwilling nations held in bondage by masters of deceit in Moscow. Soviet strength depends largely on hiding this fact from the world.

POPULATION FIGURES

The U.S.S.R.

Russians, 96 million.
Non-Russian, 114 million.

Non-Russian Nations Within U.S.S.R.

Estonia, 1,200,000.
Latvia, 2,100,000.
Lithuania, 2,700,000.
Byelorussia, 10,800,000.
Ukraine, 42 million.
Cossackia, 10 million.
Idel-Ural, 15 million.
Georgia, 4 million.
Armenia, 1,800,000.
Azerbaijan, 3,700,000.
Uzbek, 8,100,000.
Turkmen, 1,500,000.
Tadzhik, 2 million.
Kazakh, 9,300,000.
Kirghiz, 2 million.

Figures based on U.S.S.R. census, 1959.

Propaganda is the Russian Communists' most important weapon in the cold war. Out of a strange mixture of truths, half truths, and bald lies, they have cunningly devised an amazing system of deception. Chief among their deceptions is the myth of Soviet unity.

This myth is kept alive only as long as we remain ignorant of the facts. It is high time we exploded the myth with knowledge of the truth.

What Americans do not know about Russia came to light painfully last July when a joint resolution, unanimously passed by Congress, called for the observance of Captive Nations Week. Now Public Law 86-90, this congressional act is the first official recognition which our Government has made of the existence of non-Russian nations within the Soviet Union.

The act of Congress mentions many captive nations without and within the U.S.S.R. borders. Deceived by Russian propaganda, Americans had long thought of captive nations only in terms of the satellites in eastern and central Europe.

When the resolution was made public, reporters, commentators, and the public inquired, "Where is White Ruthenia? Where is Cossackia?" Many admitted that they had never heard of Idel-Ural or Azerbaijan or even Turkestan. Meanwhile, a number of writers and analysts continued along their merry but blind way to apply this act of Congress solely to those minority captive nations in central Europe.

Those who investigated the situation were astonished to discover that there are more captive nations within the U.S.S.R. than there are without. They were surprised to learn that the people of those captive nations within the Soviet borders outnumber all the Russians combined.

When the joint resolution was passed, few Americans appreciated this fact. But Khrushchev did. Knowing the implications of President Eisenhower's proclamation of Captive Nations Week, he exploded.

Khrushchev was aroused because he wants to hide from the free world the fact that Russia, although a political giant, is a giant

with clay feet—a giant whose framework is made up of many different strands.

We must understand some important distinctions between tribes, nations, states, voluntary federations, and tyrannically constructed empires.

The state, it should be noted, is simply the political aspect of the nation. Sometimes you have several nations voluntarily existing in one state, as in Switzerland. Again, you may have one nation being ruled, in separate parts, by two governments, as in Ireland. Again, many nations, against their will, may be politically and tyrannically controlled by one superimposed government, as in the Soviet Union.

After World War I, the present captive nations within the U.S.S.R., were newly independent states. In the collapsing Russian empire, after World War I, Lithuania, Georgia, Armenia, and other non-Russian nations, declared their political independence. They were free of czarist control. Furthermore, they had no mind to submit to Communist control from Moscow. They established themselves as free democratic republics. Ukraine and Georgia were even recognized as separate states by Lenin's Soviet Russia.

We remember well the tragic fate that overtook independent Lithuania, Poland, Hungary, and others in the forties. But what most of us forget is that similar tragedies befell Georgia, the Ukraine, White Ruthenia, and others in the early twenties. Trotsky's Red Russian Army had picked them off one by one after softening them up by infiltration, subversion, propaganda, etc.

By 1923, following the first wave of Red Russian imperialism, these non-Russian nations were forced into the spurious federation called the Union of Soviet Socialist Republics. Because of their large populations and their natural resources, these non-Russian nations formed the base for Moscow's further imperialist thrust into central Europe. Currently, they form the base for Russian colonial designs in the Middle East, Asia, and Africa.

Yet—and here is a basic point which Americans must grasp—these non-Russian nations within the U.S.S.R. have not passively accepted the Soviet yoke. Each decade, since the twenties, has been serious friction, resistance, even open rebellion, scald the hand of their Moscow masters.

This struggle continues. Not a month goes by that Moscow does not launch a fresh attack against this nationalistic trend. Indeed this opposition to Moscow pressured Stalin to bid for the inclusion of Ukraine and Byelorussia as original members of the United Nations. From time to time, Moscow finds it expedient to pretend that the non-Russian republics are independent. Amendments to the U.S.S.R. Constitution provide for these republics to have their own war ministries and to enter into direct diplomatic relations with other states. Moscow clearly does not underestimate the reality of these restless nations.

In December 1957, Khrushchev addressed the Supreme Soviet in Ukraine. He referred to Ukraine as "a truly free and independent nation."

But Nikita Khrushchev is not fooling the Ukrainians—and he dreads their genuine nationalism. Even during the illusory "spirit of Camp David" his agents in Munich assassinated the Ukrainian nationalist leader, Stefan Bandera, and, under the economic disguise of "voluntary resettlements," Khrushchev is currently engineering the deportation of families from western Ukraine to central Asia and the Crimea.

These non-Russian nations within the Soviet borders are ancient peoples with long histories and periods of national freedom. Ukraine has 42 million people, the biggest non-Russian nation within the U.S.S.R. The 3 Baltic nations number 6 million; White

Ruthenia (Byelorussia), 10.8 million; Georgia, 4 million; Armenia, 1.8 million; Azerbaijan, 3.7 million; and Turkestan, purposefully divided by Moscow into 5 "republics," (Kazakh, Tadzhik, Kirghiz, Turkmen, Uzbek), 22.9 million. Add to these some 10 million ethnic and nationally conscious Cossacks located above the Caucasus, and about 15 million Moslems concentrated in the Idel-Ural (Volga-Ural) country, and you wind up with the sizable figure, of about 114 million people. This figure covers only 11 compact ethnic and national non-Russian units. There are many small tribal units besides. The Russians number 96 million. Kremlin propaganda concerning the economic progress of the U.S.S.R. would take on a different color if it were subjected to the searching light of reality.

Moscow is supervising an uneasy conglomeration of many nations within the borders of the U.S.S.R. and a restless system of additional colonies outside its borders.

An economy based on extensive captive resources can hardly be compared with a free national economy. Most of the resources within the U.S.S.R. are concentrated in non-Russian areas: agriculture in Ukraine, Turkestan, and Georgia; coal in Ukraine and Turkestan; oil in Azerbaijan and Idel-Ural; 90 percent of the manganese in Georgia and Ukraine; iron ore in the Caucasus and Ukraine. Turkestan, three times the combined size of Britain, France, and Germany, alone accounts for about half the copper, lead, zinc output, and is also rich in bauxite and silver.

Soviet propaganda concerning the military might of the U.S.S.R. also acquires a different shade of meaning when confronted with facts. Forty-three percent of the Armed Forces of the U.S.S.R. is non-Russian. Even apart from likely Russian defections, this is most significant. As for potential Ukrainian, Russian, and other defections, Hungary has furnished the most recent example of what may happen.

Despite their inner weaknesses, the Russians have not only manufactured a myth of unity and invincible strength but they have managed to have the myth accepted by America. The myth has been swallowed not only by the public but by newsmen, commentators, columnists, and political leaders in high levels of Government. A few examples:

The New York Times, October 21, 1958: "Cardinal Agagianian is Russian by birth, having been born near Tiflis." This statement makes about as much sense as asserting that "Cardinal D'Alton is English by birth, having been born in the British Empire." Cardinal D'Alton is Irish and Cardinal Agagianian is Armenian.

Returning from a visit to the U.S.S.R., Adlai Stevenson wrote: "Russia is still a land of sharp and vivid contrasts." He meant the U.S.S.R.

Last July the Governors report on the Soviet visit was issued. Referring to the United States and the U.S.S.R., the report stated: "Ways must be devised for the people of these two major nations to understand each other." Even Khrushchev, speaking to various peoples within his empire, would not go so far as to call the U.S.S.R. a nation.

We would expect the U.S. Office of Education would be correctly informed. Yet, in its "U.S. Mission's Report on Education in the Soviet Union," we read: "The one fact that most impressed us in the U.S.S.R. was the extent to which the nation is committed to education as a means of national advancement." Actually, our Government still recognizes the free governments of Latvia, Lithuania, and Estonia.

I can almost hear my readers complaining that I am indulging in semantics. But this is not merely semantics. Senator John F.

Kennedy would resent it very much if people kept calling him Richard M. Nixon and vice versa. Everyone likes to retain his own identity, his own background, character, and intentions. So do peoples and nations.

The cold war today is being waged basically on the propaganda level. Hearts and minds of men are the primary targets. This has always been Russia's empire-building mode of attack. But Moscow's lies will eventually smash themselves against the hard reality of truth. Truth makes men free—and we can begin to triumph over imperialist Russian totalitarianism once we replace our misconceptions of Russia with knowledge of the truth. The captive nations resolution was a start. It is tragic that Moscow knows this better than we.

[From the Ukrainian Bulletin, July 15, 1961]
CAPTIVE NATIONS WEEK: BEACON OF FREEDOM

In his Captive Nations Week proclamation, President Kennedy invited Americans "to observe this week with appropriate ceremonies and activities" and urged them "to recommit themselves to the support of the just aspirations of all peoples for national independence and freedom."

Thus, in implementation of Public Law 86-90, Americans throughout the country observed Captive Nations Week, beginning July 16 through July 22, with mass rallies, concerts, special observances, as well as church services and public manifestations.

This year's observance of Captive Nations Week took on a special meaning and significance, as it took place at a time when a grave international crisis has developed as a result of the threats and blusterings of Khrushchev.

THE WEAPON OF FREEDOM

Two years ago, when the Captive Nations Week resolution was enacted by the U.S. Congress, it created a fury of violent protests and remonstrations in Moscow. For Khrushchev, more than Americans anticipated, felt the blade of this powerful psychological weapon.

The resolution, in effect, became the first American official document which bluntly characterized the Soviet Union as a predatory and wanton empire, built on the conquests and loot of the non-Russian nations and territories. It fearlessly pointed to Moscow as a center of slavery, when it described the enslavement of 22 countries:

"Since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat to the security of the United States and of all the free peoples of the world; and

"The imperialistic policies of Communist Russia have led, through direct or indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Vietnam and others."

In his proclamation President Kennedy stated that the joint resolution of July 17, 1959, authorizes the Chief Executive of the United States of America to issue "a similar proclamation each year until such time as freedom and independence have been achieved for all in the captive nations of the world."

Thus the plight and suffering of the captive nations has become the concern of the American people and the U.S. Government as well.

It is as yet too early, at this writing, to assess the reaction, if any, of Moscow, against the Presidential proclamation. In 1959 and in 1960 Moscow raged violently and indignantly, when President Eisenhower issued similar Captive Nations Week proclamations.

Today, we may expect that Moscow will not keep silent and that sooner or later it will react against the Presidential proclamation as it reacted the two previous years.

In espousing the cause of the enslaved nations trapped behind the Iron Curtain of Europe and Asia, we are hitting the most vulnerable spot of the Russian slave empire. The proclamation reminds the American people and the world at large that America has not accepted as final the enslavement of the captive nations.

SUPPORT OF SILENT ALLIES

In conclusion, by observing Captive Nations Week we are serving notice to Moscow that we are not giving up hope for the eventual liberation of all the captive non-Russian nations.

Let us relentlessly keep driving home the point that the Communists of Moscow are for self-determination only in those parts of the world which are not under their control and supervision, and the Russians, while waving a banner of liberation among the African and Asian peoples, are denying the most elementary rights to the peoples whom they conquered and over whom they exercise a despotic rule.

Let us make sure that the concern over the captive nations is part and parcel of our foreign policy, and that it is not limited solely to speechmaking and other ceremonial manifestations, but that it is one of the basic tenets of our foreign policy objectives, one on which we cannot afford to compromise without losing our self-respect and our moral fiber.

For the captive peoples are our silent allies in the common struggle against the enemy of mankind.

The continued resistance of the enslaved nations is a great deterrent to any aggressive adventures which Khrushchev might foolishly undertake.

Therefore, firm U.S. support of the cause of liberation of all the captive nations would strengthen the will and determination not only of the German population of West Berlin, but the millions of our secret allies behind the Iron Curtain.

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include certain communications.

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

There was no objection.

AMENDMENT OF THE INTERNAL REVENUE CODE TO RESTORE CERTAIN PAST ADMINISTRATIVE PRACTICES IN COMPUTING GROSS INCOME FROM MINING FOR PERCENTAGE DEPLETION PURPOSES

Mr. LANGEN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. Knox] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KNOX. Mr. Speaker, I introduced, on August 2, a bill, H.R. 8474, to restore certain past administrative practices in computing gross income from mining for percentage depletion purposes. In my opinion, this bill represents a reasonable solution to certain important problems that Congress, in all fairness, should solve. In order to help my colleagues understand these

problems better, I would like to present for the record a brief summary of the historical background.

Effective for the year 1932, percentage depletion was substituted by Congress for discovery depletion in the case of coal, sulfur, and metal mines. The percentage depletion deduction—like the discovery depletion allowance before it—represents an allowance for the exhaustion of a wasting asset, somewhat similar in nature to the capital gains treatment afforded to a taxpayer who disposes of a capital asset. In addition, it represents an incentive taxation policy which is designed to make available to the Nation a plentiful supply of the minerals which we need to maintain our high standard of living.

Percentage depletion is computed as a fixed percentage of the gross income from mining, with an additional percentage limitation based on taxable income from mining. The "income from mining" was not defined in 1932, and the lack of definition resulted in various problems which Congress solved by enacting a statutory definition of "income from mining" in the Revenue Act of 1943.

The 1943 definition was reasonably satisfactory, and resulted in very little litigation, until Congress added a number of additional minerals—including nonmetallics such as brick and tile clay, refractory clay, limestone, dolomite, and so forth, in 1951 and 1954. Faced with a 1943 definition of income from mining that was not particularly designed to deal with some of these nonmetallics, the district courts and the courts of appeal relied upon the statutory language that "mining" was meant to include all processes normally applied by mine-owners or operators in order to obtain the commercially marketable product or products. In interpreting this language, the lower courts held that "mining" went beyond the concept of mining which had been incorporated in Treasury Department rulings and administrative practices. They said, for example, that producers of calcium carbonates were entitled to include within mining the processes necessary to produce cement, whereas the Treasury had always maintained the position that crushing and grinding, which have traditionally been considered as part of the mining operation, were the "mining" processes in the production of cement. The courts also held, in view of the express language of Congress, that brick and tile clay producers were entitled to include within "mining" the processes necessary to produce their first commercially marketable product—finished brick. This went further than the Treasury's historical position, which was that brick producers were entitled to include within mining the crushing, grinding, and separating from waste. Other examples could be given. It is perhaps well to point out that all of the lower courts agreed upon "end product" interpretation of the congressional language.

In 1957 the Supreme Court of the United States denied the Government's request for certiorari in the two leading cases which interpreted the statutory

language as meaning "end product"—*Merry Bros. Brick and Tile Co.*, 242 Fed. (2d) 708 (CA 5), certiorari denied 355 U.S. 824, and *Dragon Cement Co., Inc.*, 244 Fed. (2d) 513 (CA 1), certiorari denied 355 U.S. 833.

When the Supreme Court refused to review these cases, a reasonably prudent man was entitled to believe that the courts had with finality interpreted the language of the law to mean in the case of brick to mean that the producers were entitled to compute their depletion allowance on the income from finished brick. Indeed, the Internal Revenue Service published Technical Information Release No. 62, on October 18, 1957, advising taxpayers that, in view of the Supreme Court's action in these two cases, the service would dispose of brick and tile clay claims in accordance with those decisions, and would amend its regulations accordingly. This published statement also applied to cement when produced from "cement rock."

There is no question that the service meant, in issuing Technical Information Release No. 62, that it was giving up the long judicial battle on brick and tile clay, and in the future would agree that depletion on brick and tile clay was to be computed on the basis of the selling price of brick and kindred products. This meaning was understood throughout the industry, and brick producers relied upon the Government's word in their financial planning. For 2 years after the issuance of Technical Information Release No. 62, the Government abided by its word—settling a large number of tax cases on the basis of finished brick.

In 1958 the administration asked Congress for a change in the law with respect to the meaning of "gross income from mining" for brick and tile clay and cement—again showing to the brick industry that it understood the judicial interpretation of the existing law to mean finished brick. No action was taken by Congress that year, so in 1959 the Treasury repeated its request for remedial legislation—this time on a much broader scale, affecting all minerals, to forestall the possibility that judicial interpretations might upset administrative precedents with respect to many other minerals. Hearings were held by the Ways and Means Committee in 1959, but no action was taken on the Treasury's request that year.

On December 14, 1959, the Supreme Court granted the Government's request for certiorari in *Cannelton Sewer Pipe Co.*, involving the definition of gross income from mining for fire clay and shale. That was the first date on which a prudent man would have been justified in doubting the judicial interpretation that income from bricks formed the basis for depletion on brick and tile clay. It is important also to remember that, on that date, the Government was still living up to its word in Technical Information Release No. 62—it was computing depletion for brick and tile clay on the basis of income from brick.

Subsequently, in June 1960, two important things happened, almost simultaneously. On June 20 the Senate adopted, as an amendment to the Public

Debt and Tax Rate Extension Act of 1960, the Gore amendment which was, word for word, identical to the Treasury Department's 1959 legislative proposal—spelling out in the law the Treasury's historical interpretation of the 1943 statute. The Gore amendment was adopted by Congress and approved by the President on June 30, 1960, but not until it had been substantially rewritten in conference. It was applicable only to 1961 and future years, and did not purport to cover the situation for past taxable years.

During debate on the Gore amendment, Congress was put on notice that the extreme haste with which the amendment was rewritten and passed might well result in unintentional inequities that would have to be corrected in the future, a prophecy that has proven all too correct. It is to certain major inequities that my bill is addressed.

On June 27, 1960—while Congress was in the process of adopting the Gore amendment as rewritten in conference—the Supreme Court of the United States handed down its decision in *U.S. v. Cannelton Sewer Pipe Co.*, 364 U.S. 76. This decision was a narrow one on its merits—holding that a producer of fire clay and shale was not entitled to depletion on its finished product merely because it could not sell its raw minerals at a profit. Nevertheless, the Supreme Court used very broad language in its opinion—language which touched upon many important principles which were not at issue and which were not argued before the Court. Lawyers realize that obiter dicta of this nature, not essential to the decision and promulgated without the benefit of argument before the Court, are not supposed to furnish guidelines for subsequent cases. As a practical matter, however, the district courts and the courts of appeals will generally follow the Supreme Court's obiter dicta when, as in this instance, they are not contradicted by statements of the Court in other cases. The net result, then, is that we find the lower courts in a position where they feel bound to follow statements of the Supreme Court which were not well considered, being issued gratuitously and without benefit of argument by counsel. Already, lower court decisions are being rendered which indicate quite clearly that the Supreme Court's decision will be used to disallow, as a part of "mining," some processes, such as crushing and grinding, which have always been considered as part of "mining" and which the Treasury has always allowed by regulation and by administrative practice before the Cannelton decision.

Late in 1960 the President approved Public Law 86-781, which contained, among other things, a special provision allowing the producers of minerals used in making cement to elect to apply, retroactively, the provisions of the Gore amendment. This option permitted the settlement of open taxable years prior to 1961 on the basis of kiln feed, which was the historical administrative position of the Treasury prior to the end-product cases. In this manner, the special legislation permitted the settlement of a large number of court cases,

on a basis which conformed to the meaning which Treasury historically ascribed to the 1943 congressional definition of "mining." Almost all of the cement producers elected to use this settlement, resulting in additional tax collections running into the hundreds of millions of dollars.

The time has come when Congress should face the problem of correcting unintended inequities with respect to minerals generally, and also the problem of keeping the Government's word with the brick producers. The pendulum has swung too far, and we should correct the situation before it gets any worse.

With respect to minerals generally, legislation is needed to restore historical and well-founded administrative practices. In view of the sweeping statements contained in the Supreme Court's Cannelton decision, the lower courts are disallowing some processes that the Government always previously recognized as mining processes within the intent of the 1943 act.

In explaining the conference agreement on the Gore amendment to the Senate, Senator BYRD stated, in part, that—CONGRESSIONAL RECORD, volume 106, part 11, page 14514:

The bill will, however, generally continue the treatment provided under the law prior to the court cases in recent years which have expanded the depletion base.

When our distinguished colleague from Arkansas who is chairman of the Committee on Ways and Means [Mr. MILLS] was explaining the conference agreement on the Gore amendment to the House, he was asked what the bill would do in the case of limestone producers who crush, grind, sort, screen, wash, dry, store, and load the material. Congressman MILLS stated, in response—CONGRESSIONAL RECORD, volume 106, part 11, page 14548—that:

There is no change in the processes allowed under present law with respect to that operation.

Thus, it is clear that Congress in passing the Gore amendment intended to maintain historical interpretations and administrative practices. Yet in some important respects—primarily "crushing" and "grinding" of minerals which are "customarily sold in the form of a crude mineral product"—the Gore amendment has unintentionally cut back on previously allowed processes.

In the 1959 hearings before the Ways and Means Committee on the Treasury Department's proposals, the Treasury witness stated—page 9—that "processes such as crushing, grinding, and loading for shipment are recognized as mining processes when applied to a crude material."

Crushing and grinding were always allowed by the Treasury Department, in its administration of the 1943 act, as "mining" processes in the case of all minerals. Those processes would have been allowable as a part of "mining" under the 1959 Treasury proposal, and under the Gore amendment as it passed the Senate. However, the last-minute revision of the bill in conference, which I have already referred to, resulted in

changes which eliminated from the bill the allowability of crushing and grinding in the case of minerals customarily sold in the form of a crude mineral product. Moreover, the lower court interpretations of the Cannelton decision indicate that the allowability of these processes will be lost retroactively in the case of some taxpayers.

In 1960, when the House was considering the conference agreement containing the Gore amendment, my esteemed committee colleague from Wisconsin [Mr. BYRNES] stated—CONGRESSIONAL RECORD, volume 106, part 11, pages 14550-14551—that:

We have been denied the opportunity to have the benefit of the views of expert and knowledgeable individuals on this very technical subject of depletion. We must stand ready next January to approve promptly any corrective legislation that may prove necessary as a consequence of the hasty action we are forced to take at this time on this important subject to depletion. * * * We can all hope that what we are doing is correct and equitable, but we must stand ready to correct any shortcomings that may develop in the light of more thorough examination in this area.

Mr. Speaker, I submit that serious and unintended shortcomings have developed from that hasty action, and I submit that the time has come to correct those shortcomings.

Turning now to the special case of brick and tile clay, I submit that Technical Information Release No. 62 should be followed for taxable years beginning before December 14, 1959—the date when the Supreme Court granted certiorari in Cannelton, and the first date when any brick producer had any reason to suspect that the Government would not keep its word as set forth in Technical Information Release No. 62. The question has been raised, from time to time, why brick and tile clay producers should get the full benefit of Technical Information Release No. 62 for those years, when the 1960 special legislation for cement gave cement producers much less than the full benefit. There is a very logical and practical answer.

First, cement is produced from several sources—including "cement rock" and "calcium carbonates." In Technical Information Release No. 62 the Government dealt only with "cement rock," a rather indefinite term subject to varying interpretations. As a result, the producers of cement were not in a position to prove that the Government had conceded the finished cement cutoff point for all of their minerals, and hence the compromise reached in 1960 was a reasonable one. On the contrary, Technical Information Release No. 62 was not subject to different interpretations in the case of brick and tile clay—the Government clearly stated it was conceding the computation of depletion based on finished brick.

In addition, it is important to note that the cement industry was treated as a unit for depletion purposes, while there will be great discrimination between members of the brick industry if the situation is not corrected. In a large number of cases members of the brick industry have closed many taxable

years on the basis of finished brick, while others are unfortunate enough to have years clear back to 1951 subject to recomputation. The total revenue involved for all open years is somewhat less than \$15 million, but the brick and tile clay industry is composed of large numbers of very small taxpayers, many of whom will be forced into bankruptcy if these additional sums are collected by the Government after all these years.

Under previous consent I include the text of a short memorandum I have had prepared explaining my bill, H.R. 8474, to be printed at this point in the RECORD:

EXPLANATION OF H.R. 8474

(1) The bill would allow, for 1961 and future years, crushing, grinding, separating the ore or mineral from waste, in the case of ores or minerals which are customarily sold in the form of a crude mineral product.

Under the Gore amendment, which is applicable to 1961 and future years, crushing and grinding are allowed only in the case of minerals not customarily sold in the form of a crude mineral product. Prior to the court decisions which culminated in the Cannelton decision, the Treasury always allowed crushing and grinding to all minerals—whether customarily sold in the form of the crude or not. In fact, the 1959 Treasury legislative proposal would have allowed crushing and grinding for all minerals. The Gore amendment as it passed the Senate would have allowed crushing and grinding for all minerals. In conference, when the Gore amendment was revised, changes were made which dropped crushing and grinding in the case of minerals customarily sold in the form of the crude mineral product.

The crushing and grinding provisions are necessary for the restoration of past practices, primarily in the case of refractory clay and nonmetallic minerals such as limestone, road stone, etc., which might otherwise be deprived of crushing and grinding if it is decided that they are customarily sold in the form of the crude mineral product.

(2) The law disallows fine pulverization unless it is necessary or incidental to some other process. H.R. 8474 would not change this provision, but it would define fine pulverization. At the present time no one—Treasury, industry, or the courts—knows what fine pulverization means, and there should be some definition in the law to avoid uncertainty and disputes.

(3) The bill would let any taxpayer (except cement producers, who were given a similar option in 1960 legislation) elect to have the Gore amendment, as changed by this bill, apply to all open years prior to 1961—the effective date of the Gore amendment.

This would be beneficial to the following groups of taxpayers:

(a) Taxpayers who are being denied crushing and grinding for past years, under the judicial interpretations of Cannelton. By electing retroactive application, they would get their crushing and grinding—as they always did under the Treasury's administration of the law prior to Cannelton. This group will include primarily the refractory clay and nonmetallic minerals.

(b) Taxpayers who are being challenged on processes named in the statute as mining, because of the possibility of a market for their mineral prior to the application of such processes. When a process is named in the law as a mining process, that should end it—but there is a threat that such processes will not be allowed for back years if the Government can show a market somewhere. By electing retroactive application, the marketability test will be eliminated and named processes will be allowed without litigation.

(4) The bill would treat as mining any process which would have been treated as

mining under a published statement of the Internal Revenue Service which was not revoked prior to December 14, 1959. This has application only to brick and tile producers. In Technical Information Release No. 62, issued October 18, 1957, the Service publicly announced it would dispose of pending brick and tile clay and cement rock claims in accordance with the decisions in *U.S. v. Merry Brothers Brick & Tile Co.*, and *U.S. v. Dragon Cement*, and that it would amend its regulations accordingly. The cement problem has already been settled, by 1960 special legislation. However, it is clear the Service meant, in Technical Information Release No. 62, that it was going to allow depletion on income from brick—and this was well understood by the entire brick industry. For those years prior to December 14, 1950, when the Supreme Court granted certiorari in Cannelton, the brick producers were entitled to rely on the Government's word, and this reliance should not be upset by retroactive application of the Cannelton decision.

In effect, therefore, H.R. 8474 would confirm the allowance of brick for open years through 1959; for 1960 it would provide, as does the existing Gore amendment, that brick producers would be allowed "crushing, grinding, and separating the mineral from waste." The allowance of these processes for 1960 would follow from the retroactive election provisions of the bill.

In summary the bill would settle vexing administrative problems and would end substantial litigation, by restoring to the law the processes which were always granted by the Treasury Department prior to the end product cases which caused so much trouble to everyone.

In addition, it would provide that, in the case of brick, the Government would stand by its word—as Government should.

CASTRO—PROTECTOR OF PIRATES

Mr. LANGEN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. JOHANSEN] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, as matters now stand, in the plane hijacking affairs, Fidel Castro is obviously a receiver of stolen property and a protector of aerial pirates.

In the latest plane hijacking incident, he has compounded these offenses by a deliberate and studied insult to the U.S. Government. He did so by announcing that speedy release of the Pan American jetliner last night was granted in deference to the Colombian Foreign Minister, who was a passenger aboard the plane.

The U.S. Government should deliver an ultimatum for immediate return of the Eastern Air Lines Electra plane still held in Cuba and the hijackers of both planes, and military force should be used if necessary to back up this ultimatum.

We should recognize, of course, that Castro and his Communist regime are also the kidnapers of the people and island of Cuba and that there is going to be no end either to this Communist threat to the security of the United States and the Western Hemisphere or to the international brigandage centered in Cuba, until we take all necessary measures, including military force, to liberate Cuba.

SUGAR LEGISLATION DELAYED

Mr. LANGEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LANGEN. Mr. Speaker, the Agriculture Department has made it official. It will not recommend expansion of U.S. beet sugar acreage until at least 1962. Secretary Freeman told a news conference that his Department will make no recommendations on sugar to Congress this year, but it is reasonable to expect that recommendations which will be made to Congress at its 1962 session will favor an expansion of beet sugar acreage.

It comes as a great disappointment that the American farmer must once more take a back seat to foreign producers. Secretary Freeman's statement comes despite all our requests to the Agriculture Department to make a recommendation now.

The delay will have a twofold effect on the Red River Valley sugar growers and on other domestic sugar interests. First, the failure of Congress to act this year leaves no planning time for next year's crop. The producer and processor alike suffer when there is no time to get ready. But, more important, Congress will again be faced with a deadline in 1962—the Sugar Act will expire June 30 of that year—and may be forced once more to act in a temporary manner that does not adequately solve the many sugar problems.

The Secretary of Agriculture says it is reasonable to expect that the recommendations made in 1962 will favor an expansion of beet sugar acreage. If it is reasonable in 1962, it should be reasonable right now. American farmers have already demonstrated the need, desire, and ability to produce a greater share of the Nation's sugar crop, and we should give them the chance to prove it with enough advance notice to be ready for it. I suggested as far back as May of this year that American farmers should be given a fair share of the increased market made possible by the termination of the Cuban quota and the increased consumptive needs of the American people. But the administration and Agriculture Department show increasing tendencies to give the "plum" to foreign interests. Secretary Freeman told newsmen that the Department is "prepared to cooperate fully with whatever proposals concerning agriculture may be approved at the Inter-American Conference at Punta del Este, Uruguay." We hope the U.S. farmer is being considered with at least equal cooperative intent.

Congressman HAROLD D. COOLEY, chairman of the House Committee on Agriculture, wrote to me 8 days ago; said he had previously been assured that he would receive sugar legislation recommendations by the middle of June 1961. But, Congressman COOLEY continues:

On account of the uncertainties existing in many of the sugar-producing areas of the world, I doubt very much if the administration will submit recommendations during the present session of Congress.

The administration and the Department of Agriculture apparently could not care less about the uncertainties such a delay fosters upon the American farmer. We have no assurance that the world uncertainties will miraculously be cleared up anyway; and further delay is a disservice to the American farmer, who should be given first consideration.

The American farmer deserves to produce a larger share of the sugar consumed in this country. Increased domestic production of sugarbeets would be a relief to the taxpayer as well. In our Red River Valley area of northwestern Minnesota and eastern North Dakota, for example, every additional acre planted to sugarbeets will mean almost invariably 2 less acres planted to crops which are in surplus.

Time is rapidly running out for this session of Congress. It is apparent that no sugar legislation will be enacted unless the American people insist on it. There is still time before adjournment, but the action must be immediate.

THE RECORD OF REOPENING THE NSLI PROGRAM AND INCREASES FOR SERVICE-CONNECTED VETERANS

Mr. LANGEN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SAYLOR] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SAYLOR. Mr. Speaker, on last June 5 the House passed by unanimous vote the bill, H.R. 879, which provides for an increase in the rates applicable to veterans with service-connected disabilities. In addition to providing for an increase for this group of veterans based on changes in the cost of living, the last increase having been in 1957, the House, following the leadership of the Committee on Veterans' Affairs, continued its general policy of providing the greatest increases for those veterans who had the most severe service-connected disabilities.

This was not a bill which was hastily considered but, in effect, represented months of work prior to its being reported and approved by the House. The Committee on Veterans' Affairs informally and formally received considerable information and numerous proposals before the bill was finally reported in the fashion passed by the House. Prior to that time, the leaders of the major veterans' organizations were consulted and advised of the limitations likely to be in the bill and the reasons why greater increases were not provided. Hearings were held for 3 days, in which testimony was received from all the major veteran organizations, the Veterans' Administration and, in addition, the author of each bill relating to service-connected compensation was invited to testify on his or her proposal. Many Members of the House took advantage of the opportunity.

Shortly after the convening of the 87th Congress, the chairman of the committee had a conference with the President concerning the needs of service-connected disabled veterans and expressed his hope that the administration would support a reasonable and equitable bill involving changes in the compensation structure. Following that conference, the President did include in the budget message an item indicating he would approve a bill raising the rates of compensation for service-connected veterans.

The bill, as I have indicated, passed the House on June 5 by unanimous vote and remained in the Senate Committee on Finance for a number of weeks where it was considered in executive session without any public hearings, but with closed-door testimony from representatives of the Veterans' Administration. Thereafter, the Senate Committee on Finance proceeded to reduce the rates for the 10-, 20-, and 30-percent disabled, adversely affecting approximately 1,300,000 veterans and saving approximately \$12 million. The committee also struck from the bill a 7-year presumption for multiple sclerosis. The present limitation is 3 years and the House Veterans' Affairs Committee had acted only after receiving advice from the Director of the Neurological Institute of the National Institutes of Health that a 7-year presumption was entirely warranted. I think most Members will agree as to the standing and the integrity of the National Institutes of Health and the action of the House in this regard was based on solid fact and responsible representation.

The Senate Committee on Finance then proceeded to do what it had done in a number of instances before. It added as a rider to the compensation bill the so-called national service life insurance reopening amendment, advocated and sponsored by the junior Senator from Louisiana [Senator LONG]. This rider has an interesting history and is worth summarizing here. It has never been passed or reported in the Senate as a separate bill where it could be considered on its merits. Apparently its sponsor is so uncertain of his standing on this question that he feels he must have the support of other legislation if this matter is to be enacted into law. In the 84th Congress, the Long rider was added to H.R. 8079, which subsequently became the Survivors' Benefits Act, Public Law 881, 84th Congress. The rider was eliminated by the conference committee. In the 85th Congress, it was proposed as a rider to another insurance bill and here again the House rejected it and the Senate receded. In the 86th Congress, Senator Long was successful in adding it to the pension bill which subsequently became Public Law 86-211. The House again rejected it and the Senate receded. In the 86th Congress, the Senate Finance Committee again added it to another insurance bill and when the chairman of the Veterans' Affairs Committee requested unanimous consent to take up this matter for consideration, it was blocked by an objection on the floor.

He, thereafter, asked for a rule from the Rules Committee to permit consideration of the proposal but a hearing on this question was not granted prior to adjournment of the 2d session, 86th Congress.

It will be noted from the above recital that on one occasion the House and the Senate voted affirmatively by adopting a conference report to strike out the Long rider. In the other instance, unanimous consent was required to take the action indicated. Thus it is not correct, as some proponents of the Long rider are charging, that the House of Representatives has never had an opportunity to vote on this question.

Strange as it may seem from all this activity, the Senate Committee on Finance has never held hearings on the question of reopening the national service life insurance program, except in the 87th Congress when the hearings were held 10 days after the committee had already reported the compensation bill with the Long rider attached. For a matter which has the merit its sponsor believes it to have, it is indeed strange and an unusual legislative procedural quirk that a responsible committee of the Senate has never held full-scale hearings on this question. In contrast to this procedure, the Committee on Veterans' Affairs in the 82d, 83d, 84th, 85th, and 86th Congresses has held hearings on this proposal. In each instance the bills seeking to accomplish this objective have been rejected by the Subcommittee on Insurance. In the present Congress, hearings have been held and the full committee, as well as the subcommittee, participated in these hearings. Every person wishing to be heard on this subject was invited to testify. The Veterans' Affairs Committee will meet in executive session in the near future to make a decision on this question.

It should be emphasized, too, that the Long proposal has never received the endorsement of any administration since it has been presented. In other words, the Truman, Eisenhower and Kennedy administrations have all opposed this proposal.

Aside from any merits that the so-called Long amendment might have, there are many serious questions in this problem which logic would seem to indicate would have long ago been solved by an interested sponsor. For example, the present proposal provides for a 2-year period within which veterans of World War II and the Korean conflict would have the right to reinstate or receive for the first time national service life insurance, but this would not apply to service-connected, impaired risk veterans of World War II—only to service-connected, impaired risk veterans of the Korean conflict. Why Senator Long of Louisiana, makes this sharp distinction I do not know. It does not seem logical or equitable to me. Another discrepancy is that Senator LONG of Louisiana, continues to use an outmoded table of mortality, one which we cannot change insofar as past policies are concerned but which the Congress has changed insofar as the issuance of new insurance is involved. In

my opinion, no useful purpose is served by requiring the veteran to pay higher premiums and then refunding a considerable portion in the form of dividends. If new insurance is to be provided, logic would seem to dictate the best thing to do from the standpoint of the veterans as well as the Government is to provide low-cost insurance for all those interested in having it. Another discrepancy in Senator LONG of Louisiana's proposal is the fact that the new group would bear the administrative cost of maintaining their policies. Nevertheless, this would require an immediate appropriation of over \$7 million which would later be repaid by the policyholders. World War II and Korean policyholders do not have to pay their administrative cost and, while there are constitutional doubts as to whether or not this could be changed even if the Congress desired to do so, Senator LONG of Louisiana's proposal makes "fish" of one group of veterans and "fowl" of another.

From a personal standpoint, the thing that a veteran should realize and consider is how much of a favor Senator LONG of Louisiana is doing him by permitting this reopening. A few facts will suffice.

Approximately 14,000 World War I veterans are maintaining their policies on a term basis. Assuming that their average age is 67, which is the average age for World War I veterans, they are paying \$55.87 a year for each \$1,000 of insurance. At age 70 this will increase to \$72.77 and at age 75 to \$111.16. In other words, a veteran of World War I, who has kept his policy on a term basis, at age 75 would be paying more than \$1,100 a year for a \$10,000 policy.

The World War II veteran today is approaching an average age of 42 and the annual premium for \$1,000 of insurance for this age is \$10.54. When this veteran was discharged in 1945, 16 years ago, he was paying \$8.05. When this veteran reached age 45, he will be paying \$11.72; at age 50, \$15.05; at age 55, \$20.95; at age 60, \$30.78; and at age 65, \$47 annually for each \$1,000 of insurance.

Many veterans apparently are under the misapprehension that they will pay the same rates they paid 15 years ago. I hope these figures will prove what is involved.

We are now spending on the veterans' program for compensation, pension, medical care, and other similar benefits just slightly under \$5 billion. The program is under attack from time to time and any program of that magnitude has to be watched constantly to keep it in line and to see that it is administered

as reasonably and efficiently as possible. It also has to be considered from the standpoint of "basics" and many Members do not consider insurance a basic veteran benefit. No Member, so far as I know, is carrying any torch for the private insurance companies. No Member has any objection to the maintenance of the present program or any strong criticism of it, but there is a real question as to why we should adopt a new program which some can and do charge with complete accuracy as being a gigantic socialistic step—directly in competition with private business. In view of such a charge, it is rather surprising that the conservative Senate Committee on Finance would so casually approve a measure of this type.

Insurance is available from private sources for the men who would be eligible under the Long proposal. True, the dividend experience from private companies has been and would be nothing like what the veteran could expect under the Long proposal, but I do not believe we are required or have any obligation to provide insurance dividends to veterans as a part of the veterans' program. An insurance dividend is not a basic veteran benefit.

Regardless of the above questions which I have endeavored to present and which I think are meritorious and warrant the closest consideration, I think that all reasonable men will agree that the question of reopening the national service life insurance program has no relation to meritorious increases for service-connected disabled veterans. The House of Representatives passed a bill which would have provided nearly \$88 million the first year in additional benefits for these veterans and many millions of dollars over the next few years. There should be no doubt in the minds of Members of Congress or the veterans of this country as to who is responsible for the delay in receiving a worthwhile increase in service-connected compensation rates. The blame lies squarely with those individuals, both in and out of Congress, who are insisting on inclusion of unrelated and nongermane items to this compensation bill, H.R. 879.

I ask unanimous consent to include at this point a history showing the bills which have been passed by the House and Senate, beginning with the 80th Congress and down to the present time in the 87th Congress, and which have failed to become public laws. Also, I ask unanimous consent to include a recent memorandum prepared on this subject by the chairman of the Veterans' Affairs Committee.

	Committees	Congresses							
		80th	81st	82d	83d	84th	85th	86th	87th
House bills which died in Senate	Finance	3	13	8	1	17	10	5	6
	Labor and Public Welfare		5	3	1		1		4
	Other	3						1	1
Senate bills which died in House	Veterans' Affairs	6	18	11	2	17	11	6	111
		4	7	4	2		3	2	11

¹ 1st sess. to Aug. 7, 1961.

Total number of bills which died in Senate, 80th-87th Congs., to date:

Committee on Finance.....	63
Committee on Labor and Public Welfare.....	14
Other.....	5
Total.....	82

Total number of bills which died in House, 80th-87th Congs., to date.... 23

EIGHTIETH CONGRESS

House bills which died in Senate:

H.R. 3814, authorizes \$5,000,000 for Negro hospital at Franklin County, Va.
 H.R. 4160, amended National Service Life Insurance Act extending application for waiver of premiums, Committee on Finance.
 H.R. 4651, amended National Service Life Insurance Act to extend reinstatement of 5-year term insurance, Committee on Finance.
 H.R. 5680, amended National Service Life Insurance Act to exclude beneficiary parents who abandoned family after 7 years, Committee on Finance.
 H.R. 6439, directed VA Administrator to make investigation of West Virginia plan for low-cost housing.
 H.R. 6958, authorized VA Administrator to transfer property at Naval Training Station, Great Lakes, Ill., to Navy Department.
 Senate bills which died in House:

S. 86, naming hospital at Americus, Ga.
 S. 1056, amend World War II GI bill of rights to reduce benefits for U.S. citizens who had allied service and comparable allied benefits.
 S. 2772, amend administrative provisions for Veterans' Canteen Service in VA.
 S. 2807, authorized VA Administrator to contract services for investigation reports on insurance claims.

EIGHTY-FIRST CONGRESS

House bills which died in Senate:

H.R. 1941, provide limiting participation as beneficiary under National Service Life Insurance Act, Committee on Finance.
 H.R. 2108, redefine term "wife" to include "dependent husband," Committee on Finance.
 H.R. 4617, liberalize payment for pension certain veterans and dependents, Committee on Finance.
 H.R. 5853, relating to full-time institutional trade and industrial training, Committee on Labor and Public Welfare.
 H.R. 5965, hospital construction, Committee on Labor and Public Welfare.
 H.R. 6034, Negro hospital, Franklin County, Va., Committee on Labor and Public Welfare.
 H.R. 6374, liberalize pension laws, Spanish War, Committee on Finance.
 H.R. 6559, minimum compensation for arrested tuberculosis, Committee on Finance.
 H.R. 6560, increased disability benefits under National Service Life Insurance Act, Committee on Finance.
 H.R. 6561, benefits dependent husbands and widowers of female veterans, Committee on Finance.
 H.R. 6562, additional compensation for loss of creative organ, Committee on Finance.
 H.R. 6673, treble damage action under loans of GI bill, Committee on Labor and Public Welfare.
 H.R. 7534, 3-year presumption for psychosis, Committee on Finance.
 H.R. 7739, count service academy service as active service, Committee on Finance.
 H.R. 8236, apply dividends to premium payments under NSLI, Committee on Finance.
 H.R. 8576, burial benefits, Philippine veterans, Committee on Finance.
 H.R. 8848, study physical effects of suffering of prisoners of war, Committee on Labor and Public Welfare.

H.R. 9911, gratuities indemnity payment, Committee on Finance.
 Senate bills which died in House:
 S. 372, naming hospital at Americus, Ga.
 S. 672, educational benefits enlistees prior to October 1, 1945.
 S. 745, naming hospital at Chicago, Ill.
 S. 928, naming hospital at Wilmington, Del.
 S. 1387, naming hospital at West Haven, Conn.
 S. 3254, naming hospital at Buffalo, N.Y.
 Senate Concurrent Resolution 107, interpretation of Public Law 610, 81st Congress, re education costs.

EIGHTY-SECOND CONGRESS

House bills which died in Senate:

H.R. 301, benefits dependent husbands, widowers of female veterans, Committee on Finance.
 H.R. 302, redefine requirements for pharmacists in VA, Committee on Labor and Public Welfare.
 H.R. 304, provide study physical effects of prisoners of war, Committee on Labor and Public Welfare.
 H.R. 313, hospital construction, Committee on Labor and Public Welfare.
 H.R. 316, minimum rate arrested tuberculosis, Committee on Finance.
 H.R. 317, increased disability benefits under NSLI, Committee on Finance.
 H.R. 318, additional compensation loss of creative organ, Committee on Finance.
 H.R. 2384, count service academy service as active, Committee on Finance.
 H.R. 4108, service connection less than 40 percent, Committee on Finance.
 H.R. 5891, further presumption for psychosis, Committee on Finance.
 H.R. 6167, prohibit reduction of rating in effect 25 years, Committee on Finance.
 Senate bills which died in House:
 S. 306, naming hospital at Birmingham, Ala.
 S. 645, naming hospital at Seattle, Wash.
 S. 2729, transfer hospital from VA to Army.
 S. 2731, transfer of hospitals between VA and Defense.

EIGHTY-THIRD CONGRESS

House bills which died in Senate:

H.R. 3685, furnish space and facilities in VA to State agencies, Committee on Finance.
 H.R. 9866, limitations on outpatient dental care, Committee on Labor and Public Welfare.
 Senate bills which died in House:
 S. 631, suspend or delay education while serving as missionary.
 S. 2719, subversive activity bar to education benefits.

EIGHTY-FOURTH CONGRESS

House bills which died in Senate:

H.R. 735, increase pension for Medal of Honor recipients, Committee on Finance.
 H.R. 1614, increase compensation for eye and limb loss, Committee on Finance.
 H.R. 1821, authorize checks forwarded to addresses, Committee on Finance.
 H.R. 2867, pension increase Spanish War widows, Committee on Finance.
 H.R. 5055, count service academy service as active, Committee on Finance.
 H.R. 7144, no application statutory awards prior to August 1, 1952, Committee on Finance.
 H.R. 7886, increase pension rates, Committee on Finance.
 H.R. 8458, marriage dates liberalized for Spanish War widows, Committee on Finance.
 H.R. 9841, raise income limitation for certain widows, Committee on Finance.
 H.R. 9922, permanent-total rating active tuberculosis while hospitalized, Committee on Finance.
 H.R. 10046, uniformity in compensation laws, Committee on Finance.
 H.R. 10238, land for cemetery use in North Carolina, Committee on Labor and Public Welfare.
 H.R. 10477, ban pension to prisoners after 60 days, Committee on Finance.

H.R. 10478, disposition of benefits unpaid at death of beneficiary, Committee on Finance.

H.R. 10542, liberalize criteria for eligibility of widows, Committee on Finance.

H.R. 12038, increase compensation and dependency allowances, Committee on Finance.

House Joint Resolution 110, wartime status service in Moro Province, etc., Committee on Finance.

EIGHTY-FIFTH CONGRESS

House bills which died in Senate:

H.R. 65, benefits VA employees in Philippines, Committee on Finance.
 H.R. 67, increase pension for Medal of Honor recipients, Committee on Finance.
 H.R. 76, increase compensation for eye and limb loss, Committee on Finance.
 H.R. 413, presumption for leprosy extended, Committee on Finance.
 H.R. 1143, presumption for arthritis, psychosis, multiple sclerosis extended, Committee on Finance.
 H.R. 1262, land for cemetery use in North Carolina, Committee on Labor and Public Welfare.
 H.R. 1264, permanent-total active tuberculosis while hospitalized, Committee on Finance.
 H.R. 2770, no application statutory awards prior to August 1, 1952, Committee on Finance.
 H.R. 4214, increase compensation for deafness, Committee on Finance.
 H.R. 12927, apportion compensation for missing veterans, Committee on Finance.
 House Joint Resolution 110, wartime status for service in Moro Province, etc., Committee on Finance.
 Senate bills which died in House:
 S. 2467, contract sewage facilities at VA hospital, Sturgis, S. Dak., Committee on Labor and Public Welfare.
 S. 4031, education change of program, Committee on Labor and Public Welfare.
 S. 4213, vocational rehabilitation for 30 percent disability or more, Committee on Labor and Public Welfare.

EIGHTY-SIXTH CONGRESS

House bills which died in Senate:

H.R. 268, additional compensation for defense, Committee on Finance.
 H.R. 283, increase compensation for eye and limb loss, Committee on Finance.
 H.R. 5996, no application statutory awards prior to August 1, 1952, Committee on Finance.
 H.R. 8098, credit service in two wars for pension purposes, Committee on Finance.
 H.R. 9792, salary of managers in VA hospitals, Committee on Post Office and Civil Service.
 H.R. 12556, findings of fact and conclusions of law in appeals, Committee on Finance.
 Senate bills which died in House:
 S. 1138, readjustment benefits for peacetime veterans.
 S. 2201, definition of "Veterans' Administration facilities."

EIGHTY-SEVENTH CONGRESS

House bills pending in Senate:

H.R. 846, additional compensation for deafness, Committee on Finance.
 H.R. 848, vocational rehabilitation peacetime veterans, Committee on Labor and Public Welfare.
 H.R. 856, new modified plan NSLI term insurance, Committee on Finance.
 H.R. 858, salary of managers VA, Committee on Post Office and Civil Service.
 H.R. 859, repeal mustering out payment provisions, Committee on Labor and Public Welfare.
 H.R. 860, repeal unemployment provisions, Committee on Finance.
 H.R. 861, no application statutory awards prior to August 1, 1952, Committee on Finance.

H.R. 873, increase compensation for loss of eye and limb, Committee on Finance.

H.R. 3587, outpatient treatment Indian wars, Committee on Labor and Public Welfare.

H.R. 4539, dividend certain Korean NSLI policies, Committee on Finance.

House Joint Resolution 73, study problems of elderly and ill veterans, Committee on Labor and Public Welfare.

Senate bills pending in House:

S. 2051, education benefits children in Philippines.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS AFFAIRS,
Washington, D.C., August 3, 1961.

MEMORANDUM

To: All Members of the House of Representatives.

Subject: H.R. 879 (service-connected compensation increase bill, with national service life insurance amendment attached).

H.R. 879 has been passed by the House, amended by the Senate, and is now lying on the Speaker's table. This bill was developed through consultations with the President and the President agreed to recommend a cost-of-living increase in service-connected compensation. The bill as passed by the committee provided a minimum cost-of-living increase to all categories, with increased amounts to the high disability groups. The bill, passed on June 5, 1961, by the House, had a first year additional cost of \$87,933,144.

On July 17, 1961, it was taken up by the Senate. The Senate Finance Committee held no hearings; however, it did hear statements by the Veterans' Administration and the Bureau of the Budget in a closed-door session. After considering the bill briefly, the Senate Finance Committee cut the increases of the House bill for the 10, 20, and 30 percent groups in half which effected a savings of approximately \$12 million, added the national service life insurance reopening amendment advocated by Senator Long of Louisiana, and ordered the bill reported.

During the same session the committee also voted to hold hearings on the insurance portion of H.R. 879 and one other insurance bill, despite the fact that the committee had already voted to report the bill. During this executive session it is understood that an attempt was made to add the national service life insurance amendment to all of the veterans' bills under consideration. This idea was rejected by the committee.

The cuts in compensation made by the Senate Finance Committee adversely affected 1,300,000 veterans with service-connected disabilities. The Veterans' Administration estimates that approximately 1 million veterans would avail themselves of the opportunity to reenter the national service life insurance program. This would require an immediate appropriation of \$7,252,000, although most of this would be repaid later by the policyholders. This \$7 million requirement would be an additional demand on the Veterans' Administration budget and is significant when it is realized that floor action was necessary this year to restore \$5 million which had been cut from the Veterans' Administration budget for hospitals. The Bureau of the Budget, speaking for the administration, strongly recommended against enactment of the national service life insurance feature of the bill.

There are few pieces of legislation which have received as much consideration as the proposals to reopen the national service life insurance program, despite the claims of its Senate sponsor that the bill has not had fair consideration. The Committee on Veterans' Affairs has in the 82d, 83d, 84th, 85th, and 86th Congresses held hearings on proposals to reopen the national service life insur-

ance program. In each instance these bills have been rejected by the Subcommittee on Insurance. The Veterans' Affairs Committee has held hearings on these proposals this session of Congress and all interested groups were afforded an opportunity to present their views. It is expected that the Veterans' Affairs Committee will meet in executive session to vote on this issue in the near future. Such a meeting would have been held earlier had not the Senate action on H.R. 879 complicated the picture.

The Senate Finance Committee has never held hearings on this insurance bill, with the exception of the one held several days ago by the committee after it had ordered the bill reported. In the 84th Congress the insurance reopening proposal was added by the Senate Finance Committee, without hearings, to H.R. 7089, an entirely unrelated bill having to do with service-connected benefits for surviving widows and children. In the 85th Congress, the proposal was added, without hearings, to H.R. 11382, an unrelated bill pertaining to another insurance question. In the 86th Congress, the national service life insurance reopening proposal was added to H.R. 7650, without hearings, an entirely unrelated bill making certain changes in the veterans' pension program. In the 2d session, 86th Congress, it was added to H.R. 11045, without hearings. This bill was an unrelated insurance proposal. In three instances the insurance rider was removed by a vote on the floor of the House and the bills to which they were attached were referred back to the Senate for consideration. In one case it was removed in conference.

The compensation increases for service-connected disabled veterans had the approval of the administration. The proposal to reopen the national service life insurance program is opposed by the administration. The two issues are entirely unrelated. Apparently the Senate Finance Committee has had such little interest in the national service life insurance reopening proposal over the years it has declined to hold hearings on these proposals. There is no merit in this attempt to saddle a worthwhile compensation increase bill for disabled veterans with an unrelated and controversial program, such as the national service life insurance reopening proposal. There are no plans at this time for further consideration of H.R. 879.

OLIN E. TEAGUE, *Chairman.*

TIME VOICE OF AMERICA REALLY
SPEAKS FOR US

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. FASCELL] may extend his remarks at this point in the RECORD and to include an editorial.

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

There was no objection.

Mr. FASCELL. Mr. Speaker, the Miami News—an outstanding newspaper in my district—has categorically stated that it is time to transform the whisper of America into the Voice of America.

In the battle for men's minds, our voice of freedom has carried its message to the peoples of Latin America about as well as my message is being heard by you here today. However, the voice of Radio Moscow and the voice of Radio Peiping reaches these people loud and clear 167 hours and 40 minutes a week, compared to only 73 hours and 30 minutes a week for the whisper of America.

In the battle against communism in the Western Hemisphere, we must speak up with a clear and loud voice. Con-

gress must back the plans of USIA Director Murrow and the Voice of America.

Mr. Speaker, an editorial from the Miami News, entitled "Time Voice of America Really Speaks for Us," spells out our responsibility. It is so pertinent I would like to read it:

[From the Miami News, July 29, 1961]

TIME VOICE OF AMERICA REALLY SPEAKS FOR US

The cold war battle is not just one to come to terms with the Soviet Union. It is also—and certainly equally so—a battle to prevent further inroads of Communists in regions wavering still between East and West.

Thus, it must be fought not only over Berlin and other trouble spots but also over the uncommitted nations. The nations waiting to be won.

It is not merely a military contest and a political chess game. It is also, particularly on the very soil of those nations, a battle of ideologies. A battle for men's minds. For the minds of millions of men—in Asia, Central America, South America.

Our enemies have long understood that. Consequently, their voice in these regions has been strong.

We have never understood that; consequently our voice has been weak.

Evidently we still don't understand it.

While China and Russia and even Castro's Cuba are spending untold sums to broadcast to these nations in their native languages, we have either failed to do so altogether or done so at a trickle.

Why? Because our Congress has refused to appropriate the proper funds for the Voice of America operation which is part of the U.S. Information Agency.

Even now a request for little over \$2 million, needed to step up our Spanish broadcasts and to begin broadcasting in Portuguese, is bottled up on Capitol Hill.

Yet, as the President told Congress when he made his request for the money, "Communist China alone does more public information broadcasting in our hemisphere than we."

Yet countries like Brazil—dominating Latin America in size and population—are waiting to hear from us.

It is urgent and imperative for Congress to provide the defense tools the President asked for.

It is equally urgent and important for Congress to transform the whisper of America into the Voice of America.

We have little time left to begin speaking up and being heard.

RESETTLEMENT PROGRAM FOR
CUBAN REFUGEES

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. FASCELL] may extend his remarks at this point in the RECORD and to revise and extend his remarks.

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

There was no objection.

Mr. FASCELL. Mr. Speaker, now that it appears a major resettlement program for Cuban refugees, who have fled Castro's Communist tyranny, is about to be undertaken by the Federal Government, I would like to take this opportunity to call the attention of the Congress to the many fine individuals, business firms, civic organizations, State and Federal agencies that have done such a splendid job—under the most trying of circumstances—in the

State of Florida, and particularly in Miami, in assisting these homeless people—victims of a terrible Communist betrayal.

First our thanks must go to President Kennedy and Secretary of Health, Education, and Welfare Abraham Ribicoff who immediately recognized the Cuban refugee problem as a national problem and undertook to immediately implement recommendations for the tremendous job of receiving, screening, feeding, clothing, and caring for these needy people.

However, notwithstanding this excellent work by the Department of Health, Education, and Welfare, the people of south Florida initially faced and continue to have a tremendous responsibility for the Cuban refugees.

I am very proud of the outstanding manner in which our citizens and our organizations met this challenge and responded to the needs of the men, women, and children fleeing their homeland and entering a new land of freedom.

The part which these people and organizations played is a message which should be brought to the people of the United States and the world.

It would be an impossible task for me to name every individual in Miami who has opened his heart to the Cuban refugees since they first fled to this country seeking safety—I would have to read the entire Miami telephone directory and still add several thousand names.

Mr. Chairman, since Castro came to power in Cuba in January 1959, over 130,000 citizens of that country have fled the Communist oppression which seized their homeland. Some 65,000 of these homeless, but courageous people, have sought the shelter of freedom in the Dade County area of Florida. Approximately 50,000 persons have been registered as refugees in the Cuban Refugee Center in Miami. They are still pouring into Miami at the rate of 1,200 weekly.

To any city—regardless of how prosperous it might be—such an influx of terrorized, heartsick people, most of whom had little, if any, funds, can bring tremendous problems. To a city such as Miami, Fla.—which has been gripped in the throes of unemployment—it could have been a backbreaker except for the hearts and courage of the citizens of Miami.

Late in 1959, the churches of Miami, recognizing this problem, opened centers to provide medical outpatient care, food, used clothing distribution, and home visits to serve the needs of the refugees who had begun arriving from Cuba.

Faced with thousands of Cuban citizens—many of whom had never traveled out of their native country—the Miami Herald and the Dade County Bar Association, in October 1960, cosponsored a Latin Legal Forum, which was conducted in the Spanish language at the Dade County Auditorium.

These two fine organizations realized that the Cuban refugees were confused by immigration laws, traffic laws, and many other new and strange daily events. They saw the immediate need for inte-

grating these homeless people into the community and took positive action.

The Federal Government took cognizance of the enormity of the problem and on December 12, 1960, the Cuban Refugee Center was opened in Miami, with the local government officials, as well as Bazel Crowe, the city manager of Key West, Fla., and Dr. Joe Hall, the superintendent of the Dade County public school system promising the fullest of cooperation.

Private agencies came to the assistance and located at the center. Among these fine organizations are the Catholic Relief Services, an activity of the National Catholic Welfare Conference; the Protestant Latin-American Emergency Committee, affiliated with the Church World Service; the United HIAS Service, Inc., which is the Hebrew Immigrant Aid Society cooperating with the Greater Miami Jewish Federation; and the International Rescue Committee, a non-sectarian agency.

Other organizations which came to immediate assistance included the National Committee for Resettlement of Foreign Physicians and the Community Services division of the AFL-CIO.

The U.S. Employment Service established offices at the Cuban Refugee Center to promote job opportunities for employable refugees.

The U.S. Public Health Service, operating through the facilities of the Dade County Public Health Department, began medical care and treatment of these homeless, destitute people. Assisting these agencies in this fine job were such outstanding hospitals as Jackson Memorial, St. Francis, Mercy, Mount Sinai, and Gesu Medical Clinic.

The American Red Cross, of course, as it always is in a time of disaster, was on hand to deliver more than 16,000 men's, women's, and children's toilet article kits and over 6,000 blankets.

On January 27, 1961, President Kennedy formally instructed the Secretary of Health, Education, and Welfare Abraham Ribicoff to express his concern and sympathy for the Cuban refugees and to assure them that the United States would do everything possible to expedite their voluntary return to Cuba as soon as conditions there would permit.

By Presidential authority, over \$5 million has been allocated to support the various cooperative programs of assistance relating to the health, education, and welfare of Cuban refugees in the United States. The estimated cost for a year of operation is between 20 and 30 millions of dollars.

The Federal Government has done a splendid job of utilizing these funds to administer a wide variety of programs, to wit: Operation of the Cuban Refugee Center; resettlement of refugee families; financial assistance to needy families in the Miami area and to resettled families in other areas; hospitalization and medical care of the sick; consultations and advisory services to the private agencies; the care and protection of unaccompanied children; distribution of surplus food commodities; emergency welfare services for American citizens repatriated from Cuba; educational loans to de-

serving Cuban students; an adult education program, as well as elementary and secondary education programs for the children; the retraining of Cuban refugee physicians, attorneys, and other professionals; and, finally, the establishment and operation of a Cuban Refugee Research Center.

At the State level, the Florida State Department of Public Welfare has been the principal agency for administering immediate relief to these refugees in the form of financial assistance, child welfare services, and distribution of food.

In January 1961 I proposed that a program be initiated for Cuban students to continue their college education in the United States and to utilize the skills of the Cuban professionals who had fled the Communist tyranny of Castro.

An immediate program along these lines was announced in January by Dr. Ralph Jones, the head of the medical department, and Homer F. Marsh, the dean of the school of medicine, at the University of Miami. They announced that a medical school training program was being set up to train the Cuban doctors and listed several generous, private, business organizations that were making it possible.

Among these public-spirited organizations were such firms as the Upjohn Co. and the Eli Lilly Co. Also assisting in the financing of the medical training program were the American College of Surgeons and the International Society for Cardiology.

Dr. Wright, at the University of Miami, began developing a program whereby members of the American College of Physicians came to Miami to present medical lectures to the Cuban doctors.

At the same time, Jay F. W. Pearson, president of the University of Miami, announced receipt of a \$7,500 Federal grant to initiate a national defense education language development program, and a \$75,000 Federal grant to aid Cuban scholars.

Miami television station WTVJ began a daily news program in January in the Spanish language to keep the Cuban refugees abreast of the latest developments and ran a highly successful TV marathon to raise money for the Cuban Refugee Children's Fund.

In February of 1961, the Dade County Bar Association established an eight-man committee to assist the Cuban refugees. The citizens who have devoted many hours of their time to this project are Jonathan Ammerman, Juan Carreras, Judge Frederick Barard, Oscar White, William Steel, Charles Kimbrell, John Hoehl, and Emery Dougherty, Jr.

A home economist from the Florida Power & Light Co. wrote a Spanish-language cookbook and the church groups began holding cooking classes to show the Cuban women how to eliminate waste in their cooking. Miami social workers, such as Mrs. Ana Andres, spent many hours—and still are—on this and many other projects.

M. T. Kelly, director of teacher education, certification and accreditation, of the Florida State Department of Education, began a program for relocation of Cuban teachers.

By February of 1961, pharmaceutical firms and professional organizations had contributed more than \$60,000 to the Cuban refugee relief program, and the International Telephone & Telegraph Co. added another \$40,000 during that month.

Also in February, President Kennedy spelled out his nine-point Federal program for assisting the Cuban refugees—an accounting program conducted by Cuban public accountants led by Hector de Lara and Manuel J. Coya was launched, and Nicholas Duke Biddle, chairman of the Caribbean refugee program of the International Rescue Committee, announced the commencement at the University of Miami, of training for physicians, lawyers, accountants, and dentists.

This broad program was financed by the generous contributions of two hotel companies, a pharmaceutical firm, and two book publishing houses.

The first Federal checks to the needy Cubans were distributed in February and the ICA began to investigate the possibility of employing Cuban refugees on U.S. aid programs in Latin America.

John Stadnick, the Miami Springs representative of the Board of Pharmacy for the State of Florida, and the American Pharmaceutical Association started a program to create employment opportunities for Cuban pharmacists.

Theodore Kischler, dean of the technical division of the Dade County Junior College, announced the opening of a course for Cuban civil engineers.

In March of 1961, the Miami Dental Society announced plans for a graduate course in dentistry for their Cuban counterparts in cooperation with the University of Miami. Organization of this program was handled by two Miami dentists, Dr. Charles Holt and Dr. Norman Alley.

Dr. Anthony R. Joffre, of the Dade County Dental Society, set up a dental clinic, staffed it with Cuban dentists, and the People-to-People Committee of Coral Gables passed a resolution urging steps be taken in the training and relocation of Cuban physicians in cooperation with the American Medical Association and the American Hospital Association.

The Du Pont Co. made a \$5,000 grant to the chemistry department at the University of Miami, and the Miami Housing Authority acquired 64 downtown apartment units as housing for the Cuban refugees.

The story goes on and on, Mr. Speaker. Miami's citizens, churches, civic, and business organizations have generously opened their hearts and pocketbooks to the Cuban people.

Just 2 weeks ago, an aviation program, financed by an outstanding international businessman and citizen of Miami, Mr. William Pawley, was started at the Embury-Riddle School of Aviation in Miami. Through Mr. Pawley's fine effort, some 44 Cuban citizens will now be able to obtain aircraft operators' licenses and prepare themselves for future careers.

We are not through yet. Miami will continue to open its arms to the Cubans as it has done in the past.

Miami will remain a haven to people everywhere from Communist oppression of tyranny of any type.

In the past 6 months, alone, Mr. Speaker, some 24,000 Cubans have been helped financially in the amount of \$2.5 million; about 40,000 have been given medical assistance and surplus food has been made available to many thousands.

In addition to this, some 6,000 refugees have been resettled in every State of the Union and Puerto Rico at a cost of approximately \$600,000.

In closing, Mr. Speaker, I wish to say that there have been some complaints of abuses of the program by Cuban refugees; however, I wish to point out to the Congress that in the past 2 months—in Miami alone—more than \$25,000 in relief checks have been spontaneously and voluntarily returned to the center by the Cuban refugees.

These people have made statements, such as in the case of a 60-year-old grandmother, who wrote:

I've found a housekeeping job for \$23 a week—there are others who may be in need of this aid.

Another Cuban refugee returned his check saying:

I beg your generous people to stop my economic aid. I have found a small job to support myself in your great city of freedom.

The Federal Government is paying out about \$600,000 a month to these victims of Communist tyranny—but this investment is paying off in dividends that we could not buy anywhere for any price at any time.

I am certain that you are all aware of the great number of Cubans who rushed to the recruiting centers to join the Army following President Kennedy's recent speech. These people were asking for a chance to help to defend the United States and the cause of freedom everywhere.

As these Cubans now begin leaving the Miami area for resettlement in other parts of the country, I wish to take this opportunity to express heartfelt thanks to the many individuals and organizations throughout the country—and in the Miami area especially—which have made the symbol of American humanitarianism and freedom under our system a living thing.

In conclusion, I wish to assure the Cubans—and the victims of oppression everywhere—that they have our deep concern and sympathy, and that the gateway of Miami, which has truly become the gateway to freedom, will always be open.

HIJACKING OF U.S. PLANE

MR. FLOOD. Mr. Speaker, I ask unanimous consent that the gentleman from New Mexico [Mr. MORRIS] may extend his remarks at this point in the RECORD and to revise and extend his remarks.

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

There was no objection.

Mr. MORRIS. Mr. Speaker, all of us are completely stunned by the recurrence of hijacking of our U.S.-owned plane yesterday. The fact that this DC-8 was released by Cuba does not alter the Castro pattern of confiscation and retention of American-owned planes and property. Castro-controlled Radio Havana announced release of this plane "out of deference to the Colombian Foreign Minister, Julio Cesar Turbay," one of the passengers.

The patience of our Nation with the pirateering actions of Fidel Castro must come to an end. Our lack of official action has lent completely disproportionate importance to the arrogant moves of a pipsqueak Cuban gangster. We have permitted a gnat to assume the magnitude of a giant and must take positive action immediately to show the entire world that America can and will protect American lives and property.

In my opinion, there is very little difference between an organized military campaign and this organized campaign of determined harassment of our country by Communist agents from Cuba, only 90 short miles from our shores. We have allowed this insignificant Red lackey, Fidel Castro, to expropriate millions of dollars in American property. That confiscation can only be the beginning unless immediate action is taken to curtail his activities. The hijacking of our planes is showing a definite pattern and we must realize there is no way to predict to what other American industry this type of banditry will spread.

We must take concrete action without further delay to put a stop to this international piracy. In my opinion, we must immediately invoke an embargo and blockade on Communist Cuba, obtaining the fullest possible support of the Organization of American States. However, regardless of the decision of that group of states, the United States must move now to protect the very security of our Nation which is in grave danger. I sincerely hope the administration will use whatever means required to eliminate the Castro threat, including military might, if necessary.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. YATES (at the request of Mr. LIBONATI), for Thursday, August 10, 1961, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. HARVEY of Indiana (at the request of Mr. LANGEN), for 15 minutes, on August 15.

Mr. PELY (at the request of Mr. LANGEN), for 15 minutes, on August 14.

Mr. DEVINE (at the request of Mr. LANGEN), for 30 minutes, on August 16.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL

RECORD, or to revise and extend remarks, was granted to:

Mr. MICHEL and include an editorial.
Mr. PELLY and to include a copy of a letter from Mr. FORD to the New York Times.

(The following Members (at the request of Mr. LANGEN) and to include extraneous matter:)

Mr. FINO.

Mr. KEITH.

Mr. MACGREGOR.

Mr. MORSE.

(The following Members (at the request of Mr. FLOOD) and to include extraneous matter:)

Mrs. GRANAHAN.

Mr. ANFUSO.

Mr. MULTER.

Mr. ALFORD.

Mr. DENT.

Mr. DELANEY.

Mr. GREEN of Pennsylvania.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1085. An act to provide for the disposal of certain Federal property on the Minidoka project, Idaho, Shoshone project, Wyoming, and Yakima project, Washington, and for other purposes;

S. 1294. An act to supplement and amend the act of June 30, 1948, relating to the Fort Hall Indian irrigation project, and to approve an order of the Secretary of the Interior issued under the act of June 22, 1936; and

S. 1815. An act to provide for one additional Assistant Secretary of Labor in the Department of Labor.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 2925. An act to amend the act of March 8, 1922, as amended, pertaining to isolated tracts, to extend its provisions to public sales;

H.R. 5228. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Girl Scouts of the United States of America for use at the 1962 Girl Scouts senior roundup encampment, and for other purposes; and

H.R. 7445. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1962, and for other purposes.

ADJOURNMENT

Mr. FLOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 6 minutes p.m.) under its previous order, the House adjourned until Monday, August 14, 1961, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from

the Speaker's table and referred as follows:

1215. A letter from the Acting Secretary of State, transmitting the ninth report on the extent and disposition of U.S. contributions to international organizations for the fiscal year 1960, pursuant to section 2 of Public Law 806, 81st Congress (H. Doc. No. 222); to the Committee on Foreign Affairs and ordered to be printed.

1216. A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting the 41st report on property acquisition for the Office of Civil and Defense Mobilization, for the quarter ending June 30, 1961, pursuant to subsection 201(h) of the Federal Civil Defense Act of 1950; to the Committee on Armed Services.

1217. A letter from the Deputy Secretary of Defense, transmitting the semiannual report showing no necessity for transfer of funds for air defense missile installations as authorized in section 402 of Public Law 85-685; to the Committee on Armed Services.

1218. A letter from the Director, Executive Office of the President, Office of Civil and Defense Mobilization, transmitting a report of a claim paid under the Federal Tort Claims Act pursuant to section 2673 of that act; to the Committee on the Judiciary.

1219. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases of certain aliens pursuant to the provisions of section 212(a) 28(I) (ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

1220. A letter from the Deputy Administrator, Veterans' Administration, transmitting a draft of proposed legislation, entitled, "A bill to amend title 38 of the United States Code to provide for waiver of indebtedness to the United States in certain cases arising out of default on loans guaranteed or made by the Veterans' Administration"; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. S. 2051. An act to afford children of certain deceased veterans who were eligible for the benefits of the War Orphans Educational Assistance Act of 1956 but who, because of residence in the Republic of the Philippines, were unable to receive such assistance prior to enactment of Public Law 85-460, additional time to complete their education; without amendment (Rept. No. 874). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H.R. 1098. A bill to amend section 901 of title 38, United States Code, to provide that a flag shall be furnished to drape the casket of each deceased veteran of the Mexican border service; with amendment (Rept. No. 875). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H.R. 5939. A bill to amend chapter 35 of title 38, United States Code, to provide that after the expiration of the Korean conflict veterans' education and training program, approval of courses under the war orphans' educational assistance program shall be by State approving agencies; with amendment (Rept. No. 876). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H.R. 6969. A bill to amend

section 417 of title 38, United States Code, to provide that death pension may be paid in lieu of dependence and indemnity compensation in certain cases involving service-connected deaths occurring after December 31, 1956; with amendment (Rept. No. 877). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H.R. 8414. A bill to amend section 5011 of title 38, United States Code, to clarify the authority of the Veterans' Administration to use its revolving supply fund for the repair and reclamation of personal property; without amendment (Rept. No. 878). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. H.R. 8399. A bill relating to the occupational training, development, and use of the manpower resources of the Nation, and for other purposes; without amendment (Rept. No. 879). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. S. 1873. An act to amend the act entitled "An act to authorize the Commodity Credit Corporation to donate dairy products and other agricultural commodities for use in home economics courses", approved September 13, 1960 (74 Stat. 899), in order to permit the use of donated foods under certain circumstances for training college students; without amendment (Rept. No. 881). Referred to the Committee of the Whole House on the State of the Union.

Mr. MACK: Committee on Interstate and Foreign Commerce. House Joint Resolution 438. Joint resolution to amend the Securities Exchange Act of 1934 so as to authorize and direct the Securities and Exchange Commission to conduct a study and investigation of the adequacy, for the protection of investors, of the rules of national securities exchanges and national securities associations; with amendment (Rept. No. 882). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 3879. A bill to authorize and direct the Secretary of Agriculture to convey to the State of Wyoming for agricultural purposes certain real property in Sweetwater County, Wyo.; without amendment (Rept. No. 883). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 4821. A bill to authorize the Secretary of Agriculture to convey a certain parcel of land to the town of Tellico Plains, Tenn.; without amendment (Rept. No. 884). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. H.R. 6360. A bill to authorize an additional Assistant Secretary of Commerce; without amendment (Rept. No. 885). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 4939. A bill to provide for the conveyance of all right, title, and interest of the United States in a certain tract of land in Jasper County, Ga., to the Jasper County Board of Education; with amendment (Rept. No. 886). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 6193. A bill to authorize the Secretary of Agriculture to convey certain lands in the State of Wyoming to the county of Fremont, Wyo.; without amendment (Rept. No. 887). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 7622. A bill to amend section 1176 of the Revised Statutes of the United States relating to the District of Columbia to permit certain gift enterprises in the District of Columbia; with amend-

ment (Rept. No. 888). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 8032. A bill to amend Healing Arts Practice Act, District of Columbia; with amendment (Rept. No. 889). Referred to the House Calendar.

Mr. FRIEDEL: Committee on House Administration. House Resolution 392. Resolution to provide for the further expenses of the investigation and study authorized by House Resolution 49; without amendment (Rept. No. 890). Ordered to be printed.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 256. A bill to amend the District of Columbia Alcoholic Beverage Control Act; with amendment (Rept. No. 891). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 6386. A bill to amend the Policemen and Firemen's Retirement and Disability Act; without amendment (Rept. No. 892). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 8074. A bill to amend the District of Columbia Income and Franchise Tax Act of 1947, as amended, and the District of Columbia Business Corporation Act, as amended, with respect to certain foreign corporations; without amendment (Rept. No. 893). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 8344. A bill for restoration of home of John Philip Sousa in the District of Columbia; with amendment (Rept. No. 894). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 8444. A bill to amend the act of August 12, 1955, relating to elections in the District of Columbia; with amendment (Rept. No. 895). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 2470. A bill to provide for the establishment of the Lincoln Boyhood National Memorial in the State of Indiana, and for other purposes; with amendment (Rept. No. 896). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 3920. A bill to authorize an exchange of land at the Agricultural Research Center; without amendment (Rept. No. 897). Referred to the Committee of the Whole House on the State of the Union.

Mr. MADDEN: Committee on Rules. House Resolution 414. Resolution providing for the consideration of H.R. 8400, a bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes; without amendment (Rept. No. 898). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COOLEY: Committee on Agriculture. H.R. 1375. A bill to provide for the con-

veyance of certain real property of the United States to the former owner thereof; without amendment (Rept. No. 880). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOYKIN:

H.R. 8632. A bill to amend section 510(1) of the Merchant Marine Act, 1936, relating to the exchange of vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. GARLAND:

H.R. 8633. A bill to authorize the improvement of Portland Harbor, Maine; to the Committee on Public Works.

By Mr. GLENN:

H.R. 8634. A bill to help maintain the financial solvency of the Federal Government by reducing nonessential expenditures through reduction in personnel in various agencies of the Federal Government by attrition, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. GREEN of Oregon:

H.R. 8635. A bill to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities, and to authorize scholarship grants for undergraduate study in such institutions; to amend Public Laws 815 and 874, 81st Congress, and for other purposes; to the Committee on Education and Labor.

By Mr. HALPERN:

H.R. 8636. A bill to amend section 601(a) of the Federal Aviation Act of 1958 so as to require air carriers to maintain route maps in conjunction with certain weather information for the benefit of their passengers; to the Committee on Interstate and Foreign Commerce.

By Mr. HOFFMAN of Illinois:

H.R. 8637. A bill to provide that until the national debt is retired, not less than 10 percent of the net budget receipts of the United States for each fiscal year shall be utilized solely for reduction of the national debt; to the Committee on Government Operations.

By Mr. IKARD of Texas:

H.R. 8638. A bill to amend the Agricultural Act of 1949; to the Committee on Agriculture.

By Mr. KEITH:

H.R. 8639. A bill to amend the Internal Revenue Code of 1954 to allow a taxpayer a deduction from gross income for one-half of the expenses incurred by him in the construction of a civil defense shelter of approved type and design; to the Committee on Ways and Means.

By Mr. PHILBIN:

H.R. 8640. A bill to amend title 10 of the United States Code to permit the loan of certain rifles to veterans organizations recognized by the Department of Defense; to the Committee on Armed Services.

By Mr. SAYLOR:

H.R. 8641. A bill to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 8642. A bill to amend section 3203(d) of title 38, United States Code, to provide that there shall be no reduction of pension otherwise payable during hospitalization of certain veterans with a wife or child; to the Committee on Veterans' Affairs.

By Mr. TUPPER:

H.R. 8643. A bill to amend section 501 of title 38, United States Code, to provide medical care for veterans of service in Mexico after January 1, 1914, and before April 6,

1917, on the same basis as such care is provided for veterans of World War I; to the Committee on Veterans' Affairs.

By Mr. SLACK:

H.R. 8644. A bill to prohibit the shipment in interstate or foreign commerce of articles imported into the United States from Cuba, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TEAGUE of California:

H.R. 8645. A bill to prohibit shipment in interstate or foreign commerce of articles imported into the United States from Cuba, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ZABLOCKI:

H.R. 8646. A bill to amend section 203(j) of the Federal Property and Administrative Services Act of 1949 so as to provide that certain surplus property of the United States shall be offered for sale to the States; to the Committee on Government Operations.

By Mr. ADDONIZIO:

H.R. 8647. A bill to amend the Home Owners' Loan Act of 1933 to broaden the investment powers of Federal savings and loan associations to include investments in corporations organized and solely owned by such associations for the furtherance of their development; to the Committee on Banking and Currency.

By Mr. CORBETT:

H.R. 8648. A bill to permit certain Government employees to elect to receive compensation in accordance with section 401 of the Federal Employees Pay Act of 1945 in lieu of certain compensation at a saved rate, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 8649. A bill to amend the Federal Employees' Group Life Insurance Act of 1954 to provide for escheat of amounts of insurance to the insurance fund under such Act in the absence of any claim for payment, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. DIGGS:

H.R. 8650. A bill to provide for the establishment of the Frederick Douglass National Memorial in the District of Columbia, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HALPERN:

H.R. 8651. A bill to amend section 601(a) of the Federal Aviation Act of 1958 to provide for the issuance of rules and regulations pertaining to the elimination or minimization of aircraft noise nuisance and hazards to persons or property on the ground, and to require the Administrator of the Federal Aviation Agency to issue certain regulations concerning air traffic at New York International (Idlewild) Airport in the State of New York, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KING of California:

H.R. 8652. A bill relating to the income tax treatment of certain losses sustained in converting from street railway to bus operations; to the Committee on Ways and Means.

H.R. 8653. A bill to provide that a foreign tax credit need not be adjusted where a difference between taxes accrued and taxes paid resulted from a difference in the rate of exchange and where the taxpayer was not permitted to convert the amount of the tax; to the Committee on Ways and Means.

By Mr. WIDNALL:

H.R. 8654. A bill to amend the Home Owners' Loan Act of 1933 to broaden the investment powers of Federal savings and loan associations to include investments in corporations organized and solely owned by such associations for the furtherance of their development; to the Committee on Banking and Currency.

SENATE

THURSDAY, AUGUST 10, 1961

The Senate met at 10 o'clock a.m., and was called to order by the Vice President. The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father God, into the calm and confidence of Thy waiting strength we would bring our drained resources that the benediction of Thy peace may fall upon our restless lives. For another day and for another chance to serve a world whose wounds are grievous and which so loudly calls for help, we are truly thankful.

We beseech Thee this day to free us from the hindering faults that so easily beset us. Deliver us from dread of the future, from the paralyzing fear of failure, from cowardice in face of danger, and from all compromise or appeasement with evil.

Grant us faith strong enough for the darkness through which we grope our way.

We pray, in the name of the Captain of our salvation. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of the legislative day of Tuesday, August 8, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H.R. 6302) to establish a teaching hospital for Howard University, to transfer Freedmen's Hospital to the university, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

S. 1085. An act to provide for the disposal of certain Federal property on the Mindoka project, Idaho, Shoshone project, Wyoming, and Yakima project, Washington, and for other purposes;

S. 1294. An act to supplement and amend the act of June 30, 1948, relating to the Fort Hall Indian irrigation project, and to approve an order of the Secretary of the Interior issued under the act of June 22, 1936; and

S. 1815. An act to provide for one additional Assistant Secretary of Labor in the Department of Labor.

HOUSE BILL REFERRED

The bill (H.R. 6302) to establish a teaching hospital for Howard University, to transfer Freedmen's Hospital to the university, and for other purposes, was read twice by its title and referred to the Committee on Labor and Public Welfare.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Subcommittee on the Judiciary of the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

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

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

EXECUTIVE SESSION

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

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

EXECUTIVE MESSAGES REFERRED

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

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

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

George A. Bukovatz, of Montana, to be U.S. marshal for the district of Montana.

By Mr. JACKSON, from the Committee on Armed Services:

Finn J. Larsen, of Minnesota, to be Assistant Secretary of the Army.

By Mr. CASE of South Dakota, from the Committee on Armed Services:

Col. Roy E. Cooper, Wyoming Air National Guard, and sundry other officers, for appointment as Reserve commissioned officers in the U.S. Air Force.

By Mr. FASCELL:

H.R. 8655. A bill to amend the Federal Property and Administrative Services Act of 1949 to provide for public information and publicity concerning instances where competitors submit identical bids to public agencies for the sale or purchase of supplies, equipment, or services, and for other purposes; to the Committee on Government Operations.

By Mr. PILLION:

H.R. 8656. A bill to reduce nondefense personnel by 10 percent; to the Committee on Post Office and Civil Service.

By Mr. SAYLOR (by request):

H.R. 8657. A bill to amend section 359 of title 38, United States Code, to provide that such section shall become effective as of the date of its enactment; to the Committee on Veterans' Affairs.

By Mr. POFF:

H.J. Res. 528. Joint resolution declaring Communist arms and munitions contraband in the Western Hemisphere and making provisions to enforce the same; to the Committee on Foreign Affairs.

By Mr. HIESTAND:

H. Con. Res. 367. Concurrent resolution expressing the sense of the Congress with respect to the recovery of the aircraft seized and taken to Havana, Cuba, on July 24, 1961; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BELL:

H.R. 8658. A bill for the relief of Mrs. Reiko Nakashima McIntyre; to the Committee on the Judiciary.

By Mr. BRUCE:

H.R. 8659. A bill for the relief of Jackie Bergancia Smith; to the Committee on the Judiciary.

By Mr. BUCKLEY:

H.R. 8660. A bill for the relief of George C. Katsileros; to the Committee on the Judiciary.

By Mr. DULSKI:

H.R. 8661. A bill to exempt from taxation certain property of the American War Mothers, Inc.; to the Committee on the District of Columbia.

By Mr. LANE:

H.R. 8662. A bill for the relief of Jose Fuentes; to the Committee on the Judiciary.

H.R. 8663. A bill for the relief of Gurthrie Loyd Jones; to the Committee on the Judiciary.

By Mr. LIPSCOMB:

H.R. 8664. A bill for the relief of Martynas Vytautas Glasze; to the Committee on the Judiciary.

By Mr. MORRISON:

H.R. 8665. A bill for the relief of A. A. Lindley; to the Committee on the Judiciary.

PETITIONS, ETC.

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

204. By Mr. BEERMANN: Petition of Mrs. Rudy Schacher of Monroe, Nebr., concerning congressional responsibility for the future of our Nation and our children; to the Committee on Foreign Affairs.

205. By Mr. RIEHLMAN: Petition of the Board of Supervisors of Onondaga County, N.Y., expressing the board's support for the President of the United States in his stand on the Berlin crisis; to the Committee on Foreign Affairs.