

dawn's early light he saw "the Star-Spangled Banner" still flying above the ramparts of the embattled fort and penciled on an envelope the words destined to become our national anthem. In it we sing:

"Blest with vict'ry and peace may the heav'n rescued land,
Praise the Power that hath made and preserved us a nation.
Then conquer we must when our cause it is just,
And this be our motto—"In God is our trust."

And now we imprint upon our coins and our currency what we boldly profess as our national motto: "In God we trust." This motto long recognized by tradition was made official by a congressional act in 1956. And to the binding documents of state we affix the great seal containing the Latin words "Annuit Coeptis" above the ever-watching eye symbolizing God's providence.

And who among us cannot recall the anxious days of World War II when we so fervently espoused our cause as of the divine will and prayed expectantly for His blessings. Kate Smith was a beloved symbol of the Nation as she sang:

"God bless America land that I love,
Stand beside Her and guide her,
Through the night with the light from above."

And but recently we have added to our pledge to the flag that which was implicit all the time.

"I pledge allegiance to the flag of the United States of America and to the Republic for which it stands; one nation under God indivisible, with liberty and justice for all."

So then we, as a nation, have recognized God and sought His help not only from the beginning but throughout all our history. Let us, therefore, come to our third question. Do we not need now to seek His help?

HIS HELP NEEDED NOW

Never before have the lines been so sharply drawn between atheistic communism and theistic democracy. In a recent speech Senator WILLIS ROBERTSON said: "This is a time when our beloved Nation is threatened from without by a deadly foe and at the same time is threatened by destruction from within by spiritual indifference and moral deterioration. The conflict of deepest concern is not might against superior might. The major issue that faces us today is this: Will America accept the moral challenge of this hour? This, my friends," said Senator ROBERTSON, "is the world leadership to which we are called: to stand before the nations of the entire world and say with young David: 'Thou comest to me with a sword and shield: but I come to thee in the name of the Lord of hosts.'"

Communists repudiate all that we hold basic to our Constitution. Our Nation is built on the moral law, revealed in nature and engraved on the heart of man. The best known and noblest of American state papers declare forthright that "certain unalienable rights among them which are life, liberty, and the pursuit of happiness" are ours by right of endowment from the Creator. We believe in God and the moral law and base our civil laws on an ancient God-given Mosaic code. The will and way of the Almighty is built into the foundation of our country. This is not so of Communists. They reject all concepts of God or of moral law. Karl Marx was an atheist. Lenin was an atheist. Joseph Stalin was an atheist. Nikita Khrushchev is an atheist. Shall we also become atheists? A cryptic, perhaps prophetic sign, on a church bulletin board was posted above newspaper clipping announcing the Supreme Court decision. It said: "Congratulations, Khrushchev."

How desperately we need a national faith for which men will fight, yea, even die. As a chaplain who served in both World War II and the Korean war I would not belittle the many cases of glorious heroism of which I am fully aware. This, however, does not blind me to the shameful showing made by many others of the choice young men of modern America. Lt. Col. William E. Mayer interviewed hundreds of U.S. prisoners shortly after their repatriation from Korea. He is regarded as the Army's foremost authority on prison behavior of some 7,000 Americans. We can hardly believe his findings. We excuse ourselves by exaggerating the effects of "Communist brainwashing," but some cold, cutting facts come through. Colonel Mayer's report indicates the most significant factor in the collaborations, even in the unduly large number of prison deaths, was what the soldiers themselves called "give-upitis."

Does this not chill your spirit? Doesn't it cause you to stop and reexamine this super-tolerance philosophy than "anything goes," the consequence of which is inevitably that "nothing counts." Is it not time that we, as a Nation, took stock of our spiritual heritage and determined whether or not we have depleted our moral resources? Don't we need more than physical fitness programs? Don't we need more than scientific advancement programs? Don't we need to give rebirth to some old fashioned ideals for which the young men of America will be again willing to fight to the finish?

And more than this. What of our national leadership to a world floundering in a conflict of cultures? Shall we not declare ourselves to be a people of Almighty God? Especially in this church, wherein Woodrow Wilson was baptized, we need in this hour to echo the words (now inscribed at his tomb) that great President used in submitting the peace treaty to the Senate following World War I. "The stage is now set, the destiny disclosed. It has come about by no plan of our conceiving, but by the hand of God who led us into this way. We cannot turn back. We can only go forward with lifted eyes and freshened spirit to follow the vision. It was of this we descended at birth. America shall in truth show the way. The light streams upon the path ahead, as nowhere else."

I, as thousands of other Americans, have stood in Independence Hall in Philadelphia and seen the chair in which Washington sat presiding over the First Continental Convention. Except for a bit of carving at the top of the back of the chair it is perfectly plain. The little carving that is there appears to be a relief of a half sun, rays emanating from it. The records of the convention show that just as the last members were signing the document, Benjamin Franklin remarked to someone near him: "I have, through the course of these sessions * * * looked at that [carving of a sun] behind the President without being able to tell whether it is rising or setting. But now, at length, I have the happiness to know it is a rising, not a setting sun." We need that kind of reassurance today.

WHAT SHALL WE DO?

Let us come now to this final question. Should we not clarify our national status as relates to God? A cartoon in the New York Journal American shows a penny upon which is inscribed "In God we trust." Above it hovers the begowned arm of a Supreme Court Justice, mallet and chisel in hand, engaged in the eradication of the words. In this predicament our national motto is undergoing a more apt rendition which reads: "In God we trust—or do we?"

We are suspended in uncertainty. Shall we leave all public prayer outside the church under suspicion of lawlessness? Are chap-

lains in the Armed Forces only quasi-legal? Are we defying the law of the land when we open public assemblies with divine petition? Must we bootleg our religion into our schools? How shall we publicly celebrate Christmas? Will it, as of pagan times, be a Roman holiday, a sun festival of the winter solstice? Will we return to pre-Constantinian days? Is prayer to Almighty God again to be driven to the secrecy of homes or the catacombs of the church?

Nay, is it not true that the ethics of the situation, and the genius of American life are on the side of those who believe that public prayer is a national privilege. It is the product of our culture. It comes of our heritage. We dare not abrogate, nor abolish it. To do so would be the peril of our national soul.

So in the end we come back to the place we began. We remember Moses' ancient admonition to Israel. "Beware lest thou forget God. And if you forget the Lord your God I solemnly warn you this day that you shall surely perish. Like the nations before you * * * you shall surely perish."

In America we have frequently been stirred up by the memory of dire events that threatened our destiny. "Remember the Alamo," "Remember the Maine," "Remember Pearl Harbor," are all familiar battle cries. Has the awful time come when we must respectfully, yet solemnly say, "Remember God"?

PRAYER

"Lord God of hosts, be with us yet, lest we forget, lest we forget." Being with us in our churches and in our homes, be with us also in our legislative halls, in our market places, in our school rooms, in our judiciary courts, in our battle fronts and wherever we are. For Christ's sake. Amen.

SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Mr. KEFAUVER. Mr. President, like many of my colleagues, I feel a mixture of regret and yet anticipation about the resignation of the Honorable Abraham Ribicoff as Secretary of Health, Education, and Welfare.

I am very sorry to see him leave Washington. At the same time, it is comforting to know that very probably he will be coming back next January to join us in the Senate.

There may be others of whom the same can be said, but, to my knowledge, Secretary Ribicoff has been perhaps the hardest working member of the Cabinet. This observation is based on the fact that at least half of the legislation proposed by the administration in the 87th Congress has come from HEW under his direction.

Mr. Ribicoff mastered the intricacies of this legislation in a very short time. He was always helpful in furnishing information on matters of concern to the Congress, and his testimony before its committees was always extremely clear and forthright.

I particularly recall a statement of his before the Subcommittee on Antitrust and Monopoly in support of many of the provisions of S. 1552, the drug industry antitrust bill. He said, in effect, that it is time the Government guaranteed American human beings the same protection in drugs as hogs, cattle, and other barnyard animals have been given for years.

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I know that Secretary Ribicoff will be missed by the President, both as an able administrator and as an equally able policymaker. I wish him well in his forthcoming campaign for the Senate in Connecticut, where he is widely respected and loved. The Cabinet's loss will be the Senate's gain.

It has also been my privilege to know Mayor Anthony Celebrezze, of Cleveland, Ohio, for many, many years. I know him to be a thoughtful man, a good administrator, and one highly respected by all citizens of whatever political faith. He is a man who does not "pass the buck." He knows how to make decisions. He is thoughtful and considerate of everyone. The President is to be commended for selecting Mr. Celebrezze to succeed Secretary Ribicoff. I know that Mr. Celebrezze will have a successful career in the new position to which he has been appointed.

SENATOR JAVITS TO RUN FOR REELECTION

Mr. KEATING. Mr. President, the Senate will be interested to know that my distinguished colleague in the Senate [Mr. JAVITS] has today announced his candidacy for reelection.

Having worked with JACK JAVITS for many years in the Congress, I can think of few people who match him in sheer intellectual ability and in his vast knowledge of the major legislative issues with which we deal. His devotion to public service has won him tremendous respect and admiration throughout the Nation. Even those who differ with JACK JAVITS, and there are plenty, admire his amazing talent to speak his mind. His debating skill is well known in this body.

Mr. President, I have a warm and sincere esteem for my colleague. He has been a valuable ally and friend to me since 1958, when I made that magic journey down the long corridor from the other body to the Senate.

I personally shall devote myself with great energy in the months ahead to laboring for a resounding victory by JACK JAVITS. I have every confidence that he will run a vigorous, hard-hitting, clean campaign. I shall be a willing and eager comrade in arms.

STUDY OF SOVIET OIL OFFENSIVE BLOCKED

Mr. KEATING. Mr. President, the immediate need for Western counteraction against the growing Soviet oil offensive was highlighted recently in a hearing before the Internal Security Subcommittee. The testimony given by Samuel Nakasian, an international lawyer who has studied the problem for many years, pointed out the seriousness of this threat to free world economic stability.

A crucial meeting is scheduled this week at the Interior Department that should throw additional light on the whole subject and may enable a critical report to come to light at last. I shall discuss this meeting and the administration roadblock which has held up more vigorous action in a moment. There is

an opportunity now awaiting us in this area that must not be missed.

It has been evident for some time that the West has not come to grips with the Soviet oil offensive. Although there have been general discussions, no concrete program has emerged. We continue to regard the problem primarily as a matter of trade, when it deeply affects the security of the United States. In fact, a few days ago, a high official of the Common Market Executive Commission was reported to have said that the Soviet bloc's interest in trade with Europe would limit Soviet political campaigns against the European community. In my judgment, that is highly overoptimistic. Past experiences should dispel any doubt that Soviet trading is aimed at political accomplishments.

The increasingly dangerous proportions of the Soviet oil offensive are evident in a comparison of Soviet oil exports to the free world in the last dozen years. In 1950, the Soviet Union produced about 37.9 million metric tons of petroleum and exported about 3 percent. By 1955, Soviet oil production had risen to 500 million barrels annually. This total doubled in the next 6 years, 1.1 billion barrels, as the Soviet Union became the second largest oil-producing country in the world. Soviet oil exports totaled over 600,000 barrels a day during 1960, or 14 percent of its total production.

In other words, its exports rose from 3 percent in 1950 to 14 percent in 1960. Although this total is still far below total Western oil exports, it is the manner in which Soviet oil has penetrated Western economies which threatens our security.

The Soviet Union is selling oil to the West at cutrate prices in a calculated effort to undermine the competitive position of Western oil countries. The price of Soviet oil is over 50 percent cheaper than Western oil. Since the Soviet Government maintains a trading monopoly, the major oil companies of the West cannot match this price. Royalties to producing countries alone add 50 percent to the costs of the free world oil companies. The Soviet Union is able to recoup its loss of revenue in the Western market by selling oil to its captive satellites, who must depend solely upon Russian fuel, at very high prices.

In other words, they sell to Poland and other captive countries at prices which are twice as much, or more, than the prices at which they sell to free world countries.

Oil is a highly marketable product. Selling oil to the West enables the Soviet Union to obtain foreign exchange to be used for highly developed Western tools and equipment. Over half the total exported Soviet oil is bought by Western nations, with Finland and Iceland now virtually dependent upon Soviet oil for their energy. The most serious case of Soviet oil penetration in Western Europe is in Italy, a vital member of NATO and of the Common Market. Estimates have been made suggesting that as much as 20 percent of Italy's oil is supplied by Soviets. The Soviet Union now receives valuable and stra-

tegic pipeline equipment from Italy in exchange for oil. This material allows the Russians to speed up their oil producing capacity and delivery systems faster than otherwise. Thus, in effect, the West, through purchase of Soviet oil, is contributing substantially to the undermining of its own oil industry.

The real danger from the flood of Soviet oil is that it could eventually make Western Europe dependent upon the Soviet Union for its energy, unless the flow of oil from the East can be checked now before it becomes too late. Also, some European industries may become unduly dependent on Soviet purchases of machinery.

Soviet oil also has endangered seriously the economic stability of many underdeveloped nations. By deliberately undercutting the price of free world oil, the Soviet Union has hampered the economic development of most of the oil-producing countries of the free world, who must depend upon the sale of oil for their economic progress.

A recent meeting of the Organization of Petroleum Exporting Countries, which comprises eight States representing 90 percent of the free world's oil exports, emphasized the real seriousness of this problem. These countries have called for the opening of negotiations with Western oil countries in order to raise the price of crude oil up to the level of 1960 prices.

In 1960, the major oil companies reduced their prices in an effort to compete with Soviet oil. The lowering of oil prices has seriously dislocated the economies of these eight countries, according to the organization's report. Unless the price of crude oil is increased, these countries announced that they will consult with each other on steps that will have to be taken to achieve the price rise. Yet if these prices are further raised, additional free world markets will undoubtedly be tempted by the low-priced Soviet oil.

Western oil companies are at a serious competitive disadvantage now. An increase in price would further hurt them. Yet, at the same time, the oil-producing countries depend upon oil royalties to develop their economies, and the cutting of oil prices has decreased royalty payments to them. What can the West do to meet this price-royalty squeeze and compete more efficiently with the Soviets?

First of all, the U.S. Government can take serious cognizance of the situation. What has been sadly lacking so far is detailed, authoritative reporting on the overall threat, and executive leadership in laying down policy lines to cope with the problem. Amid the sometimes contradictory recommendations that have arisen, there has been no suggestion of a uniform Government policy—in fact, there has been no public indication of a serious Government interest at all. My effort to highlight the problems of Soviet economic warfare has been consistently cold-shouldered.

Last fall during hearings conducted by the Internal Security Subcommittee on the export of strategic materials to the Soviet bloc, I was greatly disturbed

by the contradictory positions of Government officials, in this vital area. At one point in the hearing, Assistant Commerce Secretary Jack Behrman stated that we were not in an economic war with the Soviet bloc. Then, at another point, Edwin M. Martin, Assistant Secretary of State for Economic Affairs, did say that official consideration has been given to the possibility of using our economic strength to obtain political concessions from the Soviet bloc.

A select committee of the House of Representatives studying the same problem of trade with the Communist camp noted the same absence of a clear official policy in our economic relations with the Soviet bloc. During the course of this hearing, Secretary Behrman reversed himself and stated that our Government was considering the economic threat of communism.

The picture therefore has been uncertain and distorted. No one has been able to stand up with authority, lay down the problem in all of its many complex ramifications, and offer any recommendations for action, either by the companies most directly concerned, by the executive branch of the Government, by the Congress, by NATO, or by the Common Market, on by all of them concert.

Those of us who are deeply concerned about the problems of Soviet economic warfare were most encouraged when at a year ago, when the Interior Department asked the National Petroleum Council to cooperate with the Government on a detailed and exhaustive study of the impact of Soviet oil exports on the free world. This should undoubtedly provide the most authoritative data available.

As now, the staff work on the document is being virtually completed.

Reliable reports indicate that it is nearly 6 pages long and contains many additional and important charts. It deals with the oil industries and needs of all the Communist countries, including Red China, and their present and potential impact throughout the rest of the world. This report will be a tremendous addition to our present grasp of the problem.

Yet, incredible as it may seem, this report has not been held up for nearly a month. It has not been reviewed and revised by the members of the Advisory Commission who will sign it and it has not been presented to the Secretary of the Interior or released to the public.

The reason for the present unfortunate hold-up is the confusing and to some extent contradictory position that the executive branch of the Government has taken with regard to conflict-of-interest provisions, particularly as they apply to advisory groups. A real question has been raised as to whether the industry representatives, both of the working subcommittee, which has prepared the report, and of the full commission, are to be considered Government employees during the months that they have concentrated on this vital report. If so, their ability to carry on their own jobs in industry may be seriously impaired, at least for the next 2 years, under existing conflict-of-interest legislation.

It is impossible to meet the worldwide Soviet threat under archaic concepts which prevent the U.S. Government from using the brains, ability, and know-how of private enterprise to meet Soviet challenges. Particularly in the economic field, it is vital that businessmen be permitted to study, discuss, and make recommendations as to Government policy. It is unfair and obviously ridiculous to suggest that after these persons, employed by private industries, work together and with Government representatives on a report which is to be publicly disseminated and studied, they may be barred from dealing with these problems in their private capacities for 2 years. In effect, this means that the oil company executives, who are working on this report, may be unable to serve their companies in meeting the Soviet oil problem directly. Such procedures, especially in an area of this sort, are tying our own hands.

This very week representatives of the National Petroleum Council are expecting to meet with Interior Department and Justice Department representatives to discuss this problem. Specifically, the National Petroleum Council is most concerned with the Presidential memorandum of February 9, 1962, relating to members of advisory groups and the question of whether they are representative of an individual company or of the whole oil industry.

There is a decided need for more study of conflict-of-interest statutes with respect to advisory groups. At the moment, on the vital issue of Soviet oil, there is an immediate need for clarification and accommodation by the Government agencies. The Communists will not wait while we quarrel over our own laws and regulations.

Only when this report has been reviewed, issued, and studied can we proceed to develop policy recommendations and legislation, if necessary, to meet the Soviet oil menace and the threat it poses to the free world. It is absurd and dangerous for this kind of confusion to hold us back in our cold war confrontation with the Soviets. The need for this report is urgent. The need for more vigorous competition with the Soviets in the economic field is pressing. I strongly urge the executive branch of the Government to resolve the conflict promptly so that we can start working on it seriously right away.

Mr. HUMPHREY. 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. KUCHEL. 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. KUCHEL. Mr. President, I ask unanimous consent that I may temporarily yield the floor to the able Senator from Rhode Island with the understanding that I do not lose my right to the floor.

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

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. PELL. Mr. President, I rise today to express my very great satisfaction with the amendments recently submitted by the Senator from New Mexico [Mr. ANDERSON] to his bill, S. 909. I am proud to have been a cosponsor of the original S. 909, as well as of the amendments recently submitted by the distinguished Senator from New Mexico.

The amendments strengthen and improve the original bill. First, and most important, virtually everyone over 65 is now covered. Specifically, protection is afforded for the 2½ million older people who are not under social security and, hence, were not covered by the original Anderson bill. Now included are uninsured persons on old-age assistance and other public-welfare programs, widows whose husbands died before becoming insured, and persons who are without health-insurance protection under other public programs.

Second, the amendments tend to decentralize the role of the Federal Government in a national health-assistance program. The Secretary of Health, Education, and Welfare is to be given specific statutory authority to delegate some of the more sensitive administrative functions to nonprofit organizations experienced in the providing of health services. Those who have criticized this legislation as an opening wedge of Government intervention in hospital affairs will be comforted by an arrangement which permits private, voluntary organizations to act as intermediaries between the hospitals and the Government. The amendments also provide that the Federal Government would use State agencies to judge whether hospitals which are not accredited by the Joint Commission on the Accreditation of Hospitals are qualified to participate in the program.

Third, the amendments provide an option to beneficiaries to continue private health insurance protection and to encourage private health insurance supplementation.

The Anderson bill, as amended, has the support, I am pleased to say, of many Senators on both sides of the aisle. It represents an excellent demonstration of the positive results of a democratic system in operation. Numerous conferences have been held in response to criticisms and opposition from a variety of sources. We Democrats owe a considerable debt to our Republican colleagues for their responsible efforts to broaden the original version of the bill. The present bill as it now stands deserves the support of the Senate. It is my very strong hope that it will be passed in the near future.

Mr. KUCHEL. Mr. President, I ask unanimous consent that, under the same understanding, I may now yield to the distinguished senior Senator from Georgia [Mr. RUSSELL].

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senator from Georgia is recognized.

Mr. RUSSELL. Mr. President, the pending proposal—the so-called Anderson-Javits amendments—is undoubtedly among the most controversial Congress will consider at this time. The adherents of both sides of this question are almost fanatical in their support; and every Senator knows, from his mail and other communications, of the very deep general interest in this question.

Mr. President, there is no doubt in my mind that a majority of the American people are willing to support some adequate plan that will prevent our senior citizens past 65 from suffering for want of hospital care. It has always seemed to me that a proposal that would finance itself by imposing a tax to defer its cost was a conservative approach. I am strongly disposed to vote for a well-considered, carefully planned, and carefully thought out program in this area.

However, Mr. President, we are called upon to vote on a measure that has not been subjected to the tests ordinarily given legislation, and which has not followed the usual legislative process. This is a new and highly involved question, and it involves the expenditure of large sums of money.

If committee hearings are important in any case, they are certainly demanded in this instance before we enact such a highly complicated measure. There has been no opportunity for those on either side of the question to speak and present their views to the proper committees of Congress. The only estimates of the costs of the plan and its method of operation are those which have been given us by the authors of the bill.

The original so-called King-Anderson proposal has been completely rewritten, not by a committee representing all shades of opinion, but by a small group of Senators who represent the strongest proponents of the medicare idea.

Mr. President, I have consistently insisted that it is most unwise and improper for the Senate to consider and enact legislation of general interest which has not followed the required ordinary procedures. I have repeated on this floor in debate, time and again, that only an extreme national emergency can justify junking our committee system in the consideration and enactment of legislation. The only place where an American citizen has the right of petition is before a congressional committee.

The last of the several editions of this bill that we have had presented by its authors may be as desirable and as effective as the authors insist. But it is brought before us without providing the opponents with an opportunity to be heard and without the benefit of the professional and actuarial testimony and data that would enable the Senate to know just what it is doing in voting such a comprehensive and far-reaching piece of legislation.

As I see it, the vote on this proposal involves the integrity of our parliamentary procedures. I cannot conceive of a more dangerous precedent than to start taking up bills of this magnitude with-

out a written record of hearings and without a committee's having given the subject thorough study, in order to be able to advise the Senate and help us arrive at a proper decision. Such a precedent would plunge the Senate into tumult and confusion, and, if followed, would change the whole character of our legislative processes. We should not sacrifice our whole procedure upon an altar of expediency.

I wish to reiterate, Mr. President, that regardless of the subject matter involved, I always have in the past—and I shall continue to do so in the future—strongly oppose abandoning orderly procedure and evading and bypassing committee consideration, particularly on legislation as far reaching as that embraced in the amendments which are before us.

I do not know of any other bill which has inspired such great differences of opinion; and if we were to pass this bill solely on the testimony of its authors, however, high may be our opinion of them and their ability, I fear that we would have ample cause to regret it in the future.

RUNAWAY PRODUCTION OF MOTION PICTURE FILMS

Mr. KUCHEL. Mr. President, the klieg lights which made Hollywood the world film capital for most of this century are dimming rapidly. Unless Congress acts to plug a gaping loophole in our tax laws, the doom of American motion picture production—with the consequent unemployment of large numbers of skilled and relatively well-paid workers and a deplorable loss of international prestige—appears inevitable.

Motion pictures are an invaluable information media, and deserve all the encouragement which our Government is capable of giving them. As the cold war has dragged on, the message of America's high standards of living, political ideals, social and economic opportunities, and technological achievements has been carried to peoples around the globe through both televised showings and theater exhibition to foreign audiences.

The postwar years have brought alarming trends in film production to the point where America's leadership not only is seriously challenged, but a shocking proportion of the pictures financed with U.S. capital and featuring American personalities is being made abroad.

The time has come for Congress to take a hard look at the fact that certain unintended tax advantages are a major factor in this situation. If we act soon, there remains a chance to reverse the flight of film production from this country.

The tax reform bill still under consideration in the Senate Committee on Finance contains provisions approved by the House which would exert a braking effect upon the shift from domestic to foreign motion-picture making. We should not fail to enact remedial legislation to plug a gap which makes other nations tax havens for Americans and encourages the shooting and processing of more and more films abroad.

Under our present law, both individuals and corporations today enjoy extraordinary advantages by operating overseas. An American citizen who remains out of this country for 17 of 18 consecutive months is exempt from income taxes on the first \$20,000 of his annual earnings. He may exclude from taxable income many items which are not deductible for his fellow citizens living at home. Of course, an American residing abroad permanently enjoys full exemption from income taxation but suffers no loss of citizenship rights. The practice of setting up separate corporations to produce individual pictures is a tax-avoidance technique which constitutes serious abuse of an intended incentive to expansion of industrial activity and of admission of the need for diversified risk. Companies retaining income abroad and reinvesting in overseas operations enjoy special benefits inasmuch as corporate earnings are not taxable until repatriated to this country.

I deplore the fact that both companies and individuals have been and are taking advantage of such shortcomings in our revenue system. I even question whether it is patriotic, considering the fact that this industry and those who compose it have enjoyed generous public support, lavish publicity and attention and even acclaim, from our people.

America has had reason to be proud of outstanding figures who have furnished entertainment, interpreted great dramatic works, portrayed hispanic characters, encouraged, and inspired audiences with made-in-Hollywood film vehicles. Likewise, technological advances in sound, color, better photography, and the like have made a Hollywood studio label the hallmark of high quality. Let us not forget that the cinematograph, as our grandparents knew it, was the product of American inventive genius. How distressing it is now to see world-renowned personalities, still proudly proclaiming their American citizenship and entitled in event of personal trouble to protection of the U.S. flag, and companies which pioneered in developing a global and profitable trade with American capital, turning more and more to production abroad. I am amazed they forget that over several generations the quarter and half-dollars of the ticket purchasers nourished both name players and other key figures, and respected companies now seeking to refuge by operating abroad.

The effects of this trend are multiple. Aside from Federal revenue losses due to loopholes in our national tax system, our Nation suffers the chain reaction of reduced purchase of raw materials, curtailed spending for power and water and transportation, declining local receipts from real estate property levies as studios and laboratories close, disappearing employment opportunities for supporting players, extras, laboratory personnel, film editors, and literally dozens of specialist groups.

There is another alarming symptom, one which all who are disturbed about juvenile delinquency, lawlessness, subversion, and Communist aggression should bear in mind in appraising the