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SACRAMENTO, CALIF., September 12, 1959.
Senator ALBERT GORE,
Senate Office Building,
Washington, D.C.:

Based on information from Bureau of Public Roads that no reimbursements could be made from trust fund after October this year, California has had to discontinue all contract advertisements for bid and award on highway work. Highway program is now slowing down very rapidly. Federal Highway Act of 1956 very definitely guaranteed that Congress would take necessary action to keep highway program going as set forth in that act. Any failure on the part of Congress to meet this obligation in full will put not only California but every other State in an untenable position. In my opinion it is absolutely essential that Congress should put forth every possible effort to see that the obligation of the 1956 pledge of Congress is fulfilled. California supports you in this endeavor. Senators KUCHEL and ENGLE being advised of this position.

EDMUND G. BROWN,
of California.

STAT

MUTUAL SECURITY APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 8385) making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

Mr. HAYDEN. Mr. President, I call up my amendment which is at the desk which provides for an additional appropriation of \$323,629 for claims and judgments. After the Committee reported the bill to the Senate, a supplemental budget estimate for claims and judgments was received. My amendment will provide the funds necessary to pay these obligations.

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out lines 17 to 25, inclusive, on page 22 and lines 1 to 8, inclusive, on page 23, and insert in lieu thereof the following:

CLAIMS FOR DAMAGES AND JUDGMENTS

For payment of claims for damages as settled and determined by departments and agencies in accord with law and judgments rendered against the United States by United States district courts and the United States Court of Claims, as set forth in Senate Documents Numbered 48 and 56, Eighty-sixth Congress, \$708,137, together with such amounts as may be necessary to pay interest (as and when specified in such judgments or provided by law) and such additional sums due to increases in rates of exchange as may be necessary to pay claims in foreign currency: *Provided*, That no judgment herein appropriated for shall be paid until it shall have become final and conclusive against the United States by failure of the parties to appeal or otherwise: *Provided further*, That unless otherwise specifically required by law or by the judgment, payment of interest wherever appropriated for herein shall not continue for more than thirty days after the date of approval of this Act.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I should like to get the attention of the senior Senator from Arizona, if I can.

I understand that the Appropriations Committee has recommended the restoration of funds asked by the executive branch for special assistance to the level of \$245 million. One of the uses for these special assistance funds proposed by the executive branch was to provide incentives for private investment. I wish to be sure that there is nothing in the action of the committee to prevent the use of these funds for this important purpose of encouraging greater investment by private enterprise for the development and progress of less developed nations.

Mr. President, I ask the distinguished chairman that question.

Mr. HAYDEN. There is nothing in the bill that can be construed as such a limitation if we wanted to make use of that program. There is no question about that.

Mr. JAVITS. Mr. President, I am very grateful to the chairman, because I think the extending of inducements to private investors for private investments, especially in the less developed areas where these particular funds would be used, would be most helpful. I think it is one of the most important efforts by which we can lift the burden of public investment by substituting private investment. I submit also a memorandum on this subject to be incorporated in my remarks.

Mr. President, I now call up my amendment designated "91059(D)" relating to the Hudson-Champlain Celebration Commission, and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 20 after line 11, it is proposed to insert a new paragraph as follows:

HUDSON-CHAMPLAIN CELEBRATION COMMISSION

For an additional amount for salaries and expenses in connection with the work prescribed for the Hudson-Champlain Celebration Commission in the sum of \$35,000 to be disbursed in the same manner and for the same effect that funds have heretofore been disbursed.

The memorandum submitted by Mr. JAVITS is as follows:

The entire concept of the proposed funding arrangement specifically identifiable for encouraging conditions in the developing countries for private enterprise was to follow through on the principles of Section 413 of the Mutual Security Act.

The use of the \$5 million labeled "investment Incentive Fund" within the Special Assistance category is essentially twofold: (a) to improve the climate and improve the institutional framework within developing countries for private productive investment—local and foreign.

This involves the use of funds to provide technical advice and training on the laws, credit facilities, government services and administration, market studies, and other elements affecting investment decisions. It is intended to give particular emphasis to the strengthening or creation of local institutions which are specifically designed to assist private investment. For example, a number of countries have expressed interest in establishing industrial development centers. These institutions are designed to furnish a broad range of technical and financial skills and advice needed in creating, expanding and operating business enter-

prises. The center which now exists in the Philippines has helped add over \$100 million to the annual industrial output of the country during the first 3 years of its operation. It has helped create almost 10,000 new jobs, plus a large volume of secondary employment. Local institutions of this kind not only serve as a major instrument for local private participation in the economic growth of the country, but also assist foreign investment through their work in improving the investment climate of these countries and in increasing the availability of the frequently indispensable local partners for foreign investors.

(b) To provide the information on specific areas of investment possibilities in the developing countries necessary for stimulating investor interest in relatively unfamiliar countries.

Recent responsible studies, such as the Straus report, indicate that there is an even greater shortage of specific well-planned industrial projects seeking to attract private capital than there is of capital itself. There is a basic need for a more active U.S. Government program to assist developing countries identify opportunities for private foreign investment. Funds to finance the surveys and investigations necessary to work up the whole range of technical and financial data required to make a project ready for private financing would be used from this program. As this information becomes available, it would be brought to the attention of American business through the channels of the Commerce Department and the Small Business Administration. This is particularly important if we are to encourage greater interest among medium and small size businesses in investing in the developing countries. Large firms are equipped with marketing and research staffs and have greater experience, financial resources, and contacts. This is not true of smaller companies. It is important to make every effort to utilize the experience of small and medium size businesses which might be more readily adaptable to many situations in the developing countries. It is significant that the Straus report (p. 27) recommended that special funds be reserved for financing surveys and investigation to encourage new ventures in less developed countries.

In brief, therefore, the program proposed is designed to facilitate greater access to private resources of capital and managerial know-how. It is not a program to subsidize private companies but rather to create the conditions and awareness which permit greater utilization of the private sector both in the developing country and in the United States in achieving the purposes of the Mutual Security Act.

Mr. HAYDEN. Mr. President, I am willing to take the amendment to conference.

Mr. JAVITS. Mr. President, I wish to say a word about the amendment for the information of the Senate. I am grateful to the Senator from Arizona for being willing to accept the amendment and take it to conference.

A tremendous celebration is now taking place in New York State.

The law with reference to this matter, which is now Public Law 85-614, provided an authorization of \$50,000 and that has been appropriated last year. This additional amount is being asked as needed now and we hope very much that the conferees will be agreeable to accepting it. It is very significant that far more than that amount is being spent by the State of New York and private sources. This request comes at the moment when Princess Beatrix is visiting the United States. But I did not wish even to ask the chairman of the com-

mittee to take the amendment to conference without disclosing to the Senate the facts of the authorizing legislation.

Nonetheless the amount is small; I hope the Senator from Arizona will take it to conference.

Mr. HAYDEN. I have no objection to taking the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment from the Senator from New York.

The amendment was agreed to.

Mr. KEATING. Mr. President, I also wish to express to the distinguished Senator from Arizona my gratitude for his willingness to take the amendment to conference. I realize that it is a rather unusual request. I am also very grateful to my colleague, the distinguished senior Senator from New York.

Mr. JAVITS. Mr. President, do I correctly understand that the amendment has been agreed to?

The PRESIDING OFFICER. It has been agreed to.

Mr. JAVITS. Mr. President, I now call up my amendment designated "9-11-59(A)" and ask that it be read.

The LEGISLATIVE CLERK. On page 2, it proposed to strike out line 19, and substitute therefor the following: "to remain available until expended, and to become available as follows: During the fiscal year 1960 \$590,000,000, and during the fiscal year 1961 \$500,000,000."

Mr. JAVITS. First, I should like to explain my amendment, so as to make clear that it does not call for an increase in the amount provided by this part of the bill.

I am endeavoring to provide an appropriation for 1961 for the Development Loan Fund.

It will be noted that the bill provides an appropriation of \$590 million for the fiscal year 1960. All my amendment seeks to have appropriated is \$500 million for 1961.

First, let me make clear that there is legislative authority for doing that. The Mutual Security Act provides more than adequate authorization for both the year 1960 and the year 1961.

In the second place, this amendment calls for complying with part of the request made by the administration to the Appropriations Committee, which request the Appropriations Committee has turned down.

Indeed, the committee report makes that very clear, and says in so many words that the committee turns down the request for an appropriation, for the year 1961, of \$500 million for the Development Loan Fund.

Let me refer my colleagues specifically to page 5 of the committee report:

The \$500 million requested to be appropriated now, to become available in fiscal 1961, has been denied.

Mr. President, why do I submit this amendment at a time when it seems very clear that Members are very anxious to hold down the appropriations, rather than to increase them?

I offer the amendment because it is very clear that by proceeding in this way, the appropriation need not be increased, but by using our heads we can help the foreign-aid program, without increasing the appropriation, and can

get other countries to help us with it, at one and the same time.

It seems to me that if we were to fail to take advantage of those opportunities—which will benefit us, without increasing the amount of the appropriation for the fiscal year 1960—we would be unwise indeed.

Mr. President, I am also moved to propose this amendment by virtue of that fact that when these mutual security appropriations come before us literally on the last day of the session, as they did last time, and as they are coming up this time almost on the last day of the session, there is a great tendency to rush them through and to more or less keep them as they are brought in by the Appropriations Committee, in the feeling that, "Well, it is too late to do anything about it." But it is by now clear the mutual security program is the single most important instrument of the United States in pursuance of its foreign policy and in its cold war struggle.

I believe it would be in derogation of my duty if, seeing a situation as clearly as I think I see this one, I failed to give the Senate an opportunity to express itself on this question and to agree with me, if it thinks one of the most persuasive reasons of all for providing some appropriation for the year 1961 for the Development Loan Fund is in order to bring the situation in line with action we have already taken in the authorization bill.

It will be recalled that in the authorization bill, which was passed through the Senate in July of this year, we provided, under section 413(d), which appears at page 6 of Public Law 86-108, for a study of methods by which the United States and other nations, including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to develop the economies of free nations so as to advance the principal purpose of this act as stated in section 2 thereof.

In colloquial language, what that means is that we are going out to try to make partnership agreements with especially the Western European industrial nations, in order to materially increase the amount which we can afford to deal with in our foreign-aid activities, and especially in foreign economic aid. It is a fact that there are countries in the world, for example the Federal Republic of Germany, which are very well able to join with the United States in partnership activities for foreign economic aid. This is a fact not only in terms of resources available; this is not even an untried field, because we have come to the rescue, in a very important way, within the last couple of years, of India and Turkey, in exactly the same consortiums, in cases involving the United Kingdom, in cases involving West Germany, in cases involving the World Bank, and also including India, for a contribution, and I think an extremely important one, from Japan.

This has been done, and in order to do it, and do it effectively, we cannot be on a 1-year basis in terms of foreign economic aid.

I point out that we cannot negotiate with Germany or Japan or any other country to do this kind of job in undeveloped areas on an ad hoc, one-shot basis, as was done in India and Turkey, but on a continuing basis. Unless we have some continuity in the contribution which we shall offer to them, it puts us in a position of having to make that kind of deal. It does not seem to make it feasible to our negotiators who are anxious to help lift the burden of foreign aid from us unless we have some appropriations which will make it possible at least for 1 year beyond the current year.

That is the basic reason for this amendment.

I point out also that when the President of the United States went abroad to Western Europe very recently on his trip, the President made a considerable point of the fact that he was going to seek cooperation from Western European countries in respect to foreign economic aid. That process has begun, with the exchange of visits between the President and Mr. Khrushchev, with the reports that will be made to other countries after the Khrushchev visit, with possibly summit conferences with heads of other countries. It seems to me we are shortsighted if, without increasing this year's appropriation, we do not at least put in the hands of our negotiators the tools that will do them the most good in an effort to get main partners in foreign aid.

It seems to me countries in Asia, Africa, and South America would cheer and applaud the fact that the Congress of the United States, without spending more money than it feels it should, at the same time is looking ahead to the effort to get more aid to them by means of the partnerships I have described.

It is very hard for me to understand why this request for the Development Loan Fund should have been turned down. It seems to me when we turn down requests of that kind we are not being wise about how the prestige, resources, and wealth of the United States can be employed. At the same time we do not seek greater current appropriations, which we fear very much in connection with the increase of our deficit. It seems to me by doing this we do more than appropriate more money, and yet we do not appropriate any more money at all.

Mr. President, I wish to give a few facts on where this Development Loan Fund stands and what kind of a job it has done and why it urgently needs this kind of approach.

There are now pending, as of June 30, 1959, loan applications which await approval and action by the Development Loan Fund \$1,514,630,000. That is the amount on hand after using up practically 100 percent of the money for loans which has been appropriated up to now.

Mr. President, I ask unanimous consent that there be incorporated in the Record as a part of my remarks a summary of the Development Loan Fund proposals and commitments by geographical area as of June 30, 1959.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Summary of Development Loan Fund proposals and commitments, by geographical area (as of June 30, 1959)

	Africa	Europe	Far East	Latin America	Near East	South Asia	Total
Charges against lending authority:							
Loan and guarantee agreements signed.....	28,840	53,100	118,626	49,190	106,100	267,450	623,306
Letters of advice issued.....	1,300	9,000	33,050	15,600	21,800	32,550	113,300
Other project commitments.....	0	0	17,250	0	6,200	0	23,450
Letters of advice pending.....	10,700	16,200	9,300	1,000	38,300	0	75,500
Total.....	40,840	78,300	178,226	65,790	172,400	300,000	835,556
Percent of charges against lending authority.....	4.9	9.4	21.3	7.9	20.6	35.9	100.0
Proposals under consideration and on hand (preliminary):							
Status A.....	22,300	0	4,456	12,700	20	4,500	43,956
Status B.....	41,634	17,734	104,084	22,922	148,430	41,352	376,186
Status C.....	61,674	221,245	127,919	28,487	254,993	274,218	968,536
Status N.....	365	0	19,200	7,587	71,000	27,800	125,952
Total.....	125,973	238,979	255,659	71,696	474,423	347,900	1,514,630
Percent of proposals on hand.....	8.3	15.8	16.9	4.7	31.3	23.0	100.0
Proposals no longer under consideration (preliminary):							
Inappropriate for Development Loan Fund financing.....	8,170	4,980	27,864	141,942	57,187	9,872	250,015
Insufficient information or withdrawn by borrower.....	8,046	950	82,954	126,007	54,168	44,312	316,437
Being considered by other lending institutions.....	19,870	64,805	132,444	93,298	61,615	2,283	374,315
Total.....	36,086	70,735	243,262	361,247	172,970	56,467	940,767
Percent of proposals no longer under consideration.....	3.8	7.5	25.9	38.4	18.4	6.0	100.0
Total proposals (A±B+C).....	202,899	388,014	677,147	498,733	819,793	704,367	3,290,953
Percent of total.....	6.2	11.8	20.6	15.1	24.9	21.4	100.0

1 Excludes status A and B items under Philippines project commitment.

2 Excludes status A and B items under Turkey project commitment.

Summary of Development Loan Fund obligations and commitments (as of June 30, 1959)

[In thousands]

Country	Loan description	Obligations ¹		Other loan authorizations and commitments as of June 30, 1959		Total obligations commitments and authorizations as of June 30, 1959 (2)+(3)+(4) (5)
		Cumulative as of Jan. 31, 1959 (1)	Cumulative as of June 30, 1959 (2)	Loan commitments ² (3)	Loans authorized ³ (4)	
Africa:						
Ethiopia.....	Cotton textile mill (SAIDE).....			\$500		\$500
Liberia.....	Sawmill expansion.....	\$190	\$190			
	Telecommunications improvement.....	3,000	3,000			
	Subtotal, Liberia.....	3,190	3,190			3,190
Libya.....	Tripoli electric power.....		5,000			5,000
Nigeria.....	Apapa Warehouse.....			800		800
Nyasaland.....	Nyasaland and Trans-Zambesia Rys. ⁴				\$10,700	10,700
Somalia.....	Credito Somali (agricultural lending).....		2,000			2,000
Sudan.....	Cotton textile mill.....		10,000			10,000
Tunisia.....	National Railroad (rolling stock).....		2,400			2,400
	Esparto pulp factory.....		6,250			6,250
	Subtotal, Tunisia.....		8,650			8,650
	Total, Africa.....	3,190	28,840	1,300	10,700	40,840
Europe:						
Netherlands.....	Resettlement of emigrants in Australia.....	3,000	3,000			3,000
Spain.....	Irrigation (earthmoving equipment).....		7,700			7,700
	General Electrica Espanola.....				1,200	1,200
	RENFE, railway track rehabilitation.....		14,900			14,900
	Subtotal, Spain.....		22,600		1,200	23,800
Yugoslavia.....	Nitrogen fertilizer plant.....	22,500	22,500			22,500
	Diesel locomotives.....		5,000			5,000
	Kosovo thermal electric power.....			9,000		9,000
	Trebinjica Hydroelectric, stage 1.....				15,000	15,000
	Subtotal, Yugoslavia.....	22,500	27,500	9,000	15,000	51,500
	Total, Europe.....	25,500	53,100	9,000	16,200	78,300
Far East:						
Indonesia.....	Railway rehabilitation.....		3,000			3,000
	Harbor rehabilitation.....		6,000			6,000
	Subtotal, Indonesia.....		9,000			9,000
Korea.....	Tong Yang Cement Plant.....	2,140	2,140			2,140
	Chung Ju Power, design engineering.....		1,500			1,500
	Telecommunications improvement.....		3,500			3,500
	Korea Reconstruction Bank.....			5,000		5,000
	Oriental Chemical Industry Co., Ltd.....				5,600	5,600
	Subtotal, Korea.....	2,140	7,140	5,000	5,600	17,740

Footnotes at end of table.

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CONGRESSIONAL RECORD — SENATE

September 12

Summary of Development Loan Fund obligations and commitments (as of June 30, 1959)—Continued

[In thousands]

Country	Loan description	Obligations ¹		Other loan authorizations and commitments as of June 30, 1959		Total obligations commitments and authorizations as of June 30, 1959 (2)+(3)+(4)
		Cumulative as of Jan. 31, 1959 (1)	Cumulative as of June 30, 1959 (2)	Loan commitments ² (3)	Loans authorized ³ (4)	
Far East—Continued						
Malaya	North Klang Straits, port development		\$10,000			
	Road and bridge construction		10,000			
	Subtotal, Malaya		20,000			\$20,000
Philippines	Small industry loan fund		5,000			
	Roads, bridges and rehabilitation of public works equipment		18,750			
	Bataan pulp and paper mill			\$5,300		
	Mindanao Portland Cement Corp.				\$3,700	
	Development projects ⁴			17,250		
	Subtotal, Philippines		23,750	22,550	3,700	50,000
Taiwan	Railway modernization	\$3,200	3,200			
	Shihmen multipurpose dam	21,500	21,500			
	Improvement of fishing industry equipment		688			
	Cement plant	2,750	2,750			
	Ingalls-Taiwan Shipbuilding ⁵	6,500	6,500			
	Byproduct coke oven		1,000			
	Aluminum Corp.		1,350			
	Small industry fund			2,500		
	Subtotal, Taiwan	33,950	36,986	2,500		39,486
Thailand	Bangkok power distribution		20,000			
	Meat processing plant			750		
	Channel bridge		1,750			
	Subtotal, Thailand		21,750	750		22,500
Vietnam	Saigon-Cholon water distribution system			19,500		19,500
	Total, Far East	36,090	118,626	50,300	9,300	178,226
Latin America:						
Argentina	Transportation, power, industry		24,750			24,750
Bolivia	Sugar mill		2,500			
	El Alto Airport			1,500		
	Subtotal, Bolivia		2,500	1,500		4,000
Brazil	Rural resettlement, Carembel Castrolanda		240			
	Rural resettlement, Anhumas Pedrinhas			300		
	Subtotal, Brazil		240	300		540
Chile	Airport design engineering					
Costa Rica	Resettlement	300	300			300
Ecuador	Pan American Highway		4,700			4,700
Guatemala	Rubber production			5,000		
	Kenaf bag factory		400			
	Subtotal, Guatemala		400	5,000		5,400
Haiti	Artibonite Valley development		4,300			4,300
Honduras	Highway development		5,000			5,000
Nicaragua	Public utilities, Matagalpa	5,000	600			600
Paraguay	Waterworks, Asuncion	1,000	1,000			
	Road to Brazil	2,500	2,500			
	International Products Corp. (ranching, meatpacking, quebracho)	2,600	2,600			
	Telecommunications				1,000	
	Subtotal, Paraguay	6,100	6,100		1,000	7,100
Uruguay	UTE telephone expansion			8,800		8,800
	Total, Latin America	11,400	49,190	15,600	1,000	65,790
Near East:						
Greece	Nitrogen fertilizer plant	12,000	12,000			12,000
Iran	Plan organization projects	47,500	47,500			
	Industrial Development Bank			5,200		
	Highway construction (Avef-Andimeshk)				25,000	
	Subtotal, Iran	47,500	47,500	5,200	25,000	77,700
Israel	Development loan (power, railways, agricultural and industrial development)	15,000	15,000			
	Industrial Institution (development bank)		5,000		5,000	
	Subtotal, Israel	15,000	20,000		5,000	25,000
Jordan	Electric power		1,200			
	Phosphate mines			2,500		
	Subtotal, Jordan		1,200	2,500		3,700
Lebanon	El-Bared powerplant project				500	
	Agricultural, Industrial, and Real Estate Bank				5,000	
	Subtotal, Lebanon				5,500	5,500

Footnotes at end of table.

Summary of Development Loan Fund obligations and commitments (as of June 30, 1959)—Continued

[In thousands]

Country	Loan description	Obligations ¹		Other loan authorizations and commitments as of June 30, 1959		Total obligations commitments and authorizations as of June 30, 1959 (2)+(3)+(4)
		Cumulative as of Jan. 31, 1959 (1)	Cumulative as of June 30, 1959 (2)	Loan commitments ² (3)	Loans authorized ³ (4)	
Near East—Continued						
Syria.....	Worsted textile plant.....			\$1,000		\$1,000
Turkey.....	Industrial Development Bank.....	\$10,000	\$10,000			
	Aerial mineral survey.....		900			
	Zonguldak coal development.....		14,500			
	Plastics and related chemicals plant.....			6,100		
	Electric power distribution.....			7,000		
	Koruma Chlor-Alkali and Pesticides manufacturing.....				\$2,500	
	Development projects ⁴			6,200		
	Subtotal, Turkey.....	10,000	25,400	19,300	2,800	47,500
	Total, near east.....	84,500	106,100	28,000	38,300	172,400
South Asia:						
Ceylon.....	Colombo R.R. (motor coaches).....	750	750			
	Highway development equipment.....	900	900			
	Irrigation and land development.....	1,600	1,600			
	Subtotal, Ceylon.....	3,250	3,250			3,250
India.....	Railways (steel for locomotives and rolling stock).....	40,000	40,000			
	Road transport equipment, cement and jute industry machinery.....	35,000	35,000			
	Steel for public projects.....	18,000	18,000			
	Steel for private projects.....	22,000	22,000	20,000		
	Equipment for railway development.....	35,000	35,000			
	Equipment for public power development.....	10,000	10,000			
	Capital equipment for private industry.....	15,000	15,000			
	Subtotal, India.....	175,000	175,000	20,000		195,000
Pakistan.....	Karachi water and sewerage.....	5,500	5,000			
	Industrial Credit Corp.....	4,200	4,200			
	West Pakistan high tension grid (power transmission).....		14,700			
	Karnafull multipurpose dam.....		17,500			
	West Pakistan ground water development (reclamation).....		15,200			
	West Pakistan secondary transmission.....		23,000			
	Railway rehabilitation equipment.....		9,100			
	Port of Chittagong.....			2,000		
	Port of Chalna anchorage.....			2,000		
	Sui gas transmission.....			2,000		
	Marking and charting of navigable waterways of East Pakistan.....			1,750		
	Karachi commercial jet strip.....			4,800		
	Subtotal, Pakistan.....	9,700	89,200	12,550		101,750
	Total, south Asia.....	187,950	267,450	32,550		300,000
	Grand total.....	348,630	623,306	136,750	75,500	835,556

¹ Loans and guarantee agreements signed.² Loans approved by the Board of Directors, for which letters of advice have been issued to borrowers. Also includes country development project commitments mentioned in footnote 3.³ Loans approved by the Board of Directors, but, letters of advice not yet issued.⁴ Will probably be split into 2 loans.⁵ Agreement to finance projects within country development programs, subject to approval of the specific projects.⁶ Includes loan guarantee of \$4,500,000.

Mr. JAVITS. Mr. President, this summary shows that we are utilizing the Development Loan Fund where it will do the most good, for in the major areas, for example, the Near East and south Asia, which are key areas in this struggle which we are waging with the Communists, the greatest amount of Development Loan Funds are now being employed.

May I point to one very fundamental philosophical concept which it seems to me Congress is not giving sufficient attention to, and it is this: We must understand what is our strength and what is the other side's strength. So far as we are concerned, our strength consists in the fact that we have credit and resources and therefore we can work along with people who are working as reasonably hard as people should, who are having some of the fruits and benefits of life currently, instead of postponing them until some indeterminate era in the future. We are able to do it because we

have credit and resources in the free world.

On the other hand, the Communists proceed by exacting, by the strongest discipline and the greatest amount of tyranny, a backbreaking amount of labor and forbearance, in terms of the standards of living, from the working people in the Communist countries.

If we handicap ourselves by refusing to make available the amount of credit that we should in order to facilitate, to lubricate the whole system of the free world, we shall find ourselves falling behind, and markedly behind, what the Communists are able to do, and we will be in great jeopardy of losing this least developed area.

The most salient example of that is India. We were suffering in India very seriously from the fact that America was not highly considered there, nor were its aid programs highly considered there, but by concentrating our aid in a major way in that country with the \$2 billion

we had already in one way or another employed there, it has finally broken through.

Mr. President, may we have order? I do not mind if Members are not enough interested to listen, but it is sometimes difficult to talk above the din, and I do think, with all respect, that what I am talking about is worthy of attention.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Mr. President, we spent about \$2 billion in India all told, and it finally has broken through.

U.S. News & World Report, in its issue of August 3, 1959, stated the following:

An American today, however, constantly hears and reads praise about what his country has done and is doing to help India. Although there has been no letup in Soviet aid, an independent poll taken recently showed that, among those Indians who had an opinion, a majority believed the United States was doing more than the Soviet Union. For the first time the balance tipped in favor of America.

Mr. President, when we see today the tremendous significance of India in resisting the aggressive forward march of the Communist Chinese regime, I think we begin to be impressed with what can be done by a very modest amount of foreign aid used and appropriated in the right way, as compared with what we spend every year without blinking an eye on our military defense.

I would like to give some further facts with respect to the Development Loan Fund. I ask that there be inserted in the RECORD as part of my remarks a chart showing the loans approved, by currency of repayment, together with a chart showing the uses to which the individual loans made by the development loan fund are being employed in the least developed areas.

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

Loans approved, by currency of repayment, as of June 30, 1959

	Number of loans	Amount (in dollars or dollar equivalents) ¹
U.S. dollars (see attachment).....	224	\$197,115
Dinars—Yugoslavia.....	4	42,125
Hwan—Korea.....	5	17,740
New Taiwan dollars—Taiwan.....	7	32,986
Ethiopian dollars—Ethiopia.....	1	500
Lempiras—Honduras.....	1	5,000
Guaraníes—Paraguay.....	3	3,000
Rupees—Ceylon.....	3	3,250
Drachmas—Greece.....	1	12,000
Rupees—India.....	8	195,000
Pounds sterling—Jordan.....	1	2,500
Pounds—Israel.....	3	25,000
Pounds—Libya.....	1	5,000
Rupees—Pakistan.....	11	101,750
Lira—Turkey.....	6	41,300
Pesos—Uruguay.....	1	2,200
Pesos—Philippines.....	2	23,750
Dinars—Jordan.....	1	1,200
Piasters—Vietnam.....	1	19,500
Bolivianos—Bolivia.....	2	4,000
Pesetas—Spain.....	3	23,800
Pesos—Chile.....	1	300
Rupiahs—Indonesia.....	2	9,000
Curzeiros—Brazil.....	2	540
Somalos—Somalia.....	1	2,000
Sucres—Ecuador.....	1	2,350
Baht—Thailand.....	2	21,750
Tunisian francs—Tunisia.....	1	2,400
Gourdes—Haiti.....	1	4,300
Other—Tunisia ²	1	6,250
Total.....	102	807,606
Other project commitments.....		23,450
Loan guarantee.....		4,500
Total charges against lending authority.....		835,556

¹ Excludes other project commitments and loan guarantee.
² Excludes 6 loans where part of principal repayment is in foreign currency (Yugoslavia, fertilizer; Ecuador, highway; Paraguay, Brazil, road; Uruguay, telephone; Paraguay, telecommunication; Yugoslavia, Trebinjica, power).
³ Repayable in currency of Tunisia, France, or United Kingdom to be determined.

ATTACHMENT

Loan amounts repayable in U.S. dollars, June 30, 1959

[Amount in thousands of dollars]	
Loan agreements signed:	
Argentina: Banco Central, Transportation Power & Industry.....	24,750
Liberia: Sawmill.....	190
Liberia: Telecommunications.....	3,000
Ecuador: Pan American Highway ³	2,350
Netherlands: Resettlement.....	3,000
Yugoslavia: Pancevo fertilizer ¹	5,625
Taiwan: Ingalls-Taiwan.....	2,000

Footnotes at end of tables.

Loan amounts repayable in U.S. dollars, June 30, 1959—Continued

[Amount in thousands of dollars]	
Loan agreements signed—Continued	
Costa Rica: SICA resettlement.....	300
Malaya: North Klang Straits.....	10,000
Malaya: Roads and bridges.....	10,000
Nicaragua: Matagalpa utilities.....	600
Iran: Plan organization project.....	47,500
Paraguay: Brazil Road ²	1,000
Paraguay: International Products Corp.....	2,600
Sudan: Textile Mill.....	10,000
Guatemala: Kenaf Bag Factory.....	400
Subtotal, Loan Agreements Signed.....	123,315
Letters of advice issued:	
Philippines: Bataan Pulp & Paper Mill.....	5,300
Nigeria: Warehouse.....	800
Guatemala: Rubber production.....	5,000
Uruguay: UTE Telephone ⁴	6,600
Thailand: Meat processing.....	750
Iran: Development Bank.....	5,200
Subtotal, letters of advice issued.....	23,650
Loan approved (letters of advice not yet issued).....	50,150
Total.....	197,115

¹ Repayment of loan is 75 percent in Yugoslav dinars, 25 percent in dollars.
² First 18 payments in guaranis, last 12 in dollars.
³ Repayment of loan 50 percent in sucres, 50 percent in dollars.
⁴ Repayment: First 25 percent in pesos; 75 percent in dollars.

Mr. JAVITS. Mr. President, I ask unanimous consent that there be included in my remarks a brief statement describing the way in which the Development Loan Fund stimulates private investment, and that statement demonstrates that as of June 30, 1959, about 34 percent of all the loan commitments made out of the Development Loan Fund, \$285 million were for the private sector in the less developed sectors of the free world.

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

As of June 30, 1959, about \$285 million, or about 34 percent of our total of \$836 million of loan commitments were for the use of the private sector in the less developed areas.

Direct loans to private enterprise and to mixed private-public organization amounted to \$115 million of the total \$285 million.

We feel this is a creditable record for our first year and a half of operation and hope to build on it in the future. To expand our operations in the area of private enterprise, we will utilize direct loans, loan guarantees, and loans to intermediate credit institutions for relending to private entrepreneurs.

Government enterprise will probably continue to be one of our principal borrowers chiefly because in many of the less developed countries a prime need is for the establishment of basic facilities such as roads, ports, and powerplants in which private investors have expressed little interest. The establishment of such facilities through government enterprise, however, will open new opportunities for increased activity by private enterprise in these countries, and, as a corollary, develop additional opportunities for activities in this sector by the Development Loan Fund and others. The installation of powerplants, for instance, can lead to the undertaking of new private industrial enterprises using the available facilities; or the

opening up of new areas through the construction of additional roads and related facilities can provide incentives for local entrepreneurs to tap, with the assistance of external loans, the resources of a less developed country. Therefore, DLF assistance for sound projects initiated by government enterprise can be regarded as a step toward stimulating the private sector in the borrowing country and permitting it to play a significant role in a country's development.

Mr. JAVITS. Mr. President, I am almost through, but I do feel that what I am proposing to the Senate is something to which the Senate needs urgently to give its attention.

I point out that the authorizations which are available in the Mutual Security Act to cover 1960 and 1961 far exceed the amounts which are provided for in the bill, and the amount which I am suggesting be provided for 1961. For one year, 1960, \$700 million is authorized. The bill provides \$590 million.

For 1961, \$1,100 million is authorized. I am proposing that we assure the Development Loan Fund of at least \$500 million so it can go ahead and make advance commitments and partnership arrangements with other countries.

Mr. President, it seems to me that those who are the most active in the feeling that we ought to cut down on our foreign aid commitments are those who should the most favor what I am proposing, because it is our one way of going out and getting partners and thereby relieving us and our budget of the continuous requirement for foreign aid.

Mr. MORSE. Will the Senator yield at that point in his remarks?

Mr. JAVITS. I yield.

Mr. MORSE. As one who meets completely the description the Senator from New York has just made in his speech, that is, one who believes we ought to cut down on our foreign aid in reference to wherever we can show that there is waste in the foreign aid, or that the money is going into any project that is not going to promote the best foreign relations of the United States, I completely endorse the suggestion the Senator from New York is making in his very able speech this afternoon. It is one of the ways in which we can strengthen our foreign aid program. I think it is also one of the ways we can develop a sound development loan program that puts the emphasis on the loans rather than the policy we have been following where there has not been, in my judgment, the adequate check upon the expenditure of our money that there should be. I want to compliment the Senator from New York on what I think is an important contribution on his part.

Mr. JAVITS. I am very grateful to my colleague from Oregon and may I say to him that one of the reasons I admire him so much, and one of the things on which I try to qualify myself is to meet the issues which I myself propose. I think he does this, too. It would be easy to worry me about the fact that my amendment might be construed by my constituents as trying to increase appropriations at a time when I have thousands upon thousands upon thousands of letters to reduce them, the number being equal to the number of popu-

lation that New York has in excess of that of other States in proportion.

I do not believe in being intimidated by things which, in the absence of explanation, might seem wrong to my constituents. But like the Senator from Oregon, I am perfectly happy, any time I think something is right, to take on the explanation and face it, because that is why the people of my State sent me here, not to take the easy courses out. I have noticed that the Senator from Oregon, like myself, when he is going to spend money, is not afraid to vote appropriations and vote taxes in order to do it. So in this situation I think the easy way out would be to say, "Don't touch this \$590 million. Let it alone."

I do not want to increase the amount this year, though I think we are wrong about it. I do not think that is the thing to do, in view of the sentiment of the country. But not to do some forward planning for next year I think is unwise, and I am grateful to my colleague, who is a distinguished member of the Foreign Relations Committee, for putting the matter in focus.

Mr. President, I have the honor, because of the graciousness and the kindness of the Senate, to be the chairman of the Economic Committee of the NATO Parliamentarians. That is a body which has on it one representative of the Parliaments of each of the NATO countries, and in practically every case he is a highly skilled economist or man who has been deeply concerned with foreign economic policy. That has been a very active committee. It has done a good deal in the field of foreign private investment, and it has done a good deal in terms of trying to help the one and two commodity countries which suffer very materially from radical price swings, and it is now addressing its attention to this particular subject of partnerships between other countries and the United States in respect of foreign economic aid.

I have proposed this amendment out of deep conviction based upon this intimate association of the representatives of the very governments which have it within their power to cooperate and to go into partnership with us in this matter that this is what they are waiting for. They are waiting for the United States to put itself in a posture where it can really work with them, where it does not on the one hand say it wants partnership, wants help, and wants other people to take over some of the foreign aid burden, but does not actually put itself in a position to accomplish that end, which this amendment proposes.

Mr. President, I close upon this note. No matter what we may be doing or thinking in this field, we must always bear in mind that we are not doing it free of competition, but, on the contrary, we are meeting the most acute kind of competition from the Soviet Union and from Communist China itself, both of which are engaged in a major way in the foreign aid program.

If there is any reason, therefore, which could be more certain than that one for the fact that we should not only pro-

ceed alone but tie on other associates with us, it is that.

The Soviet Union foreign aid program is now in the area of about \$2 billion. The foreign aid program of Communist China is of the magnitude of hundreds of millions. It seems to us that the greatest flattery is emulation. It seems to me that if anything has confirmed the rightness of what we are doing, it is the fact that the Communist powers, after derisively laughing at our program, have had to do the same thing. We were the first in the field, and we were the most effective in the field. If we have the good judgment to really swing our weight, I think it can be a decisive factor in the victory for freedom. If we swing less than our weight, it is we who are being unwise and proposing to fight a battle for survival of the most intense kind, with one hand tied behind our backs.

I hope the Senate will act favorably on my amendment.

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

Mr. JAVITS. I yield.

Mr. DWORSHAK. The Senator from New York is quite a realist. I should like to ask him if he is aware of the fact that recently, in July, the Senate passed the authorization for the Inter-American Development Bank, which commits the United States to make available \$450 million for development loans in South America. Would it not appear logical that, to that extent, pressure upon the Development Loan Fund under the ICA program would be greatly lessened, because of the new proposal to give specific recognition to the inter-American countries?

Mr. JAVITS. What has been done in respect of Latin-America will help very materially; but, as every United Nations study and every study by our own committees and experts has demonstrated, we are so far deficient in the amount of capital resources which the world needs to deal with the underdeveloped areas that every way we can increase that amount will mean helping ourselves to keep the world safe for freedom. The proposal I make is exactly the same kind as the Inter-American Bank. It proposes to get others to contribute too. That is the whole purpose and point of it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York. [Putting the question.]

Mr. JAVITS. Mr. President, on that question I ask for a division.

On a division the motion was rejected.

Mr. DODD. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Connecticut will be stated.

The CHIEF CLERK. On page 19, after line 12, it is proposed to insert:

COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE, SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses," \$34,000.

Mr. DODD. Mr. President, it will not take very long to explain this amend-

ment. I wish to say to the distinguished chairman of the Committee on Appropriations that I have discussed it briefly with other Members and with the chairman. I voted in committee to eliminate this language, but since then I have talked with some lawyers who have convinced me that it would be a good idea to restore this item. If the Senate will indulge me for 2 or 3 minutes, I shall explain the amendment.

The purpose of this amendment is simple and my explanation will be brief.

It would add to the appropriation bill before us the amount of \$34,000 to enable the Commission on International Rules of Judicial Procedure to continue its work. Earlier this week, the House and Senate passed a bill extending the life of this Commission to December 31, 1961. But this action of Congress will be nullified for all effective purposes unless we appropriate the small amount of money, \$34,000, necessary to pay the public members of the Commission.

The purpose of the Commission is to make recommendations for reforming the practice of State and Federal courts in first, serving processes, subpoenas, orders to show cause, and other judicial documents in foreign territory; second, in obtaining oral and documentary evidence abroad; third, in obtaining evidence of foreign law; and fourth, reciprocally, rendering assistance to foreign courts.

The Congress has directed the Commission to draft international procedural agreements for negotiation by the Secretary of State, and to recommend to the President other legislation such as amendments to the pertinent provisions of the Federal judicial and criminal code, and the Federal rules of civil and criminal procedure. A study of the equivalent procedures of the courts of foreign countries must be made.

In addition to bringing about necessary reform in the practice of our State and Federal courts, the Commission can be instrumental in creating international good will through its examination of our juridical relations with foreign countries. This is especially true of the newer countries. For example, Morocco, just a few days ago, indicated its desire for an examination of its unsatisfactory juridical relations with the United States.

The Commission on International Rules of Judicial Procedure consists of nine members. There is also an advisory committee of 15 members. The paid working staff consists of a Director, two junior research attorneys, and one secretary-stenographer. Of the \$34,000 requested by this amendment, \$25,000 is necessary to pay the salary of this small staff.

The additional \$9,000 is for the purpose of enabling the Commission to meet the expenses incident to a meeting of its advisory committee and the preparation of a report.

In brief, therefore, the purpose of the Commission is to come up with recommendations that will make legal proceedings involving acts in a foreign territory less expensive, less cumbersome, and less time consuming for our attorneys and their clients.

Unless we act in the next few minutes to provide this Commission with the \$34,000 it needs to continue minimal operations, it will go out of business and the act of Congress of a few days ago which extended its life for 2 years will become meaningless.

There is a great deal of talk, but precious little action, to further the goal of developing international law to the point where it could make a lasting contribution to world peace. We have before us an amendment which, while making no pretensions toward a major advance in international law, would provide a practical, workable means within its small area of ironing out differences in judicial procedure, differences which now hamper and delay the operation of justice.

The cost is small, the work to be done is important, and I urge the Senate to adopt this amendment and thus keep alive one of the little known but nonetheless important agencies of our Government which is working to bring about a greater degree of international understanding.

Mr. JOHNSON of Texas. Mr. President, I understand that the chairman of the committee is agreeable to accepting the amendment. Is that correct?

Mr. HAYDEN. That is correct. We will take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. DODD].

The amendment was agreed to.

Mr. BARTLETT. Mr. President, mindful of the fact that the Senate has been engaged in a week of arduous labor here in the Chamber, I shall be brief in my remarks about the mutual security appropriation bill that is before us.

Some of my colleagues here may recall my opposition to the mutual security authorizations bill which was passed by the Senate earlier in the session. The basis for that opposition was explained by me in remarks here. I expressed the fear that our economic assistance to underdeveloped areas is too little to be truly constructive. I voiced my objection to the practice of giving assistance to foreign nations which create distinctions among American citizens on the basis of race or religion. And I called the Senate's attention to the fact that when the United States strengthens dictatorial regimes by economic assistance the image of the United States as the champion of free government becomes blurred and we expose ourselves to accusations of economic imperialism. With many other Senators, I protested the lack of congressional controls over spending abroad.

Mr. President, I doubt whether many Americans realize that the Congress does not exercise control over money spent in other countries on a project-by-project basis, nor even on a country-by-country basis. In fact, Congress is denied information which intelligent congressional supervision would require.

Mr. President, I believe that the members of the Appropriations Committee are to be commended for their efforts, and the results they have obtained in the face of great difficulties. The adminis-

tration has told the American people, in effect, that Congress is spendthrift when it seeks to create an environment in which the minimal needs of the American people can be met, in which the free American economy can grow, and in which our race with totalitarian societies can be won. To the extent that we in Congress have sought to lead the Federal Government along a less timid path to develop the well-being of the American people, we have been chastised as "spenders." To the extent that we in Congress have sought reasonable controls and fuller details with respect to expenditures abroad, we have been chastised as provincial or unstatesmanlike. I know that many of my colleagues share my bewilderment at the administration's fetish against projects at home, on the one hand, and its attitude that scrutiny of projects abroad subverts America's leadership, on the other hand. In view of this bewildering attitude about expenditures, I think Congress is to be commended for adhering to a policy of bipartisan support for the President in the foreign policy field and for appraising foreign policy programs on their merits.

Mr. President, let me make it clear that I do not oppose economic assistance to democratic, underdeveloped, nations. As I have said previously, my concern is that the amounts appropriated for this purpose may be inadequate. We need a bolder attack on the conditions that breed communism, and we need a fuller commitment to victory in the battle for men's minds. I am pleading both for a bolder program of aid in the underdeveloped areas—preferably on a loan basis—coupled with more sensible fiscal control and greater supervision of assistance programs by the Congress.

Mr. President, it follows that I am delighted to find section 103 in the bill before us. This provision modifies one adopted on the floor of the House of Representatives, which would have prohibited the use of funds appropriated for defense support, the Development Loan Fund, special assistance or the contingency fund for financing nonmilitary projects or programs not meeting the feasibility criteria or standards which apply to domestic flood control, reclamation and other related programs. I would have supported the House version of section 103, but I regard the language reported by our Senate committee, which requires that the use of appropriated funds in these categories on any new project abroad be preceded by "a detailed evaluation which provides reasonable assurance" that benefits will be at least equal to costs, as an improvement over prior mutual security legislation. But I do not agree that U.S. taxpayers' dollars should be spent on public works projects abroad with less exacting standards than those applied here. Indeed, Mr. President, here too frequently we hear the "pork barrel" charge when the benefit-cost ratio is high. I have never heard this criticism applied to public works undertakings which we pay for around the globe.

I am gratified, too, to note the inclusion of section 112 by the Senate Appropriations Committee, to require fuller

reporting on expenditures under the mutual security program by the President to the Appropriations Committees of Congress. Once again, Mr. President, I would have favored a much stronger reporting provision—perhaps like that adopted by the other body. Section 112, however, reflects a growing awareness not only of our right to know, but of our need to know about the conduct of this program.

Mr. President, section 115, included in the pending measure, expresses the sense of the Congress that the attempt of foreign nations to create distinctions among American citizens on the basis of race or religion is repugnant to American principles. It seems to me this is the least we can do in stating the fundamental, traditional American position. The Senate committee which incorporated the language, and the distinguished senior Senator from Oregon and the distinguished senior Senator from New York, who led the struggle for inclusion of this expression of congressional attitude, are to be commended.

There is talk, Mr. President, that the administration is fearful that the appropriations in this act will prove to be inadequate. I share a similar concern, with respect to economic aid. But in that case, it would be the duty of the administration to come again to Congress with an explanation of the foreign developments that require greater expenditures. I cannot assume that the administration would fail to perform this duty, if the need should arise.

Moreover, I believe that the controversy over mutual security appropriations provides a clear lesson for this President and his successors: That lesson is that reckless charges against needed domestic projects and prophecies of economic doom and gloom may provide effective rhetoric for the opponents of liberalism, but they do not promote an atmosphere in which the American people can respond uncritically and with full sympathy to requests for vast expenditures abroad.

Mr. President, recent events in India emphasize another problem which I discussed in my remarks about the authorizations act earlier this session. At that time, I said the resources of the United States might be used most effectively if concentrated in assistance to those underdeveloped, free countries which are engaged in dramatic races with Communist neighbors. Obviously, the best example of such a country is India. In this summer, and most especially in recent weeks, we have seen the violation of India's borders by forces from Communist China. We have read reports of riots instigated against the Nehru government by the Communist Party in Calcutta. These riots are probably meant as retaliation for the dissolution, under constitutional procedures, of the Communist regime in the State of Kerala.

According to information contained in the hearings published by the House Appropriations Subcommittee on Mutual Security, 25 percent of the Development Loan Fund allocations abroad—up to June 12, 1959—were spent for projects in India.

In part because of the fact that failure to appropriate on a country-by-country basis makes difficult the mechanics by which Congress might express support for a particular country, I shall not seek to amend the act before us to require that in the future, as in the past, at least 25 percent of Development Loan Fund allocations be spent in India. Perhaps the percentage should be much, much higher. I am convinced that the raw total figures should be higher. Perhaps, too, the application of benefit-cost ratio standards, pursuant to the new section 103 of the act, would affect the percentage of allocation for India in the immediate future. But within the limitations of sound feasibility requirements, Mr. President, I would hope that the Development Loan Fund will maintain its interest in India and will do all that it can to support economic progress in that country, which is so beset by the problems of a rapidly growing population, and which is symbolic of the efforts of underdeveloped free nations to exceed the economic growth of underdeveloped totalitarian nations.

In conclusion, Mr. President, I express the hope that the administration will couple future requests for mutual security appropriations with a greater willingness to keep Congress informed of expenditures abroad and to allow greater supervision of these expenditures by Congress.

I ask unanimous consent that a book review by the noted scholar, Miss Barbara Ward, which appeared in the New York Times and which reports on a new book entitled "East and West in India's Development," be printed in the RECORD following these remarks.

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

REVIEW OF BOOK ENTITLED "EAST AND WEST IN INDIA'S DEVELOPMENT"
(By Barbara Ward)

In the next decades the future of Asia will probably be decided not by tanks and bombs but by the battle of production statistics waged between India and China. At present, as a result of forced saving and Draconian discipline, China's economic growth may be as much as three times as rapid as India's. This projection, carried forward 20 years or so, could tip the scales against India's democratic experiment. The ruthless political methods of China are not in themselves attractive—particularly on the morrow of Tibet. But its ability to provide food and work will weigh more and more heavily in the scales if India meanwhile cannot fully meet these inescapable needs.

Those who wish to study this fateful duel in greater detail cannot do better than read Wilfred Malenbaum's short study "East and West in India's Development." The author, visiting professor of economics at Massachusetts Institute of Technology, looks dispassionately at the reasons for the short-fall in India's achievements under the second 5-year plan and finds them where, under any noncompulsive system of government, one would expect them to lie. India's per capita income is not much above \$60. To urge people to save—in other words not to consume—under these conditions of minimal income is the hardest task facing a democratic government and it is precisely by forced saving, especially in the agricultural sector, that totalitarian China has been able to forge ahead.

In India, the mobilization of domestic savings, particularly rural savings, has fallen behind the planned figures. The Indian Government may have aggravated the effect of the short-fall by too optimistic an original estimate of the likely capital output ratio and—recently—by too great an effort to divert the national trend of savings from the private sector (where 90 percent of India's economic activity is carried on) to public investment.

Moreover, excessive emphasis in the future on large capital-intensive works in the public industrial sector might accentuate this difficulty, draining effort and resources from rural renewal and smaller labor-intensive activities. Yet the fundamental difficulty is India's appalling poverty and the obstacles that lie, under any voluntary system, in the way of securing sufficient savings from a population below the borderline of adequate consumption.

This is the crucial setting to the problem of foreign assistance. Russian aid is sizable and, inevitably, designed to encourage the growth of the public sector. Western assistance has been much larger but has tended to be geared to crises rather than to a steady, long-term look at India's development as a whole. Yet its scale and continuity will be absolutely decisive in the next planning period. If Western participation is at a lower and more uncertain level than in the last 8 years, all the trends making for exaggeration in the public sector and neglect of healthy, resilient forces in the private economy would be intensified. Moreover, it is doubtful whether India could maintain even the minimum rate of advance needed to keep pace with rising population and an expanding working force.

It is essential that public opinion in the West should fully grasp the scale of India's difficulties—and opportunities—and the decisive influence they will exercise on the survival of the "open society" in emergent lands. Mr. Malenbaum's packed, factual and authoritative study is the best, rapid summary available of India's problems today, and no one interested in the great duel in Asia can afford to leave it unread.

Mr. HUMPHREY. Mr. President, I have a very minor amendment which I have discussed with the distinguished chairman of the committee, Mr. HAYDEN. It is designated "9-10-59-F." I send it to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The CHIEF CLERK. On page 8, beginning with line 9, it is proposed to strike out all through line 11, and redesignate the succeeding sections of title I accordingly.

Mr. HUMPHREY. Mr. President, this amendment does not involve new money, but merely applies to the use of funds under the act, and removes some prohibitions, in connection with their use. I would appreciate the comment of the chairman of the committee.

Mr. HAYDEN. Mr. President, I shall be glad to take the amendment to conference.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I have prepared regarding the amendment.

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

STATEMENT BY SENATOR HUMPHREY

The purpose of my amendment is to strike from the pending bill, H.R. 8385, providing

funds for the mutual security program for 1960, section 110 on page 8, beginning on line 9, which had originally been inserted in the House Appropriations Committee. This provision in the bill reads as follows:

"Sec. 110. None of the funds herein appropriated shall be used to carry out the provisions of section 501(b) of the Mutual Security Act of 1959."

The unfortunate effect of section 110 is to prohibit the use from the President's contingency fund of any money which might carry out section 501(b) of the mutual security authorization law, Public Law 108, 86th Congress.

What would section 501(b) provide?

Section 501(b) authorizes the President, if he so determines, to utilize up to \$2 million for the specific purpose of authorizing research, field trials and demonstrations looking toward the possible mass eradication of selected diseases.

SECTION 110 SHOULD HAVE BEEN TREATED EXACTLY AS COMMITTEE TREATED 111

The Senate Appropriations Committee had its own ample precedent for eliminating the restrictive House provision.

I point out that on page 9 of Senate Report 981, the Senate Appropriations Committee rightly indicated that it removed the "freeze" which the House Appropriations Committee had unfortunately adopted against the use of any funds under the very next item—section 111—for the East-West Cultural Center in Hawaii.

I congratulate the Senate Appropriations Committee for removing the House's unsound restriction in the House's version of section 111.

The House committee had previously justified its overall restrictions on the ground that the subjects prohibited both in section 110 and section 111 represented new programs.

It is a fact that section 111 is a "new" program, but it also happens to be a wonderfully imaginative, immensely promising program—for an East-West Hawaiian Cultural Center.

By contrast, section 110—which the Senate committee regrettably retained—freezes something which is not "new," namely a program looking toward the mass eradication of disease. This is a program on which the United States has been engaged at least in limited form for a period of years.

With all due respect to the distinguished members of the Senate Committee on Appropriations who labored with customary diligence and conscientiousness on this bill, I submit that their present version perpetuates an equity. It freezes a mere extension of an old program, while unfreezing a completely "new" program.

It seems to me that both these programs, while unrelated, should be treated in the same fair manner; namely, no prohibition on funds.

That is why I urge that we now eliminate the House restriction by adopting my amendment. Unless we do so, the President cannot use any funds for this purpose.

GIVE THE PRESIDENT DISCRETIONARY POWER

The actual question of policy before the Senate is this: Are we to tell the people of the world that the Congress does not feel that the President should have the discretion to use even a nickel of money which might be used for field trials to test the eradication of disease?

Are we to tell the people of the world that while they are suffering from perhaps a dozen major regional and universal killing and crippling diseases, that the United States is not interested in financing a nickel more of field trials which might once and for all help exterminate at least one or more of these killers and cripplers?

WHAT IS REAL ECONOMY?

What I am saying is this: It is far cheaper to eliminate a disease by testing new methods against it, and then applying proven methods, than it is to tolerate a disease indefinitely. To reject this amendment would be false economy.

The proof of this is in the present anti-malaria program. Malaria has cost the world—indirectly—tens of billions of dollars since World War II alone, in terms of lost purchasing power, etc. Yet, for the most minute fraction of that sum, we are on our way toward wiping out malaria completely.

But what about certain other diseases like sleeping sickness, cholera, etc. Do we propose to ignore the possible prevention and cure of these diseases which might continue to exist indefinitely?

TROPICAL DISEASES STRIKE U.S. TROOPS

Let me point out that I am talking not simply of diseases affecting foreigners, I am talking about diseases which can rage and have raged in epidemic form among American servicemen who are stationed, for example, in the Far East in the scores of thousands. They are just a jet plane hop away in this contracted world.

I am talking about diseases which have raged in Laos, for example.

Who is now to say whether United Nations forces may soon be needed in Laos or in some other country which may be endangered by Communist aggression? If United Nations troops are needed there, I can almost guarantee that we will be begging medical science to find the answers against certain diseases there.

TIME IS PRECIOUS

So, the question is, "Do we or do we not propose to use time, our greatest asset in this fight—and take the necessary steps now." Time is crucial. Setting up field trials can take years and years.

Let me point out that if the Senate fails to eliminate the House restriction, not a single nickel of American official funds for this type of field purpose will be available for research in the 1960 fiscal year.

NO OTHER FUNDS IN MUTUAL SECURITY APPROPRIATION BILL AUTHORIZE TRIALS

There is no point to the administration, or anyone else attempting to justify the House's restriction by asserting that "we provide tens of millions of dollars for other health purposes in this bill."

That is true. Unfortunately, it does not tell the whole story. Every nickel for health provided elsewhere in this bill is needed. But not a nickel provided elsewhere in this bill will be used for this particular purpose unless we in the Senate and the distinguished members of the conference committee eliminate the regrettable House restriction.

The choice is ours: (a) Delay and regret; or (b) a "green light" to the President to move ahead if he so determines.

I reiterate—the President should have the discretionary right to use this money—\$1, \$10, or \$2 million—if his advisers so recommend.

Who are these advisers? They are the top specialists of the National Institutes of Health, the Pan American Health Organization, the World Health Organization, and others.

They are men who may decide that \$100,000, say, could well be used to test a new oral vaccine—a 1 cent pill—or a liquid which might possibly prevent some mass disease. They are men whom we can trust and the President can trust.

PRIVATE ENTERPRISE, I.E., DRUG COMPANIES WOULD GET "GREEN LIGHT"

Let me point out that section 501(b) represents an approach 100 percent consistent with the American free enterprise system.

No single ally is more important to the concept of the amendment than America's private pharmaceutical industry. It is this industry which will do as much or more than any single force in the world to achieve the concepts implicit in the amendment.

For it is the American pharmaceutical industry which is best qualified to develop mass therapy drugs, for example, which might be taken by tens of millions of people, as a means of rapidly avoiding or curbing or eliminating some infectious type of malady.

DIFFERENCES AS COMPARED WITH OTHER RESEARCH

Let me further point out that the type of field work contemplated under this amendment can and should be differentiated from the laboratory and other work contemplated under other research legislation.

Section 501(b) contemplates mass studies in the field; e.g., among tens of thousands of individuals in specific regions throughout the globe, particularly tropical and adjacent areas.

To carry out section 501(b) will require the closest possible cooperation with foreign governments, a matter for State Department and ICA attention. Obviously, a field trial cannot take place unless, too, it is, by and large, administered by foreign nationals, e.g., technicians of other governments, and unless policy decisions have first been reached in the highest quarters to cooperate with us.

The fact that a research program will be largely administered by foreigners actually will represent a saving for us. Expenses can thereby be borne partially by the foreign government; our share of the expenses should be a reasonable proportion.

CONCLUSION

Field trials are crucial. Field trials alone can test the efficiency of a new drug. Yet if this amendment is defeated, the "freeze"—the prohibition—will remain on. And what will that mean?

It will mean that the Senate will have told the House: "Yes, it is perfectly alright for you of the House of Representatives to forbid the Senate to grant the President this discretionary power."

This to me would represent poor policy—poor policy for the Senate, poor policy for the Congress, poor policy for the United States, poor policy for the world.

THE PRESIDING OFFICER. The question is on agreement to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

MR. HUMPHREY. Mr. President, I have a second amendment which I offer. It is No. 9-10-59-G.

THE PRESIDING OFFICER. The clerk will state the amendment.

THE LEGISLATIVE CLERK. On page 5, between lines 10 and 11, it is proposed to insert the following:

Special foreign policy studies: For expenses of the Department of State in procuring, by contract or otherwise, of special foreign policy studies relating to disarmament, weapons control, and possible technical means for enforcing arms control under a reduction of armaments agreement, \$400,000.

THE PRESIDING OFFICER. The question is on agreeing to the amendment.

MR. HUMPHREY. Mr. President, the amount of the amendment is in the sum of \$400,000, and the amendment is self-explanatory. It was requested by the Department of State as a sum of money which could be used to implement spe-

cial studies in the field of weapons control, particularly as it applies to the technical aspects of the enforcement of any arms control measure which may be agreed upon.

I believe this amendment is a very important one at this time in light of the recent decision of our Government to reenter the discussions on the subject of disarmament. As my colleagues know a 10-nation commission has just been established at the insistence of the United States.

It appears to me that if we are going to negotiate at the political level on a subject as delicate and as important to our national security as disarmament, we surely should have the technical studies that go along with it.

This amendment has been up before, Mr. President. I regret that the committee has not seen fit to accept it, and I am hopeful that the Senate will now find it possible to accept the amendment.

I filed a statement on the Mutual Security Act with the Committee on Appropriations. Therefore, I shall not burden the RECORD with the details of the statement except by reference.

MR. HAYDEN. The House refused to accept the amendment in the supplemental bill. We had it under consideration twice. The Senate refused to accept it. Then we had it under consideration in the committee. So it has been twice rejected by the committee, and once by the House of Representatives. There is no possibility of its being adopted.

MR. HUMPHREY. I appreciate the very candid statement of the Senator from Arizona. I recognize the obstacles which I face in this matter.

I still believe with a deep sense of conviction that I am right. I regret I am not sufficiently persuasive to convince a man for whom I hold a great deal of admiration, the distinguished chairman of the committee, and his fellow members on the committee.

I ask unanimous consent to have printed in the RECORD at this point a letter supporting the amendment, which I have received from the Department of State under date of July 29, 1959. I have reduced the amount mentioned in the letter to \$400,000.

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

DEPARTMENT OF STATE,
Washington, D.C., July 29, 1959.
The Honorable HUBERT H. HUMPHREY,
U.S. Senate.

DEAR SENATOR HUMPHREY: This letter contains the information on special foreign policy studies requested in your letter of July 15, 1959, acknowledged by telephone on July 21.

In regard to funds for disarmament studies in fiscal year 1959, the Department included \$70,000 in a supplemental appropriation estimate of \$854,000 (H.R. 13450). House Report No. 2221 allowed \$450,000 for the three activities included in the Department's estimate. Senate Report No. 2350 allowed \$650,000 and stated:

"Specifically the sum allowed will help finance the expanded science program of the Department, provide the funds necessary for the disarmament activities recently

transferred to the Department, and cover the additional costs estimated for expenses of four directors and interpreters escorting U.S.S.R. delegations of specialists expected to visit the United States under the East-West exchange program in the fiscal year 1959."

Out of the resulting appropriation, of \$550,000 (Public Law 85-766) the Department set aside \$70,000 for a contract for disarmament study. This amount remained in reserve until the end of May 1959. By then House Report No. 376 of May 21, 1959, had disallowed the Department's request for funds for the purpose in fiscal year 1960. In view of this House action, later confirmed by the Senate (Rept. No. 424), the Department deemed it inadvisable to proceed with contract negotiations then in progress. With no limitation in the appropriation language or in the committee reports, the Department then (May 1959) reprogrammed the \$70,000 for other necessary purposes.

With respect to a breakdown of our needs in fiscal year 1960, as I indicated in my letter to you of June 2 of this year one of our principal needs is to have sufficient financial resources to enable us to obtain expert evaluations that may be required as a result both of our continuing review of disarmament policy and of developments that may occur during or in preparation for international negotiations. A similar requirement exists with respect to the impact of technological developments on our disarmament policy. In the absence of such evidence, it is not possible to determine in advance the priorities that should be assigned to certain types of studies or to determine the allocation of funds.

Because the Department of State has not had financial resources for technical-scientific studies, we have not developed definite programs concerning specific study projects, their priorities, and the most effective way of organizing them. When it is determined that we will have funds in a specific amount, we plan, with the advice of experts in the field, to make a final assessment of the areas in which scientific-technical facts and analysis are most critical. In the light of the then-existing policy review and negotiation requirements, we would determine the actual programs to be undertaken. We have, of course, already identified the range of studies which would be useful; but we believe it would be most productive to follow the above procedure in selecting those to which funds would be initially allocated. Illustrative of the studies we presently have need for are the following:

1. Further study of improved inspection techniques in connection with an agreement on cessation of nuclear weapons tests.
2. Inspection systems and arms control arrangements for protection against surprise attack.
3. Inspection systems and arms control arrangements that would guard against the likelihood of accidental war or a miscalculated "preemptive" war.
4. The capability of newly developed scientific instrumentation to assist in the verification of arms agreements and continued study of areas where improved instrumentation might assist.
5. Evaluation of inspection systems for policing an agreement that all production of fissionable material be used exclusively for peaceful purposes.
6. Further study of the possibilities of developing scientific inspection capabilities that might make it possible to detect the presence of nuclear weapons.
7. Study of required arrangements for authentication of messages furnished by inspection systems.
8. Study of communication and data-processing systems.
9. Study of the applicability to inspection systems of random-sampling techniques.

10. Study of inspection capabilities to verify the disposition of ballistic missiles.

11. Study of problems involved in possible regional arms control arrangements.

If I can be of any further assistance, please do not hesitate to call upon me.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I invite the attention of the chairman of the committee to a matter which I discussed with him briefly, the offering of an amendment on page 21 of the bill, line 5, to strike out the sum \$1 million and insert the sum \$3,100,000. It has to do with urban planning for the smaller cities and towns under section 701 of the bill. The junior Senator from Virginia [Mr. ROBERTSON] is at a meeting at the present time, and I have not had an opportunity to talk with him.

I wish very much that the chairman would consent to take this to conference.

Mr. HAYDEN. The Senator from Virginia [Mr. ROBERTSON] is familiar with the matter, and there will be time when the Senator from Alabama can consult with him. I would not want to accept the proposal at this moment or even consider it without giving my subcommittee chairman an opportunity to be heard.

Mr. SPARKMAN. Of course, I had talked with the chairman and told him I would discuss the matter further with the Senator from Virginia [Mr. ROBERTSON], who is a member of the Appropriations Committee but due to the fact that he is detained for the present, I thought perhaps we could dispose of the matter.

It is true that the amount given in the bill should carry the agency until the first of the year. I do not want to push this matter unduly, and I would be perfectly willing to let it rest with the feeling that, if there is a greater need, when the first supplemental comes up at the beginning of the year it may be considered.

Mr. HAYDEN. I assure the Senator that at the time of the consideration of the supplemental appropriations we will consider it.

Mr. SPARKMAN. This is about the only chance the smaller cities and towns will have. This relates only to towns of 50,000 and less in population. It is about the only chance they have of getting into the urban renewal program, and if the fund runs out, over which there was no controversy between the legislative and the executive, then these smaller places which are not able to maintain full time planning experts, and so forth, are simply left in the lurch. It is important to them.

Mr. HAYDEN. There is quite a substantial sum under that item in this bill.

Mr. SPARKMAN. There was \$975,000 left over from the other fund.

Mr. HAYDEN. Yes.

Mr. SPARKMAN. And \$1 million taken out of the new fund. That makes

a total of \$1,975,000. I believe the agency suggested that they would need close to \$4 million, but, as I have said, it is perfectly agreeable to me if we can have that understanding.

Mr. HAYDEN. I can assure the Senator that when we hold hearings on the supplemental appropriations next spring, if the facts justify it, we shall be happy to consider it.

Mr. SPARKMAN. The chairman says next spring. I wonder how early. Usually a supplemental bill is acted on pretty soon after the new session begins.

Mr. HAYDEN. Next spring. Ordinarily we have some urgent matter which comes up in January. I would say about the month of March.

Mr. SPARKMAN. But consideration will be given whenever the need arises?

Mr. HAYDEN. Probably about the month of March.

Mr. SPARKMAN. I thank the chairman.

Mr. ELLENDER. Mr. President, one of the most arduous peacetime sessions of Congress is now in its closing hours. We have all worked especially long and hard during the past few weeks in an effort to complete our work.

Thus, Mr. President, I am acutely aware of the fact that Senators are tired and are eager to close out this session of Congress. However, I must ask the forbearance of my colleagues. To my mind, we would be remiss in our duty if we simply approved the pending bill, calling for appropriations to the mutual security program, merely because we want to go home.

Mr. President, the pending measure poses a real threat to the economic stability of our Government, and it is now up to the Senate to act in order to reduce, if not eliminate, this threat.

Title I of this bill would make available to our foreign aid program a total of \$3,281,813,000 for this fiscal year.

May I point out to Senators that should this body approve this additional appropriation, the total amount of money made available for foreign aid since the end of World War II will reach an amount in excess of \$83 billion.

I also would like to point out that during this same period of time, the U.S. Government spent only \$11 billion on our much maligned public works programs.

In other words, we have spent more than seven times as much on improving foreign countries as we have to conserve and preserve our own precious resources of soil and water.

In this connection, I recall that the distinguished minority leader made the statement earlier this week that the Senate should uphold the President's veto of the second public works bill on the grounds that it was in the economic interest of our country to do so.

The minority leader said:

There were 46 million youngsters who entered the schools of America this month. They will be the trustees of this country in the future. They are the future custodians. If we mess up the fiscal picture now, what will happen to them? They will have to pay the bill for our mistakes, for our sins of omission and commission.

The distinguished minority leader [Mr. DIRKSEN] made the statement in

connection with his objection to spending some \$800 million in future years for public works in our own country.

Yet the pending bill contains more than four times that amount of spending in foreign countries for this year alone.

Mr. President, I too am gravely concerned over the condition in which we will hand over our country to our grandchildren. I also wonder about the ever-increasing debt load we are bequeathing to the young people of our great country.

In my opinion, the continuation of this wasteful program, which is concerned only with the flinging of American dollars to all corners of the globe, with little or no consideration being given to the impact of this spending on our own domestic economy, is of far greater danger to this country than a modest, well planned, and long-range program of public works.

For one thing, we can see at the very minimum a dollar's worth of accomplishment for every dollar spent on domestic programs. I will not attempt to compute the minute particle, if any, of the value we obtain for every dollar we pour into the foreign aid rathole.

Mr. President, this foreign aid program has become a devouring monster, seeking to suck the very lifeblood out of our economy. I recall the story of the man who adopted a young lion cub. As the cub grew into young lionhood, the man's friends warned him that the animal might become dangerous. He scoffed at these stories, saying that he knew the lion recognized him as a friend and would not attack him. But one night the man accidentally cut himself. The lion got one taste of the blood, and unhappily that was the end of the man who forsook the advice of his friends.

In my judgment, our foreign aid program, which commenced its existence as a lion cub, is now a full-grown lion and is now ready to devour its master.

When this program was begun at the end of World War II, it was estimated that it would cost about \$15 billion to restore the war-ravaged economies of the countries of Western Europe.

This goal was attained by 1953, at which time the economies of the countries of Western Europe had reached unprecedented heights. Yet we have continued to pour billions of taxpayer dollars into these countries since that year and are continuing to do so in the pending bill.

Mr. President, I supported the original Marshall plan and continued to support the program as long as its objectives had not been reached. For this I have no apologies.

However, as soon as the countries of Western Europe were restored to economic health, and the foreign aid program had reached the goals for which it was created, I ceased to support it.

Instead, for the past 7 years I have advocated a gradual tapering off of this program. In my judgment, the program will never end until we begin to slow it down.

The nations of Western Europe will continue to take our money as long as we offer it to them. They will continue to lean on our shoulders.

That is why, Mr. President, I have fought for gradual reductions in the program. Although I have been successful on occasion in securing some reductions in the foreign aid appropriations, I have never been able to reach my ultimate objective, namely, a gradual decrease in expenditures for this wasteful giveaway, because any time reductions have been made, the subsequent year's budget estimate has been inflated to to cover the cuts of the previous year.

This year, despite the way our national debt has grown, the President saw fit to increase his request for foreign aid 26 percent over and above the amount for last year.

Even in this day and time, when my predictions that a continuation of this program would weaken our economy are unhappily coming true, I have been unable to get the Committee on Appropriations to cut one thin dime below the amount appropriated by the House for fiscal year 1960, which, by the way, is \$95.3 million less than the amount in the pending Senate Appropriations Committee bill.

Mr. President, I fear that the time has come for drastic action. We can no longer afford to gamble with our country's economic security. Certainly Congress has not hesitated this year to provide adequately for our military security, but this will go for naught unless we maintain a sound economy.

I ask Senators to consider these unvarnished facts, which, I feel, show the precarious position in which our economy finds itself, mostly because of this senseless giveaway program:

During calendar year 1958, the United States lost the record amount of \$2.3 billion of its gold reserves.

During this same period, the dollar balances and gold reserves of the other countries of the free world increased by \$4.2 billion.

For the first time since the War Between the States, the United States had a deficit balance of payments in 1958, totaling \$3.3 billion, even though it had a favorable balance of trade of approximately \$1.7 billion. What is more, for calendar year 1959 it is estimated that the United States will again have a deficit balance of payments in the neighborhood of \$5 billion.

Our national debt today stands close to \$290 billion, which is approximately \$55 billion more than the national debts of all the other countries of the world, including Soviet Russia.

The value of the U.S. dollar has been steadily declining and is now at the point where it is worth about 48 cents in terms of 1939 dollars. In addition, there is increasing speculation that the United States may eventually be forced to devalue the dollar—something which has never been done in our glorious history.

Foreign countries have invested about \$6.2 billion in New York in short-term Government securities. This has the effect of having the Federal Government borrow money on the open markets from foreign countries at high interest rates, and then lend that same money back to foreign governments at low interest

rates—if indeed the money is not given to these countries as an outright grant.

Mr. President, I have before me an article published in the New York Times of Sunday, September 6, 1959, dealing with the economic dangers which face our country. The article states, in part:

As financial officials see the situation it will do no good to anyone if there is a larger outflow of (foreign) aid dollars, but the dollar becomes of dubious value. This could happen, it is believed, if U.S. payments deficits continue on a large scale for many more years.

Such a deficit means that foreign countries as a whole obtain more dollars than they spend to buy American goods. They can take the difference in gold or can keep it in dollars and invest them in the financial markets in New York.

These invested dollars are potential claims against gold. Already they total \$15,651,000,000 not far below our gold reserves which have dwindled to \$19,524,000,000.

As the claims grow and the gold stock declines, U.S. short-term liabilities might eventually exceed assets.

Mr. President, I ask unanimous consent to have the entire article printed at this point in the RECORD.

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

BIG TRADE DEFICIT IS SPARKING MOVE TO CUT AID FUNDS—UNITED STATES WORRIED BY DECREASE IN GOLD STOCKPILE AND RISE IN FOREIGN ASSETS HERE

(By Edwin L. Dale, Jr.)

WASHINGTON, September 5.—The big deficit in the U.S. balance of international payments, with its resulting outflow of gold and buildup of foreign assets in New York, has begun to have a major impact on administration thinking about foreign aid.

Powerful voices, centering in financial agencies, have begun to argue that the flow of Government capital abroad in the form of aid is too large for the continued strength of the dollar.

The underlying belief in top administration financial circles is that there is an entirely new situation in the world economy, with European currencies gaining strength while the dollar is showing the first faint signs of vulnerability.

EMOTIONS IN CONFLICT

The immediate results of this view came in President Eisenhower's trip to Europe, during which he urged that European nations undertake a far greater share of the burden of helping underdeveloped countries.

In a sense, the administration is torn between two powerful emotions. One stems from acceptance of the basic idea that the underdeveloped countries must be helped in the interest of the United States as well as for the good of those nations that get aid.

The other is a growing fear for the future stability of the dollar unless two related things happen: Domestic finances are controlled and the balance of international transactions is righted. The U.S. deficit in international transactions was \$3,400 million last year and will probably be even larger this year.

FUTURE SEEMS GLOOMY

As financial officials see the situation, it will do no good to anyone if there is a larger outflow of aid dollars but the dollar becomes of dubious value. This could happen, it is believed, if U.S. payments deficits continue on a large scale for many more years.

Such a deficit means that foreign countries as a whole obtain more dollars than they spend to buy American goods. They can take the difference in gold or can keep

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it in dollars and invest them in the financial markets in New York. These invested dollars are potential claims against gold. Already they total \$15,651 million, not far below the gold reserve, which has dwindled to \$19,524 million.

As the claims grow and the gold stock declines, U.S. short-term liabilities might eventually exceed assets. Even that would not necessarily mean a run on gold or some other crises. But U.S. officials do not like to contemplate even the remotest possibility of such an event.

Besides, some of them, looking ahead, are unhappy at the thought of potential pressure on the United States from what, in effect, would be its foreign creditors. The United States, which has been exerting the pressure for years, does not want to be on the receiving end.

Foreign countries are already substantial creditors of the U.S. Government. They have invested about \$6,200 million in New York in short-term Government securities. Thus, as one high official puts it, "we're borrowing short from foreigners at home and lending abroad long."

The recent deterioration in the U.S. balance of payments has come about mainly because of a drop in exports and a rise in imports, not because of an increase in foreign aid. But as financial officials view the situation, foreign aid is the one element in the total balance over which the Government has considerable control.

It is regarded as certain that the new line of thought in the administration will be a major theme in conversations with foreign finance ministers at the annual meeting here later this month of the International Monetary Fund and the International Bank for Reconstruction and Development.

European countries have been running strong surpluses in their balance of payments while the United States has been in deficit.

To U.S. officials this means only one thing: Europe should become a much bigger exporter of capital and the United States a smaller one.

NEW VIEW ON INVESTMENTS

Officials worried about international payments deficit are even beginning to take a less enthusiastic view of investment abroad by American business. Up until very recently, this was welcomed on every count, by conservatives and liberals alike.

Now, with the payments deficit uppermost in many minds, an investment abroad is frequently seen as a double blow—first an immediate outflow of dollars, and, second, a probable setback to American exports. The export loss occurs when an American manufacturer, for example, builds a plant in Europe to share in the common market rather than try to sell goods made in the United States.

This feeling accounts for the Treasury's opposition to a bill to provide new tax incentives for foreign investment unless its benefits are limited to investments in underdeveloped countries.

A reflection of the growing concern about the international payments position of the United States came in the administration position on the Development Loan Fund in the foreign aid bill. The President refused to support a Senate move to put the fund's financing on a long-term basis, increase its lending authority, and get around the Appropriations Committees, even though the President's original position backed all three ideas.

Another reflection of the new line of thought, paradoxically, is U.S. support for the new International Development Association, even though this will cost the United States \$330 million. Such a new institution has several merits in the eyes of an official worried about the U.S. payments deficit and the problem of the underdeveloped countries.

It puts Europe in the lending picture for the first time on a formal, multilateral scale.

Because it will be equipped to make "soft" loans—loans with easy terms and repayable in the currency of the borrower—it should eventually ease the pressure for a larger and larger Development Loan Fund in the United States. The loan fund also makes this type of loan.

Mr. ELLENDER. Mr. President, I think it is very clear to anyone who will take the time to seriously consider these facts that the economic stability of this Nation is periled by this situation.

On the one hand, our national debt is growing higher, while, at the same time, the demand for U.S. bonds is lessening to the point that Congress has been asked to remove the present limitation on interest rates for these securities.

Furthermore, we are continuing to pour millions of dollars into the very countries which are our economic opponents in the peaceful battle for world trade.

The current foreign aid program has been disguised by its bureaucratic bosses as a program which gives aid only to underdeveloped countries of the world. They contend that they want to help only the people who cannot help themselves or have not been able to help themselves.

I submit, Mr. President, that this is merely frosting on the cake.

The pending bill contains an item of \$1.3 billion for direct military assistance to the free-world countries. Yet approximately half of this money is programmed, not for the underdeveloped nations of the world, but for the prosperous countries of Western Europe.

In my humble judgment, the countries of Western Europe are well able to bear their own defense burdens, instead of looking to Uncle Sam to foot the bill for their own protection.

Since we have been generous with the countries of Western Europe in the past, and have restored them to economic health, it is folly for us to continue to help equip their armies, when all we accomplish thereby is to permit them to be more competitive with us in economic fields.

In addition, many of the dollars spent on the loan and grant programs carried out under foreign aid to the underdeveloped countries of the world, end up in Western Europe, simply because we do not place any restrictions on where the dollars may be spent.

In that connection, Mr. President, consider the Development Loan Fund program. There are no restrictions as to how and where loan proceeds from the Development Loan Fund must be spent. Loans can be made to India, Pakistan, or any other country in the world. Yet, after we lend them dollars, they can spend those dollars anywhere they desire. Believe me, Mr. President, when I say the record shows that a large amount of this money is spent in Europe. In other words, our dollars ultimately further develop the economies of the countries of Western Europe which now are very prosperous.

Mr. RUSSELL. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Louisiana yield to the Senator from Georgia?

Mr. ELLENDER. I yield.

Mr. RUSSELL. I wonder whether the Senator from Louisiana has had called to his attention the point that in the case of some of these loans which are made in good dollars, and which we hope will be repaid in what is very soft currency, in most instances the borrowers disregard American contractors, when arranging for the construction of the dams, roads, and other projects, and prefer to use European contractors, and pay them with these dollars; and we wind up with a mess of soft currency, for which we do not have the slightest use; and the American people, who have to pay the taxes from which this money is obtained, have no opportunity whatsoever to participate in that work.

Mr. ELLENDER. The Senator from Georgia is entirely correct. The record shows that 80 percent of the loans made under the development loan fund program are repaid in soft currencies, and only 20 percent are repaid in hard currencies.

As the Senator from Georgia has just stated, when the loans are made, the borrowers purchase goods wherever they can obtain them for the least amount of money; they place their contracts with those who will do the work, provide the goods, for the least amount of money. Under those circumstances, few purchases are made in our country. Few Americans benefit. Believe me when I say that, Mr. President.

For instance, when the borrowers have purchased turbines with which to generate electricity from falling water, many of the generators have been purchased from firms located in Germany, France, Italy, and the United Kingdom.

Here we are providing dollars with which to assist the underdeveloped countries. However, not only is the money spent in the prosperous countries of Western Europe, but the money is ultimately used—as I shall point out later in my remarks—to further deplete our gold reserves. Whenever our dollars get into the hands of a foreign country, that country can convert them into gold, if they so desire. American citizens cannot do this, but whenever any of the money which flows out of our country falls into the hands of a foreign country, that country can obtain our gold for it. That is why our gold reserves have been decreasing recently, Mr. President.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. JOHNSTON of South Carolina. Is it not also true that several of the countries to which we are now lending our money obtain it at low rates of interest and then turn around and lend the money to other nations at higher rates of interest?

Mr. ELLENDER. Yes; and I was somewhat amused a while ago to hear the Senator from New York plead with the Senate to appropriate \$500 million more for the Development Loan Fund

for the year 1961. His reason for this was the hope that we could entice our friends in Western Europe to inaugurate a fund with which to assist us in aiding underdeveloped countries.

Mr. President, so far as I am concerned, I would not wish to see our country put up another dime in that connection. There will be ample opportunity for the Congress to appropriate additional funds whenever the countries of Western Europe show their hands, and clearly show that they are moving in that direction. Certainly there is no indication that such is the case, because in the pending bill we are giving them over \$600 million of grant aid.

Mr. JOHNSTON of South Carolina. Is it not also true that at the present time Western Germany is paying back the money it borrowed from us, although she could pay it back much more rapidly, but, at the same time, she is lending money to the countries of Africa at high rates of interest?

Mr. ELLENDER. Yes. One cannot find harder working people than the people of Western Germany. But the record shows that because of the presence of our troops in Western Germany, much money is spent there annually, by our Government, to sustain our own troops.

I say to the Senate that today Germany and the other countries of Western Europe are so prosperous that they should be able to carry their own military burdens.

But the amendment which I will submit will still leave in excess of half a billion dollars for military assistance to Western Europe.

As I have stated, all I am requesting is a cut of \$100 million—I ask my colleagues to remember that—in the amount which otherwise would be provided for military aid. Over \$600 million in military assistance provided by this bill will go to countries which are the most prosperous, namely, the countries of Western Europe, exclusive of Greece and Turkey.

Mr. RUSSELL. Mr. President, will the Senator from Louisiana yield again to me?

Mr. ELLENDER. I yield.

Mr. RUSSELL. Let me add that not only are many of these countries as prosperous as the United States is, but, in addition, they certainly do not have to mortgage their futures, in order to take care of these expenditures.

Mr. ELLENDER. Certainly the Senator from Georgia is correct.

Simply stated, Mr. President, we are using our money to subsidize industry in the prosperous countries of the world, so that they can compete with us. We do not have to be experts in economics to realize that this competition is now beginning to hurt our own domestic business enterprises.

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

Mr. ELLENDER. I yield for a question.

Mr. ERVIN. I should like to make a statement, and then ask a question. If the information which I read a few days ago, to the effect that the United States has a larger national debt than all of the

other nations on the face of the earth put together is true, then these other nations are better off than we are.

Mr. ELLENDER. May I tell my good friend that I have just stated for the Record that our debt is \$55 billion more than the combined debts of all the other countries in the world, including Russia.

Mr. MORSE. Mr. President, will the Senator yield for a further question?

Mr. ELLENDER. I yield.

Mr. MORSE. The Senator is talking about the state of prosperity of countries which are still getting large amounts of money from the American taxpayer. Would the Senator like to comment on the difference between the amount of taxes which are collected in this country from our taxpayers and the taxes that are not collected from the taxpayers of those other countries?

Mr. ELLENDER. In the past I have placed in the Record lists of those taxes. Of all the countries in Western Europe, the British people are about the only ones who pay in full measure. Britain has ways and means of forcing her people to pay their taxes, as is done in our own country. But when we consider the situation in France, Italy, Greece, and other countries in Western Europe, we find that about the only taxes the people actually pay there are excise taxes. When it comes to income taxes, those people are able to evade them.

May I say that with the prosperity now being enjoyed by Europe, if those countries could actually collect the taxes from their citizens which their laws impose, they would not need a dollar from us. On the contrary, they could be assisting us to carry the load of helping underdeveloped countries.

As I have said many times before on this floor, so long as we provide the dollars, I do not expect the countries of Western Europe to make a move toward helping the underdeveloped countries. They are going to continue to lean on us so long as we permit them to do so.

Mr. MORSE. Mr. President, will the Senator yield for one more question?

Mr. ELLENDER. I yield.

Mr. MORSE. I think the Senator from Louisiana has put his finger on what is a very vital problem, which we are going to have to face. I have been severely criticized for trying to make savings on what I considered to be inexcusable waste in the foreign aid program. One of them involves this very point. I do not propose to vote hundreds of millions of dollars to be used by these prosperous countries, because what it really adds up to, when one gets to the bottom of it, is that we are asking the taxpayers of the United States to assume the tax burdens of a lot of tax evaders in those countries that are getting hundreds of millions of dollars from us, when those taxpayers are capable of paying a heavier tax load. They are "passing the buck"—and I think that is a good figure of speech—the American taxpayer.

Mr. ELLENDER. The distinguished Senator from Oregon is right. I go back to the proposition I previously referred to, namely, that the countries of Western Europe have never been as prosperous as they are today. I am not permitted to

state what each country obtains by way of cash from our country by virtue of the presence of our Armed Forces in their countries, but such expenditures for the current year will amount to over \$3 billion.

We send money abroad to maintain our own troops and to carry out our share of obligations under the NATO, SEATO, and other agreements.

To further answer my good friend from Oregon, as I have just pointed out, almost every dollar that we appropriate in this country for the Development Loan Fund will not find its way back to our own country. Instead, the borrowers are going to purchase what they need where they can get those products the cheapest—and that is in Western Europe or Japan.

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. I yield to my friend from Georgia.

Mr. TALMADGE. Is it not true that our gold reserves are the lowest now that they have been in some 20 years?

Mr. ELLENDER. The Senator is correct. We have a little over \$19 billion in gold reserves, when only a few years ago such reserves totaled some \$24 billion.

Mr. TALMADGE. Is it not true that for 1958 our net balance of payments showed a deficit of \$3 billion?

Mr. ELLENDER. If I may advise my friend, it will be \$5 billion in 1959.

Mr. TALMADGE. So all the money that we spend overseas in this effort will help increase the net deficit in our balance of payments; is that correct?

Mr. ELLENDER. That is right. That is what we are doing. I do not want to say to Senators that the foreign aid program is entirely responsible for that. I do not say that.

Mr. TALMADGE. But it is a contributing factor?

Mr. ELLENDER. It is the major contributing factor.

Mr. TALMADGE. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. TALMADGE. Is it not also true that many American manufacturers and corporations are building branch factories abroad, so they can utilize relatively cheap labor in reference to the cost of ours, and employ people in those countries, while our own people are losing jobs in this country? In other words, we are exporting jobs as well as sending money overseas. Is that correct?

Mr. ELLENDER. The Senator is correct. I do not recall the exact figures now, but it is my recollection that during the past 4 or 5 years the export of our capital to England alone has increased 8 or 9 times. What is happening is that General Motors, Ford, and other large U.S. companies find it convenient to build factories abroad to take advantage of cheaper labor. Of course, that means an additional outflow of American dollars. All of those facts added together increase the deficit in our balance of payments and put us in the red in so far as that balance is concerned.

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Mr. TALMADGE. I thank the distinguished Senator. I compliment him on the fight he is making for the American people, the taxpayers, and the American economy.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to my colleague.

Mr. LONG of Louisiana. The Senator will recall, I am sure, that some years ago we were told we had to give \$17 billion to Europe because they would not be able to pay it back. Let me ask the Senator if it is not true that those same European countries now hold enough dollar credits to practically empty Fort Knox. We have given it to them, and they now have all the money it would take to pay it back, if they ever had the desire to do it.

Mr. ELLENDER. As I pointed out, foreign nations hold almost \$16 billion in claims against our Government in the way of dollars, bonds, and other securities.

Mr. LONG of Louisiana. That is held by those same countries.

Mr. ELLENDER. Of course. They are all prosperous now.

Mr. LONG of Louisiana. Out of the \$17 billion we gave to them \$2½ billion was applied to abolish the national debts in 6 countries.

Mr. ELLENDER. Mr. President, I also wish to point out that today we are suffering the results of some of the things we did in this field a few years ago. Since that time some of our hard-earned cash has been used to develop automobile factories in France and Italy. Now those factories are in competition with U.S. factories. One can see these little "bugs" going about the streets in abundance. [Laughter.] I do not know what the increase in such vehicles has been, but every time I go from my apartment to the Capitol I see those little cars in abundance. Sometimes I feel as though I will run over them. They are on the streets in huge numbers, and the increase will no doubt continue.

As I have pointed out, we are making it possible, through the expenditure of our borrowed dollars, the outflow of capital from the United States, and for foreign competition to flourish. These expenditures are going to cause us to have a deficit in our balance of payments of about \$5 billion this year. If we continue it will mean either more taxes for our people or that we will go deeper into the red.

What has made America great is the initiative of our people. We can destroy that initiative overnight if we foist on the American taxpayer a tax burden so great as to stifle initiative.

Mr. President, what really makes me angry is to see the prosperous countries of Western Europe not only balancing their budgets but decreasing the taxes. We are sending borrowed money to those countries, and now we are being asked to raise the ante on our own interest rates. Why, Mr. President, every time we raise the interest rate 1 percent on our huge debt we add to our tax load a carrying charge of \$2.9 billion per year.

Imagine that.

And yet that situation is going to exist until we start to reduce our debt. I cannot see any possibility of our reducing our debt in bad times, if we cannot do it in good times.

Let us consider last year. The record shows that with all the prosperity in our country our national debt increased \$12½ billion. If in good times we cannot reduce our debt, what is going to happen in bad times?

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to my friend.

Mr. LONG of Louisiana. Is it not true that we have paid off the national debts of six European countries with our foreign aid money, and we are now deeper in debt than all the nations on earth put together?

Mr. ELLENDER. Plus \$55 billion, I want to remind my colleague.

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

Mr. ELLENDER. I yield.

Mr. ERVIN. I will ask the Senator if, as a matter of fact, Congress has made any bona fide effort to pay off any part of the national debt?

Mr. ELLENDER. We could not. Our expenditures are greater than the amount we take in.

I will say to my good friend, he will remember that we were supposed to have a balanced budget during fiscal year 1958. I think we were in the black by about \$1.5 billion. However, within 3 or 4 months after June 30 we were in the red again. What happened, I believe, is that we did not pay our bills on time, and therefore a little money was left over. There has not been a legitimate balanced budget in this country for many years.

Mr. ERVIN. Is this not the tragic truth: That the Congress has been appropriating the unearned income of unborn generations of Americans who are to be left as a legacy the biggest debt which one generation ever saddled upon another?

Mr. ELLENDER. There is no doubt about that. Our debt has never been so great as it is now. I hate to say it, but I do not see how we will be able to pay it. When our country's national debt is more than that of the rest of the world put together—including Russia—plus \$55 billion, it is time for the Senate to take a good look before we continue these programs.

Mr. President, it is my considered opinion that there are two areas in the pending bill where cuts could very easily be made—namely, military assistance and defense support.

Mr. President, I offer an amendment which I send to the desk, the purpose of which is to cut the military support program from \$1.3 billion to \$1.2 billion.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, line 8, it is proposed to strike out "\$1,300,000,000" and to insert in lieu thereof "\$1,200,000,000."

Mr. ELLENDER. Mr. President, this amendment would reduce the amount of money for military assistance by \$100

million. I might point out at this time that this amendment was rejected by our own Appropriations Committee by a tie vote of 13 to 13.

As I have previously stated, a good portion of this money is programed to be spent to help the countries of Western Europe defray the costs of modernizing their own armies.

Based upon the administration's justifications, in excess of \$600 million is programed for this area of the world.

I cannot for the life of me understand why we should be asked to contribute more than \$600 million to help maintain armies in countries which are now more prosperous than they have ever been.

During the course of the Senate hearings on this bill, I asked Defense Secretary McElroy why more efforts were not being made to have the countries of Western Europe carry more of the burden.

I would like to read from that hearing:

Senator ELLENDER. I have only one question, Mr. Secretary. I am not going to go into any details of the programs in various countries.

However, the record already made will show that I have expressed the belief that many of the countries receiving assistance from us should be helping us with the burden we are carrying rather than obtaining aid from us. Your statement indicates that efforts are being made to get these countries to do more, but, nevertheless, we continue to assist them.

What recent efforts have been made to get these people to give more assistance to us?

Secretary McELROY. More assistance to themselves, I think, is the way I would say it. The things that have been going on include the purchasing of equipment by the Germans for the equipment of their forces.

Senator ELLENDER. The Germans are well able to do that.

Secretary McELROY. I agree, sir.

Senator ELLENDER. In the past, however, we have given Germany vast sums of money which have contributed in no little way to her recovery.

Secretary McELROY. That is right.

Senator ELLENDER. I am just wondering why other countries in Western Europe are unable to do what the Germans are doing.

Why is not more effort made to get them to assist us?

Secretary McELROY. I think your belief is that we are not doing as much as we should and I think you may be right, Senator.

Senator ELLENDER. You mean in that direction?

Secretary McELROY. That is right.

Senator ELLENDER. That is what I have been talking about. Your predecessor said he was going to do it. What are you doing now?

Secretary McELROY. I think conditions were less favorable during the time of my predecessor than they are now, sir. I think the financial position of the Western European countries has very considerably strengthened in the last 2 or 3 years.

So I have far greater agreement now with your position on the strength of it than I think I could have had, say, 3 years ago.

In my opinion, France is an example of a country where there must be considerably greater support of their military establishment, out of their own resources.

It is apparent from this testimony that even Secretary McElroy would like to have more help from the countries of Western Europe in preparing for their own defense.

Secretary McElroy cited France as an example of a country which must give greater support to its own military establishment.

Yet, do Senators know that France is programed to receive more than three times the amount of military assistance under the pending measure than she received during the last fiscal year?

What is more, this action is being taken in the face of France's request that we remove our airbases located there merely because we will not hand over our atomic weapons to General De Gaulle.

In other words, we are telling the French, "Kick us in the teeth when we are trying to help you defend your own country, and in return for this, we will treble the amount of money we give you."

If this is a precedent, then perhaps all of our other so-called allies will order American fighting men from their soil, just so they can receive increased grants under the military assistance program.

But above and beyond this, the high dollar balances and the vast gold reserves presently held by the countries of Western Europe should preclude the necessity of us furnishing aid to these countries, even if there are no other good and sufficient reasons.

Mr. President, as I have previously stated, the dollar balances and gold reserves of the Western European countries will continue to increase during this fiscal year because of the dollars which will be spent by the underdeveloped countries as a result of grant economic assistance, and Development Loan Fund dollars received from us.

In addition, our own Defense Department will spend overseas in excess of \$3 billion in fiscal year 1960, and this entire amount will enter into the international balance of payments picture to further contribute to our alarming deficit balance of payments.

I have at my desk a table entitled, "U.S. Defense Expenditures Entering the International Balance of Payments," which shows how these dollars will go to the countries of Western Europe.

Unfortunately, this table has been labeled "secret" and I cannot make it available to the American public.

However, I invite Senators to come by my desk and look at these figures. They show only too well that, for the most part, these dollars are going to go directly into the pockets of those countries which have the least need for more American dollars.

I would also like to point out to Senators; that in addition to Western Europe, our former enemy Japan is in for a sizable portion of the military assistance appropriation. However, I am not able to give that exact figure since it has been labeled "secret." Suffice it to say that it is a large amount.

Mr. President, I am able to tell—it is not a secret—that Japan spends only between 1 and 2 percent of its gross national product for defense, as compared to our expenditure of 10.4 percent of our gross national product.

Augmenting the money we are spending in Western Europe and Japan through this military assistance pro-

gram, and the spending there by our own Defense Department, there will be a large amount of private investment flowing into these very same countries.

For calendar year 1958, U.S. private investment overseas amounted to \$2.9 billion and the bulk of this amount was invested in Western Europe.

To further increase the dollar balances and the gold reserves of these countries, there are vast amounts of tourist dollars which will also be spent in these countries during the coming year.

For calendar year 1958, tourism resulted in \$2.2 billion being spent in the countries of Western Europe alone.

In other words, Mr. President, as our national debt grows to new levels, and demands are made for the Federal Government to raise interest rates, our so-called allies are continuing to enjoy almost unlimited prosperity.

They are able to reduce their national debts and, in many cases, their taxes, while we are faced with the grave threat of a run on our dwindling gold reserve and, for the second successive year, a deficit balance of payments.

Mr. President, there are four ways in which U.S. dollars find their way into the pockets of the prosperous countries of Western Europe and Japan:

Through Defense Department spending to support our troops based in these countries, through private investment by U.S. citizens, through tourist spending, and finally through foreign aid.

I do not believe that any Senator feels that Congress should enact any type of restriction on the rights of individuals either to invest their money in a foreign country, or to visit a foreign country as a tourist.

Likewise, it is necessary for us to maintain our own armed services in foreign countries, and the resultant military spending must be continued, although I do believe that some reductions could be made in this field.

Through the process of elimination there is only one area where we can make a reduction in this outpouring of American dollars, and that area, Mr. President, is foreign aid, since this is the only field over which we can exercise any control.

As I have said many times in the past, we must mark a beginning of the end of foreign aid programs. This country cannot take the position that every year from now until eternity—or bankruptcy—we shall continue to spend some \$3 billion per year on aid to foreign countries.

In my judgment, a step in that direction would be a favorable vote on my motion to reduce military assistance spending for this fiscal year by \$100 million.

I ask that the Senate adopt the amendment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. SALTONSTALL. Mr. President, I hope that the amendment of the Senator from Louisiana [Mr. ELLENDER] will not be adopted. I should like to speak very briefly on this subject.

The Appropriations Committee gave careful consideration and devoted long hearings to these questions, and particularly the question of military assistance. We realized that the House had gone into the subject very thoroughly. We took several votes in committee, and decided to leave the amount as the House reported it. I hope the Senate will support the committee in that action.

I say that for this reason: The President's original request was for \$1,600 million. This was cut down in the authorization bill to \$1,400 million in the final authorization. I think the Senate voted for \$1,300 million, and the conference reported \$1,400 million. The House allowance was \$1,300 million. If the Senator's amendment is adopted the amount will be reduced still lower, to \$1,200 million.

I point out that the Draper Committee, which was an objective committee of responsible citizens, recommended that the amount should be \$2 billion rather than even the \$1,600,000 which the President approved.

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

Mr. SALTONSTALL. I yield to the Senator from New Hampshire, the senior member of the committee on the minority side.

Mr. BRIDGES. Is it the Senator's position that, having arrived at a figure on this bill for the various items, he is not only going to oppose any decreases, but he is going to oppose any increases; that he is going to support the bill as it is?

Mr. SALTONSTALL. That is correct. We had a discussion on both sides of the table in the committee room, and we agreed that we would not ask for any increases and would refuse any decreases, but would support the bill as it came out of the committee.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me?

Mr. SALTONSTALL. I yield.

Mr. JOHNSON of Texas. A few moments ago the Senator from New York offered an amendment increasing the amounts in the bill, and I urged the Senators not to support that amendment because I thought the bill the committee had reported was the best bill obtainable. It is very close to the House bill. The House committee had long, extended hearings, as did the Senate committee. I do not believe that we could improve on the bill by adding amendments on the floor either increasing or decreasing the amounts, and I hope the amendment of the Senator from Louisiana will not be accepted.

Mr. BRIDGES. I agree with the position of the majority leader and the Senator from Massachusetts. I think they have stated a position which certainly was the general attitude of most of those present, and in which I concur.

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Mr. SALTONSTALL. I thank the Senator from New Hampshire. I spoke to the Senator from Texas, and I told the Senator from New York that I could not support his amendment, though personally I favored a bigger development loan fund.

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

Mr. SALTONSTALL. I yield to the Senator from Illinois.

Mr. DIRKSEN. The original request was for \$1,600 million. The House figure was \$1,300 million. The Senate committee figure is \$1,300 million. The Draper committee, which went all over the world and examined into every sensitive area, still felt that this was too low and that \$400 million should be added.

Mr. SALTONSTALL. The Senator is correct.

Mr. DIRKSEN. I am delighted to hear the majority leader say that in his judgment the committee figure ought to be supported and that the amendment now pending to cut military assistance by another \$100 million ought to be voted down.

Mr. SALTONSTALL. I hope that the Senate will stand by the committee and refuse the amendment of the Senator from Louisiana.

Mr. RUSSELL. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were not ordered.

Mr. RUSSELL. Mr. President, I regret that the Senate refuses to go on record as to this amendment. I do not know the reasons which prompt that action. It has been customary when amendments of his kind have been offered in committee and have been voted upon by a very close vote in the committee and then brought to the floor of the Senate, for the Senate to have a record vote.

I do not know whether the decision grew out of the statement of the Senator from Massachusetts that the committee agreed not to offer any amendments on the floor. At least he left the inference that the committee agreed not to offer any. I was not present when any such agreement as that was made. On the contrary, I had understood that the Senator from Louisiana had stated specifically that he would carry the amendment to the floor.

Mr. BRIDGES. Will the Senator yield to me?

Mr. RUSSELL. I yield.

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until the Senate is in order. The Senator from New Hampshire may proceed.

Mr. BRIDGES. I do not think there was any agreement of the committee. The committee did not agree to that end, I will say; it was only an agreement among some of the members of the committee. Many of them may have differed with that, and some of them probably had a different opinion, but there was an agreement among some of the members of the committee, and that is what the distinguished Senator from Massachusetts was referring to.

Mr. SALTONSTALL. Will the Senator yield?

Mr. RUSSELL. Yes.

Mr. SALTONSTALL. I do not want to leave any inference that the Senator from Louisiana agreed not to offer any amendment. What the Senator from New Hampshire states is correct. I should like to make it clear that there was discussion on both sides of the table among some of us to the effect that we would not offer any amendments.

Mr. RUSSELL. Many of these amendments have been brought to the floor of the Senate in the past few years. Almost invariably for the past 5 or 6 years they have been voted on, and until this year the Senate has not displayed any hesitation about going on record on the amendments.

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

Mr. RUSSELL. I yield.

Mr. LANGER. I agree fully with the distinguished Senator, and I should like to ask him: Were the yeas and nays ordered?

Mr. RUSSELL. No. The Chair stated that the Senate had refused to go on record on this matter of very vital importance to all of the American people, and I dislike, Mr. President, to see the Senate put in a position of being afraid to go on record on a matter of this importance.

Mr. SMATHERS. Mr. President, I am one of those who would like very much to support the amendment. I know there are many others who would like to support the amendment who did not ask for an opportunity to speak on it when the Senator from Louisiana was making his explanation about it because we thought it might precipitate further debate. We wanted to get to a vote, but we did want to get on record.

If we do not have an opportunity to get on record with a vote, then I, and I am sure many others, are going to take a little time and explain why this amendment should be adopted; and it seems to me that if it is a fact that the leadership wants to get on with the debate, the quickest way in which it could be done would be to ask for the yeas and nays and have a vote.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I will not detain the Senate very long. I wish to say only a few words in opposition to the amendment.

A good deal has been said in the press about the welcoming of Mr. Khrushchev, who will arrive next Tuesday. If we want to give him a really warm welcome, I can think of nothing better to please him than to cut this appropriation further. He will then recognize that the Senate and the Government have no disposition to put up real opposition to him, and I am sure, if he does nothing else, he will go away extremely pleased by the action of the Senate to further cut the appropriation for our defense effort.

The President and all of the military people have recommended \$1,600 million. The House of Representatives,

which is notoriously parsimonious on matters of this kind, in fact on anything in the foreign field, recommended \$1,300 million, and now some Senators want to go the House one better.

I must say I find it very distasteful to have to get up and defend the appropriation in view of the attitude of the President on our civil works program, on housing, and several other things. However, we spent many months in committee studying this program, far longer than the Appropriations Committee. We recommended \$1,600 million, not because we want to throw away the public's money, but because all of the administration, civilian and defense, made a very good case that this money will be well spent in our defense.

They all make the point that a dollar spent in equipping foreign troops, because of the lower cost of all kinds of materials and especially for the upkeep of the troops, goes further in the field than it does here. It is true, perhaps, that those troops are not so reliable as ours. I would not want to argue that point. But some of the foreign troops are very useful and are used in opposition to troops of a similar nature in Asia, for example, as well as in Europe. They are extremely useful. But, in any case, I do not set myself up as an authority, trying to prove to the Senate on the merits that this money is needed. I only cite the authority we have in this country, the Joint Chiefs of Staff, and, as I recall, the Draper Committee, composed of some of the leading military leaders, including Admiral Radford, General Draper, and two or three other admirals, whose names I cannot recall at the moment. But the opinion was very heavily weighted among the military, many of whom have recently retired from the service, but who certainly are not out of touch with affairs. They not only recommended \$4.6 billion, but also an additional \$400 million for the NATO area, which the committee recommended in the provision with regard to the allocation of these funds.

I do not know what more I could say to this body. If the Senate wishes to cut it, it may. I say that to cut more from this project is to weaken the hands of the President in the forthcoming meetings and demonstrates an unwillingness to support the foreign aid program.

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

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. I know the Senator from Arkansas will agree with me when I say that more than one-third of this amount is allocated to the Far East, where there is so much of a problem today.

Mr. FULBRIGHT. The Senator from Massachusetts is quite correct. We are now faced with the so-called brush wars, which have already broken out. We are already sending small arms into the area. I do not know what we are thinking about when we want to reduce this amount. If it is the wish of the Senate to do it, then I suppose logically all of it should be cut out. To do this would

indicate that we have no confidence at all in the whole program.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSON of Texas. Mr. President, I commend the very courageous attitude expressed by the Senator from Arkansas. He has great knowledge in this field. He spent several weeks holding hearings in connection with the authorization act. It is very odd for any of us to come along now and say "Oh, this is foreign aid," and vote to reduce the amount. I think the Senator from Arkansas has expressed the thought which should be expressed, and I hope the Senate will not further reduce the amount in the bill. I think it is already weak enough.

Mr. FULBRIGHT. I would go one step further and say that if the amount is reduced substantially, the President will insist on calling Congress back into session, and I think he would be justified in doing so, because we are dealing with the defense of the Nation, not with luxuries within the countries. There are many things we would all like to have, which we know are not absolutely essential to our defense. All the best minds in the Government, such as they are, agree that this program is essential.

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

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. I commend unqualifiedly the position taken by the distinguished Senator from Arkansas, chairman of the Committee on Foreign Relations. I remind the Senate that substantially more than one-third of this amount will go to NATO countries. I remind the Senate that it has been widely publicized that the first objective which our esteemed guest of next week has in mind is the breaking down of the NATO association. It seems to me that nothing could be more calculated to make it clear that we do not stand ready to fulfill our commitments in NATO and NATO countries than to reduce this particular item.

Two or three weeks ago we passed the authorization bill. In the bill now before us we have already cut the amount for this item down to \$100 million less than the amount authorized. We are \$300 million under the budget request. It seems to me that for us to cut the amount again at this time, and at this critical hour, and when so much of the amount will go to the NATO countries, would be just about the worst thing we could do because it would indicate an unwillingness to stand by our obligations under the NATO agreement.

Mr. LONG of Louisiana. Mr. President, I shall not burden the Senate for more than 2 minutes. The junior Senator from Louisiana has spoken on this subject on the floor of the Senate many times. It has been one of the most frustrating experiences he has had in his life. Every time waste, graft, and mismanagement have been exposed, the answer has been: "More money." The answer has not been to find some way to cut the waste and graft, it has simply been a demand for more money.

The point has been made that one-third of the money will go to the NATO countries. When I first came to the Senate, I was firmly convinced that I should not vote for the foreign aid program. Then I heard the great speech by Senator Vandenberg, and I voted for a higher figure.

Subsequently I made some study of the matter. We were told we had to give the money to Europe, because Europe could never pay it back; they would never be able to pay it back.

I ask Senators to check the record. The European countries hold \$17 billion of credits against Uncle Sam. As I said earlier, they can almost empty Fort Knox. Give them about 2 more years, and they will call on those credits. Once they know we do not have enough gold to pay, there will be a rush on the banks to empty Fort Knox. Europe has enough with which to pay for everything we have given them.

Oddly enough, the \$17 billion which Europe is holding works out to the same \$17 billion we gave—yet it was said that this money must be given, because Europe would never be able to pay it back.

I am told that one-third of the money goes to the NATO countries. We have paid off the national debt of six of those countries. We have paid off the whole debt. They are debt free. I am happy to be able to say that. But the United States is deeper in debt than all the other nations of the earth put together. Yet we paid off their debts.

I am very happy to know that somebody is not in debt. The United States paid its debts but it is deeper in debt than all the other countries put together.

We ought to insist on some commitment. One would think that by the time we had given them all that money—\$4 billion, \$5 billion, or \$6 billion a year—they would do something in return for it.

For many years we have had a program of Federal aid to the States. If a State wants highway aid, welfare aid, or any other kind of aid, it is necessary for it to make many commitments. Down my way, it is necessary to agree to so many conditions in order to get highway aid that some say we should turn the whole program down.

But there is a whole string of Federal aid conditions. The President has practically told the States that if they want Federal money, they will have to agree to meet certain conditions to get it.

But how many conditions do Senators think the countries of Europe agree to in order to get our money? Not a single one. None. They take the money, and do with it pretty much as they please. Much graft has been exposed in the program, but when the charge of graft is raised, the answer is always the same: "Give them more money."

Until we can find some way to make this program begin to make sense, it seems to me that some of us have a right to protest against the way the program is being managed.

The senior Senator from Louisiana [Mr. ELLENDER] knows that, with respect to our own public works, every time it is desired to construct so much as a drain-

age creek in Louisiana or anywhere else in the United States, it is necessary to spend 10 years justifying it. It is necessary to have the approval of the Governors and everyone else affected. By the time the project is authorized, par for the course often has been 10 years for major projects before the first money was made available.

In Europe, however, some 2,800 construction projects have been authorized, and a thousand were abandoned. They were abandoned because they were not justified in the beginning. Yet we go ahead and appropriate for such projects.

Until we begin to make some sense out of this program, we are well justified in squeezing down on the amount of money and trying to find some way to get some benefit out of the money. Otherwise, it seems to me that spreading it around 60 nations affords us very little in return.

I wish to state that it is true that a foreign soldier can be armed more cheaply than can an American soldier. The only trouble is that once we arm the foreign soldiers—even if we do so more cheaply—we cannot be sure that they will fight for us when we need them.

For instance, consider the situation in connection with the attacks on Laos. My guess is that \$1 out of every \$60 that we provide by means of this program goes to Laos. When the fighting starts, however, we have to send our own troops; no other troops go to help us.

Therefore, while it is true that a foreign soldier can be armed more cheaply than can an American soldier, the vital point which we must keep in mind is that when the fighting starts the foreign soldiers may stay home, and we can only count on our own soldiers to engage in the fighting. The result is that all the money we spend on arming foreign troops is wasted if we do not obtain any good results from those expenditures.

Mr. President, my senior colleague [Mr. ELLENDER] has submitted an amendment which, if agreed to, will help us avoid a great deal of waste, and will help us obtain some tangible results from the money we spend.

I hope the amendment will be agreed to.

Mr. ELLENDER. Mr. President, I shall not repeat the arguments I have previously submitted.

At this time I merely wish to emphasize only one point: namely, that out of the military assistance of \$1.3 billion now provided in this bill \$634 million is programmed to go to the countries of Western Europe which are well able to take care of themselves.

My amendment does not affect the funds which will go to Turkey, or to Greece, to the Far East, or to southeast Asia.

Mr. President, I repeat that the countries of Western Europe are well able to maintain their own defense establishments—to provide their own armed forces with needed military equipment. Therefore, I propose that \$100 million be deleted from the funds proposed to be made available to the countries of

Western Europe—countries which are just as well able to pay such costs as the United States.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The question is on agreeing to the amendment of the Senator from Louisiana.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

I further announce that, if present and voting, the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business of the Joint Committee on Atomic Energy.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from Maryland [Mr. BEALL] and the Senator from Nebraska [Mr. HRUSKA] are detained on official business.

If present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Utah [Mr. BENNETT], and the Senator from Arizona [Mr. GOLDWATER] would each vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 37, nays 53, as follows:

YEAS—37

Anderson	Engle	Proxmire
Bartlett	Ervin	Robertson
Bible	Frear	Russell
Butler	Gruening	Schoepfel
Byrd, Va.	Johnston, S.C.	Smathers
Byrd, W. Va.	Jordan	Stennis
Cannon	Kerr	Talmadge
Chavez	Langer	Thurmond
Curtis	Long, La.	Williams, Del.
Douglas	McClellan	Yarborough
Dworshak	Magnuson	Young, N. Dak.
Eastland	Mansfield	
Ellender	Morse	

NAYS—53

Aiken	Green	McNamara
Allott	Hart	Martin
Bridges	Hayden	Monroney
Bush	Hennings	Moss
Capehart	Hickenlooper	Mundt
Carlson	Hill	Muskie
Carrroll	Holland	Neuberger
Case, N.J.	Humphrey	Pastore
Case, S. Dak.	Jackson	Prouty
Church	Javits	Randolph
Clark	Johnson, Tex.	Saltonstall
Cooper	Keating	Scott
Cotton	Kefauver	Smith
Dirksen	Kuchel	Sparkman
Dodd	Lausche	Wiley
Fong	Long, Hawaii	Williams, N.J.
Fulbright	McCarthy	Young, Ohio
Gore	McGee	

NOT VOTING—10

Beall	Hruska	Murray
Bennett	Kennedy	O'Mahoney
Goldwater	Morton	Symington
Hartke		

So Mr. ELLENDER's amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair. Mr. GORE. Mr. President, a point of order.

Mr. JOHNSON of Texas. Mr. President—

The PRESIDING OFFICER. The Senator from Texas.

Mr. JOHNSON of Texas. I yield to the Senator from Michigan.

SCHOOL CONSTRUCTION ASSISTANCE ACT OF 1959—REPORT OF A COMMITTEE—MINORITY, SUPPLEMENTAL, AND INDIVIDUAL VIEWS

Mr. McNAMARA. Mr. President, from the Committee on Labor and Public Welfare, I report favorably, with amendments, the bill (S. 8) to authorize an emergency 2-year program of Federal financial assistance in school construction to the States, and I submit a report (No. 1011) thereon. I ask unanimous consent that the report be printed, together with minority, supplemental, and individual views.

Mr. MORSE. Mr. President—
The PRESIDING OFFICER. Without objection—

Mr. MORSE. Mr. President, reserving the right to object—and I was addressing the Chair under the unanimous-consent request—I request that I be recognized.

Mr. JOHNSON of Texas. Mr. President, do I not have the floor?

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. JOHNSON of Texas. I yield to the Senator from Illinois.

Mr. MORSE. Mr. President, a point of order. The Senator from Texas yielded in order for the Senator from Michigan to make a unanimous-consent request. When a unanimous-consent request is made, any Senator has a right to object.

Mr. McNAMARA. Mr. President, I did not ask the majority leader to yield for the purpose of asking unanimous consent. I will strike out my unanimous consent request, if there is no other way to avoid an argument.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state his parliamentary inquiry.

Mr. MORSE. Does the filing of a report require unanimous consent?

The PRESIDING OFFICER. Will the Senator repeat his inquiry?

Mr. MORSE. Does a request to file a report require unanimous consent?

The PRESIDING OFFICER. It does require unanimous consent.

Mr. MORSE. I would like to reserve the right to object to the unanimous-consent request. It will save time if I may have half a minute to state my reasons. Then I will yield the floor.

The Senator from Michigan has asked permission to file what I consider to be a report of a very, very important bill, a bill that proposes a school construction program. When that bill goes on the calendar, and it should go on the calendar, I think this Congress should stay in session long enough to take action on that bill. This is the type of legislation the Senator from Oregon has been talking about which, in my judgment, places a clear obligation on Congress to take action on it before we adjourn. Certainly, we would have a very difficult time justifying to our constituents adjourning before we take the action that ought to be taken to aid the school children of this country by the adoption of an education bill that will provide for the construction of the classrooms we need if we are to train the brains of this country in time to meet the competition Russia is going to give the free world in the years immediately ahead.

I think that not only should the bill go on the calendar, but I think we should stay in session for whatever period of time is necessary, Mr. President, to pass the proposed legislation and to pass certain amendments which I think ought to be added to the bill, such as an additional amendment to give to the school-teachers of this country some Federal aid in respect to their salaries, to accomplish two things: First, so that we will not have a shortage of teachers; and, secondly, so that teachers who are not getting enough pay can be better paid, since we are failing to get the most competent teachers in some instances.

Mr. President, I do not object.
Mr. McNAMARA. Mr. President, if the majority leader will yield further, I wish to say that I certainly do not disagree with what the distinguished Senator from Oregon has had to say. It is the hope of our committee that we can get the bill on the calendar this year. We do not have our reports printed. We do not think we will be able to have this accomplished in the next couple of days. We have little hope of getting the bill through both Houses of Congress at this session.

Again I commend the Senator for his views. When the proper time comes, we hope the climate will be such that his views will prevail.

The PRESIDING OFFICER. Without objection, the bill will be placed on the calendar. Without objection, the request for printing of individual, supplemental, and minority views is granted.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, while most Senators are present in the Chamber I should like to inquire whether the distinguished Senator from Louisiana has more than one other amendment to offer. My understanding is that there is only one additional money amendment

to be considered, and that the discussion will be reasonably short, so that there will be a vote in a relatively short time.

Mr. JOHNSON of Texas. Does the Senator desire the yeas and nays on the amendment?

Mr. ELLENDER. That will be all right with me.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Maryland, and then I will yield the floor.

S. 223—CONSTRUCTION OF DAM BY POTOMAC ELECTRIC POWER CO. ON POTOMAC RIVER

Mr. BUTLER. Mr. President, the receipt of an invitation to attend the ceremonies on September 24 formally dedicating the new electric energy generating station of Potomac Electric Power Co., at Dickerson, Md., prompts me to make a few remarks at the close of this session with respect to S. 223 which is cosponsored by my distinguished colleague [Mr. BEALL] and myself, which would permit the company, at its own expense, to construct a dam near the confluence of the Potomac and Monacacy Rivers so that the company and its customers could secure maximum use, productivity, and efficiency from this great new plant. The first generating unit in the Dickerson plant went into operation in June of this year, and the second unit will be in operation approximately 1 year from now. At that time, the company will have expended over \$100 million in the construction of this plant so vital to the needs of the entire area. However, unless the company is permitted to build the proposed dam, it will not be feasible or practical to build the third and fourth generating units in the present plans of the company.

S. 223 is the third legislative effort of my colleague [Mr. BEALL] and myself to secure the congressional approval necessary before the proposed dam may be constructed. The Senate Public Works Committee failed to take any action on S. 3913 introduced in May 1956 and S. 698 introduced in 1957, and no action was taken by the committee this session on S. 223. I should point out, however, that the House Public Works Committee did report favorably on H.R. 11481, a companion bill to S. 3913, in the waning days of the 2d session of the 84th Congress, but not in time for the House itself to act on that favorable report.

Senators will recall that the company had originally selected a site in Loudon County, Va., for its new generating plant; but due to considerable opposition to that site by the Army Corps of Engineers and others, a subcommittee of the Senate District of Columbia Committee, under the chairmanship of the distinguished senior Senator from Oregon [Mr. MORSE], held extensive hearings and recommended that the company not build its proposed plant at the Loudon County site. The subcommittee recommended further that the company consult and cooperate with the Corps of Engineers in the selection of a different and new site for the proposed plant; and, as a result of such consultation and cooperation, the Dickerson, Md., site was selected.

It is to the credit of the distinguished senior Senator from Oregon [Mr. MORSE] that he has supported each legislative proposal to construct the proposed dam on the Potomac River, and all of us interested in this vital matter are grateful for his support.

I wish to compliment the company for going forward with the construction of the plant at Dickerson, despite the failure of the various legislative proposals to construct the required dam, and despite the onerous amendments to the proposed legislation which have been proposed by some of the Government agencies. In short, these proposed amendments would permit the Government to condemn the dam when constructed without proper and appropriate reimbursement to the company; but, more immediately pertinent, the proposed amendments, if adopted, would prevent the company from mortgaging or pledging the substantial investment it would have in the dam. In these critical days of accelerated expansion of electric energy generating units, utilities need readily available every mortgageable and bondable asset.

The primary reason for the proposed amendments to S. 223 is to hold the Government harmless against the day when the Government might want to build a multipurpose dam in the River Bend area of the Potomac River. I am willing to rely upon two distinguished authorities in the public power field with respect to the need for a multipurpose dam on the Potomac River for power purposes; the distinguished senior Senator from Oregon [Mr. MORSE] and Supreme Court Justice William O. Douglas.

In connection with the Chesapeake & Ohio Canal National Historical Park legislation, the Senator from Oregon [Mr. MORSE] on April 28 told the Senate, among other things:

What about power? Is there a power shortage in this area? Is there in this area a great need for power? That is a question of fact, and we must ascertain the answer.

However, as far as I know, on the basis of my understanding of the facts, at the present time there is no power shortage in this part of the country.

Let me say, as one who has fought here for 15 years for the protection of the public's interest in public power projects along with private utility projects, that I have never favored discriminatory legislation which would seek to put private power operations out of business. We need both private and public operations.

Therefore, Mr. President, I do not favor construction of the dam if it is true that at the present time there is in this area adequate power for both its present and future needs.

In his April 28 speech, the Senator from Oregon [Mr. MORSE] referred also to the opposition of Supreme Court Justice Douglas to the proposed River Bend Dam; and the Washington Post of April 7 and 28 quotes remarks of Justice Douglas in opposition to the construction of a multipurpose dam at River Bend.

Potomac Electric Power Co. has demonstrated dramatically its full acceptance of its high responsibility to anticipate and meet the present and future electric energy needs of all consumers in its service area; and, as in the instance

of its going forward with the construction of the new plant at Dickerson, Md., at grave, substantial, and calculated financial risks. It has been this company's initiative and good citizenship which, to use the words of the Senator from Oregon [Mr. MORSE], made certain "that at the present time there is in this area adequate power for both its present and its future needs."

The company has kept faith with its customers, present and future, and with Congress in accepting the recommendation of the Senate District of Columbia Subcommittee in selecting a new and different site for the much needed additional electric generating plant, and I hope that in the next session of Congress, the Senate and the House will quickly and promptly enact S. 223, without the proposed onerous amendments, so that the company may go forward with its plans for a third and fourth generating unit at the Dickerson plant in order that the company may continue to meet adequately the increasing electric energy needs of the area.

MUTUAL SECURITY APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 8385) making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

Mr. GORE. Mr. President, I raise a point of order in regard to the language on page 18, line 15, beginning with the word "provided", through line 17. The language against which I raise the point of order is as follows: "Provided, That all such advances shall be repaid to this appropriation on or before June 30, 1960, and upon such repayment this account shall be withdrawn."

Mr. President, I make the point of order that repayment of advances made to the highway trust fund from the general fund is a matter of statutory law. Subsection (2) of subsection (f) of section 209 of the Highway Revenue Act of 1956 reads as follows:

Repayment of advances from general fund: Advances made pursuant to subsection (d) shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the trust fund for such purposes. Such interest shall be at rates computed in the same manner as provided in subsection (e) (2) for special obligations and shall be compounded annually.

I submit, Mr. President, that the lines which I have read from the bill purport to change, and would change by legislation, the law. Therefore, I make the point of order that the language which I have read, beginning with the word "Provided" on 15, and continuing through lines 16 and 17 on page 18, is legislation on an appropriation bill.

Mr. ROBERTSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Virginia will state it.

Mr. ROBERTSON. Can a Member of the Senate make a point of order against a number of lines in an amendment with