

1963

CONGRESSIONAL RECORD — APPENDIX

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THE BALTIMORE & OHIO RAILROAD Co.,
Baltimore, Md., October 30, 1963.
Hon. JENNINGS RANDOLPH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Thank you very much for your thoughtfulness in sending the telegram to me at Parkersburg yesterday. It arrived at the end of a luncheon we held on the special train which had come over from Clarksburg during the morning.

The project, I am sure, will be a great success and I look forward to a substantial increase in B. & O. traffic not only through northern West Virginia but to and from our stations in that great State.

Sincerely,

JERVIS LANGDON, Jr.,
President.

B. & O. DESERVES OUR APPLAUSE

We join with all progressive West Virginians in congratulating the Baltimore & Ohio railroad for its great main line improvement between Clarksburg and Parkersburg.

The prosperity—or lack of it—of this important railroad is of vital concern to every West Virginian because the B. & O. is a major taxpayer and in its continued progress all of us have a real stake.

This main line improvement makes it possible to haul all major freight items on the most direct route to the great Southwest through the St. Louis gateway. This is expected to greatly increase the revenues of the railroad.

Adding this to the forward look the railroad has adopted in pioneering on unit coal freight trains and other projects designed to make the railroad a better facility for its customers and therefore a more profitable enterprise certainly is most desirable from all standpoints.

We in West Virginia salute the railroad and hope under its new management it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves including our own State of West Virginia.

Freedom of the Press Needs Public Support

EXTENSION OF REMARKS

OF

HON. GLENARD P. LIPSCOMB

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 31, 1963

Mr. LIPSCOMB. Mr. Speaker, the constitutional guarantee of freedom of the press as established by the first amendment is undergoing its greatest threat in the history of our Nation through policies and actions of the present administration.

Instances of management, censorship and withholding of legitimate news, and denying access to news by the press, have become commonplace since this administration came into being. Some of these are set forth in an editorial appropriate to National Newspaper Week which appeared in the October 16 issue of the Monrovia Daily News-Post, of Monrovia, Calif., which I have the privilege of representing in Congress.

As the editorial notes, the American press is resisting pressures which threaten its freedom but the people themselves must want benefits of a free press enough to join in their protection.

Under leave to extend my remarks in the RECORD, I include the editorial at this point:

FREEDOM OF PRESS PERILED

This is National Newspaper Week, an annual period in which the American press takes a look at itself, its problems and reaffirms its dedication to keeping Americans the best-informed people on earth.

Newspapers today find themselves at a crossroads. The signs along one read: "Government news management," "Government secrecy," "Federal news agencies." The other is posted with markers in the American tradition: "Factual reports," "freedom of interpretation," "unrestricted movement."

The American press is resisting with all its power Government pressures to force it down the former road. The trend became apparent shortly after the advent of the Kennedy administration.

Newsmen for the first time in history were not allowed to travel with the U.S. fleet to Laos. Correspondents were barred from ships taking part in the Cuba blockade. More recently the Government has tried to cover up the true news picture in South Vietnam.

A prime example of efforts at news management occurred last spring. Twenty-five prominent Americans, at the Government's request, issued a report on ways to increase private investment in Latin America.

The document emphasized there should be an increase in private capital outlays without corresponding boosts in public expenditures. That was not what the administration wanted to hear. A leak was made to a reporter who declared the still unpublished committee report had been "disowned by several of its members." This effort to manage news was aimed at destroying the value of the report before it was released.

The Government now has gone one step further by getting into the news dissemination business itself. Only recently the Federal Marketing Service was established at Government expense to supply crop and market news to anyone who would pick up the telegraph charges.

Mr. Kennedy also has directed department heads of various agencies to cooperate and assist in setting up a unified governmental communications system to be known as the National Communications System.

It is conceivable that such a system eventually would be competitive with, or even supplant, the great worldwide newsgathering facilities of independent wire agencies and individual newspapers.

There are 14 words in the first amendment to the Constitution that were intended to prevent such outright Government encroachment on the press: "Congress shall make no law * * * abridging the freedom of speech, or the press."

The press freedom guaranteed in those 14 words has been the protective base for all other American freedoms. It could be destroyed, bit by bit, unless present Government trends are reversed. An aroused public can help in bringing about such a reversal.

The people themselves must want benefits of a free press enough to join in their protection.

The Freedom of Information Bill

EXTENSION OF REMARKS

OF

HON. EDWARD V. LONG

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Friday, November 1, 1963

Mr. LONG of Missouri. Mr. President, this week the Senate Subcommittee

tee on Administrative Practice and Procedure of which I am chairman has held 4 days of hearings on S. 1666 commonly referred to as the freedom of information bill.

Nineteen Senators joined with me as copponsors of this bill. Recently the Kansas City Press Club adopted a resolution urging passage of the bill.

Mr. President, I ask unanimous consent that a news story from the Kansas City Times reporting the action of the Kansas City Press Club and the resolution be printed in the Appendix of the RECORD.

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

CALLS FOR OPEN FILES—PRESS CLUB URGES PASSAGE OF SENATE BILL: FREEDOM OF INFORMATION AS TIE BETWEEN PEOPLE AND GOVERNMENT IS EMPHASIZED

A resolution urging passage of a Senate bill that would strengthen the rights of the press and public to access to Government records was adopted last night by the Kansas City Press Club.

The bill was introduced last June by Senator EDWARD V. LONG, Democrat, of Missouri, and would amend an existing act.

EXCEPTIONS ARE NOTED

All records would be covered under the measure except those:

Specifically covered by statutory exemptions, as in the case of individual income tax returns.

Covered by an executive order forbidding disclosure for protection of the national defense.

Defined as internal memorandums of agency members or employees related to the disposition of adjudicatory or rulemaking matters.

The areas in which secrecy would be permissible are more circumscribed and clearly delineated than under the present act.

The press club resolution commended the bill as a fine step forward in the fight for freedom of information.

NEEDED TO PRESERVE NATION

The resolution in part:

"Only a completely informed people can make the proper judgments necessary to preserve our Nation. The increasing burden of new knowledge and our Government's increasingly closer relationship to the everyday affairs of our citizens, makes most important the keeping of the channels of communication between the Government and the people.

"We urge that Congress continue to survey this need to the end that governmental affairs shall be completely understood by all citizens; and to the end that shoddy or dishonest actions by Government officials and employees cannot be concealed from public view."

A RESOLUTION BY KANSAS CITY PRESS CLUB

The Kansas City Press Club, whose nearly 300 members represent all types of news media in its region, has considered Senate bill No. 1666 as introduced by Senator EDWARD V. LONG of Missouri, and others, and believe it is a fine step forward in the fight for freedom of information. We urge its passage.

Only a completely informed people can make the proper judgments necessary to preserve our Nation. The increasing burden of new knowledge and our Government's increasingly closer relationship to the everyday affairs of our citizens, makes most important the keeping clear of the channels of communication between the Government and the people. We urge that Congress continue to survey this need to the end that governmental affairs shall be completely under-

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stood by all citizens; and to the end that shoddy or dishonest actions by Government officials and employees cannot be concealed from public view.

Adopted October 3, 1963, at a regular meeting of the Kansas City Press Club, Hotel Muehleback, Kansas City, Mo.

JOHN THORNBERRY, *President*

The President Should Answer Test Ban Treaty Safeguards Questions

EXTENSION OF REMARKS OF

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 29, 1963

Mr. HOSMER. The following editorial of significant relevance to the national security appeared recently in the Long Beach Independent-Press-Telegram:

NATION DESERVES ANSWERS ON TEST BAN SAFEGUARDS

During the debate on the nuclear test ban treaty, critics of the treaty recalled that President Kennedy had said only a few months previously that this Nation could not stand ready indefinitely to conduct nuclear tests on a moment's notice.

That being the case, they argued, how could the United States agree to sign a test ban treaty which the Russians might break without notice?

Without referring to any previous statements, the President and members of his administration declared that this country could and would take the steps necessary to meet all contingencies.

Mr. Kennedy, in fact, wrote a lengthy letter to the leaders of both parties in the U.S. Senate giving positive assurances that safeguards would be maintained. Nuclear testing underground would be continued, he said; facilities for the detection of possible violation of the treaty would be expanded and improved as required; and the Government would take whatever other steps that were necessary to safeguard "national security in the event that there should be an abrogation or violation of any treaty provision."

In view of these assurances, we feel it is quite proper that Congressman CRAIG HOSMER, an opponent of the test ban treaty, should inquire whether the necessary steps are actually being taken to reduce the risks and disadvantages of the treaty.

Congressman HOSMER directed such an inquiry to the President in September and recently received a reply from Dr. Glenn Seaborg, Chairman of the Atomic Energy Commission. Dr. Seaborg stated that the administration is seeking authorization to make treaty safeguard expenditures totaling \$17,945,000 during the balance of fiscal year 1964.

Congressman HOSMER feels that the program of safeguards is woefully inadequate. He estimates that the costs of underground test site improvements and additions, weapons laboratory improvements, retention of topflight scientists, readiness for resumption of atmospheric tests, and improvement of the detection system should total \$1 billion.

The discrepancy between the administration's requests and Mr. HOSMER's estimate is most serious. He has asked the President to clarify the picture for a Nation which has been assured of safeguards. Pending clarification, Mr. HOSMER questions whether "the entire matter of the safe-

guards is being taken seriously by those who may be advising you in these matters."

The Congressman may well be overlooking some factors which would cast an entirely different light on the matter, but the inquiry goes to the very heart of American security. Since Russia may very well be conducting secret developments with the aim of breaking this treaty, as she has broken so many others, American citizens deserve to hear the answer to Mr. HOSMER's questions:

1. What actions are necessary to establish the safeguards?
2. How urgent is it to establish them without delay?
3. How much will they cost?

Statement of Hon. Douglas Dillon, Secretary of the Treasury, on the Interest Equalization Tax

EXTENSION OF REMARKS OF

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 23, 1963

Mr. ULLMAN. Mr. Speaker, the Ways and Means Committee has been considering during the past 2 weeks the interest equalization tax bill, which is advocated by the administration as one means of attacking our balance-of-payments deficit. On October 21 Secretary of the Treasury Douglas Dillon appeared before our committee in executive session, and presented the case for the bill. Because of the great importance of this legislation and the problem it is designed to meet, and because of the excellence of the Secretary's statement, I am sure my colleagues will find his remarks of particular interest. I therefore include it in the Appendix of the Record:

OPENING STATEMENT OF THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY, ON THE INTEREST EQUALIZATION TAX BEFORE THE EXECUTIVE SESSION OF THE HOUSE WAYS AND MEANS COMMITTEE, OCTOBER 21, 1963

Before you consider the provisions of H.R. 8000 in detail, I would like to review briefly the urgent need for this legislation, developments in our balance of payments during the period since the interest equalization tax was proposed on July 18, and the ways in which the markets for foreign securities have already adjusted to this proposal.

As you know, the interest equalization proposal is for a temporary excise tax on acquisitions from foreigners of both new and outstanding foreign securities—whether debt or equity—maturing in more than 3 years. In the case of debt obligations, the amount of the tax levied on the U.S. person acquiring the security would be graduated by maturity in a manner calculated to be equivalent to approximately 1 percent in yield. As this tax is passed back to the foreign borrower, it will bring his net interest cost for capital raised in our market into much closer alignment with the costs prevailing in other industrialized countries—thereby diverting to other markets a substantial portion of the demands that would otherwise reach our market. In the case of equities—which, of course, have no fixed maturity—the tax would be 15 percent, the same as the rate applied to the longest dated bonds. Acquisitions of foreign securities from other U.S. persons would remain free of tax, as

would direct investment abroad and acquisitions of the securities of developing countries.

H.R. 8000 provides that, with certain exceptions, the tax would be applied to all acquisitions after July 18, when the President first proposed this measure. Participants in the markets have thus been conducting their affairs in that knowledge for more than 3 months. I believe that experience over this period has amply confirmed our initial judgment that this temporary tax will be an effective means for assuring the needed reduction in the outflow of portfolio capital, while preserving the essential freedom of the market to raise and distribute this capital on the basis of price and other competitive criteria. A number of more or less technical amendments to the bill will be helpful in meeting certain special problems that have been brought to our attention and in clarifying the application of the tax to certain types of transactions. We are, of course, prepared to work closely with the committee in resolving these problems. But the basic provisions of the bill as proposed have, in our judgment, successfully met the dual test of effectiveness and market practicability.

At the time I testified before this committee in August with respect to the interest equalization tax, I pointed out that a sharply accelerating outflow of portfolio capital had been responsible for a marked deterioration in our overall balance-of-payments position. Purchases by U.S. investors of new foreign securities doubled between 1961 and 1962, rising from a little over \$500 million in 1961—a figure well within the normal range of recent years—to more than \$1 billion last year. During the first half of 1963, the outflow almost doubled again, exceeding \$1 billion in this 6-month period.

Meanwhile, our balance-of-payments deficit—excluding all special intergovernmental transactions—rose by over \$500 million in 1962 and by \$900 million more, at an annual rate, during the first 6 months of this year. These increases, closely paralleling the steeply rising outflow of portfolio capital, brought this deficit on regular transactions to an annual rate of \$4.5 billion. I wish to stress that, while there were numerous offsetting changes in the composition of our deficit on regular transactions between 1961, when it totaled \$3,043 million, and the first 6 months of 1963, when it averaged \$4,480 million at an annual rate, the entire deterioration is more than accounted for by the sudden and unprecedented increase in the purchase of new foreign security issues by American investors. This phenomenon totally transformed our overall balance of payments and created a situation which, if allowed to continue, would have inevitably resulted in a major crisis in the international payments system, the dangerous consequences of which for the security and well-being of our Nation and for the free world as a whole can hardly be exaggerated.

It is true that we have been successful in absorbing a portion of the dollars passing into foreign hands as a result of this deficit on regular transactions by medium-term Treasury borrowing from other countries in a strong balance-of-payments position, by prepayments of debts owed to us by our allies, and by other special intergovernmental transactions. But by mid-year it had become apparent that, along with savings in other directions, prompt and decisive action was required to curtail the enormous outflow of portfolio capital if we were to arrest and reverse the deterioration in our overall accounts, and thus assure our continuing ability to finance our deficit in an orderly manner and to protect the stability of the dollar.

That, of course, is the special purpose of the interest equalization tax, which comple-