

1964

ent regulatory bodies for the establishment of rates that will earn a fair return based on the market price of money and proper tax payments. Of course, where there are multiple functions at a Government project, only the power operations should come under regulation. When this is done, it should be possible to refinance the power projects in the free market and bring an end to discrimination among power supply systems and their customers.

This is the approach a free society should take, and it can be done any time the American people decide to do it.

Dean MANTON. Thank you, Mr. Edwin Vennard, for this informative directive in the fight to save our private enterprise system.

Taxes of investor-owned electric utility companies, 1936-61

[In millions of dollars]

| Year | Electric operating revenue | Total taxes | Federal taxes | State and local taxes |
|------|----------------------------|-------------|---------------|-----------------------|
| 1961 | 10,257 | 2,441 | 1,379 | 1,062 |
| 1960 | 9,697 | 2,322 | 1,332 | 990 |
| 1959 | 9,144 | 2,192 | 1,271 | 921 |
| 1958 | 8,478 | 1,980 | 1,149 | 831 |
| 1957 | 8,054 | 1,858 | 1,108 | 750 |
| 1956 | 7,521 | 1,766 | 1,081 | 685 |
| 1955 | 6,934 | 1,641 | 1,015 | 626 |
| 1954 | 6,317 | 1,442 | 875 | 567 |
| 1953 | 5,940 | 1,339 | 824 | 515 |
| 1952 | 5,426 | 1,224 | 753 | 471 |
| 1951 | 5,005 | 1,150 | 719 | 431 |
| 1946 | 3,127 | 644 | 378 | 266 |
| 1936 | 1,911 | 281 | (1) | (1) |

(1) Not available.

NOTE.—These tax figures apply only to investor-owned companies, serving 79 percent of the country's consumers. Governmental power projects pay no Federal income taxes and in many cases no State or local taxes.

Mr. METCALE. Mr. President, in the tract which I have just inserted in the Record Mr. Vennard would have us believe that the electric companies were digging all that tax money. However, in his book, "The Electric Power Business," written in a more candid moment in 1962, Mr. Vennard said:

It is the customer who pays these taxes. The company in effect merely acts as tax collector for the Government.

Vennard's charge about the Socialist planners against the IOU's is similar to the charge made 15 years ago by the late John T. Flynn in his book, "The Road Ahead," which was condensed by Reader's Digest and mailed out by the bushel by the Foundation for Economic Education and America's Future, both liberally financed by electric power companies. By using this Red scare tactic, then and now, the industry has kept public and congressional attention diverted from its exorbitant profits and its leaders' secret rakeoffs.

Mr. President, Texas IOU officials, just as their counterparts in many other States, serve on a variety of organizations with aims similar to those of the Southern States Industrial Council and Manion Forum. Director Clifford B. Jones, of Southwestern Public Service, appears as a director of For America. Director H. Frederick Hagemann, Jr., of Southwestern Public Service, serves as a trustee of the Foundation for Economic Education, publisher of the Freeman magazine and long a favorite charity of many IOU's. President W. W. Lynch of Texas Power & Light

Stewart III, of Dallas Power & Light, and Director J. E. Jonsson, of Dallas Power & Light, serve on the advisory board of Dallas Freedom Forum, which sponsors rightwing speeches in that city. President Lynch of Texas Power & Light helped set up the original Freedom Forum, directed by Dr. Fred Schwarz, president of Christian Anti-Communism Crusade, by providing the forum with office space in the Fidelity Union Tower Building. Possibly Mr. Lynch's reports on his use of the restricted stock option, so long delayed, got mixed up with Dr. Schwarz' mail.

Texas Power & Light is one of the IOU's which shows the film, "Communism on the Map," produced at one of the Nation's largest manufacturers of Bircher visual aids, Harding College, Searcy, Ark. Many IOU's contribute regularly to Harding College—Houston Lighting & Power, for example, has sent it \$1,000 annually since 1955. The Harding College line—in its visual aids and weekly free column to thousands of newspapers, written by Dr. George Benson, the college president, follows the usual pattern which attracts power company donations. The rich should be

taxed less, and the poor more and—Benson wrote in a recent column:

Any American who loves freedom and is willing to work, work, work to protect it can find intelligent direction and companionship in a John Birch Society group.

All three affiliates of Texas Utilities—Dallas Power & Light, Texas Electric Service, and Texas Power & Light—contributed \$200 each during the 1961-62 year to the Intercollegiate Society of Individualists. This society was founded by Frank Chodorov, author of the book, "The Income Tax—Root of All Evil." His writings reveal a similar distaste for public education.

It is impossible to determine the extent to which the money of Texas electric consumers is diverted, by utility officials, into organizations such as those I have mentioned briefly. This is because key Texas utilities—as well as some in other States—disregard the reasonable, if insufficient, reporting requirements of the Federal Power Commission.

Instead of reporting to whom they donate, the companies simply report in the following manner, as taken from the companies' form 1 reports to the Federal Power Commission:

| Company | 1963 | 1962 | 1961 |
|--|--------------|--------------|--------------|
| Dallas Power & Light: Account 930, "Donations" | \$351,743.53 | \$270,515.59 | \$230,839.56 |
| Texas Power & Light: | | | |
| Account 426, "Donations" | 78,907.79 | 138,747.13 | 73,861.56 |
| Account 930, "Other expenses" | 474,126.00 | 432,008.00 | 292,978.00 |
| Texas Electric Service: | | | |
| Account 426, "Donations" | 248,528.09 | 183,031.19 | 94,023.52 |
| Account 930, "General business and civic activities" | 208,172.67 | 248,355.17 | 194,455.83 |
| Southwestern Public Service: | | | |
| Account 426, "Donations" | 15,102.95 | 36,787.00 | 41,410.15 |
| Account 930, "Miscellaneous donations" | 78,959.67 | 64,883.93 | 51,102.67 |

Items entered in account No. 930 are generally considered as a cost of business, chargeable to the consumer. Items entered in account No. 426 are generally not allowed as a business expense. But this might not hold true in Texas, where some utilities consider themselves beyond the pale of regulation by Federal authority, and there is no State authority.

The absurd, advertised statement of Texas Power & Light that it is a "regulated" company—reiterated by T.P. & L. President Lynch when he was president of Edison Electric Institute—was completely answered by one of the company's former engineers, Lewis B. Walker. In a letter last year to the Austin American, Walker wrote:

First, it is absolutely false that there is any regulation of any character of these Texas companies, at the national level. Rates charged in Texas are not subject to review by the Federal Power Commission or by any other agency of the Federal Government.

Second, there is no State utility commission in Texas to regulate rates charged by the electric utilities.

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Third—

Said Walker—

there is an archaic State law which gives to municipalities the right to regulate all public utility rates charged to consumers within their corporate limits. (But) no city can regulate rates charged to consumers

by a privately owned electric utility in Texas, and none has tried it for a long time. When they did try it some years ago, they were unsuccessful in making a case that would stand up in court.

"FAT CATS" WOULD CUT OFF MILK FOR THE HUNGRY

Mr. President, there is something wrong with an industry which provides its leaders with substantial, secret windfalls over and above the increasing profits which result from lax regulation, insufficient competition, technology, and a monopoly on a necessity for which demand is unparalleled.

There is something wrong with the largest industry in this country when its key officials—with salaries three times those of the Cabinet officers—plus access to restricted stock options—flock to the leadership of organizations which put the Red smear on humanitarian organizations and, in fact, virtually everyone but themselves.

Consider, for example, the relationship between the IOU's and the Southern States Industrial Council. Three high utility officials serve as vice presidents of the council. Four high utility officials serve as directors of the council. Four of the seven companies represented utilities which utilize the stock option gimmick. Utility executives give their names, time, and money to this organization which helps lead the hate campaign against UNICEF, accusing the country's Presidents, churches, Sunday

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school children, and entertainers of co-operating with "a powerful propaganda agency for the worldwide Communist conspiracy."

Millions of children the world over have received milk and other supplemental food from UNICEF. In its first 15 years more than 148 million children and young adults were vaccinated against tuberculosis in programs aided by UNICEF. More than 17 million mothers and children were cured of yaws, a disease of tropical sores. Almost 10 million victims of trachoma and acute conjunctivitis were saved from possible blindness. About 700,000 persons were treated for leprosy, 30 million protected from malaria.

UNICEF and its volunteer workers in this country and abroad have a proud record in relieving human misery. But the fat cats of the IOU's materially aid in the insidious campaign to cut off the milk, the vaccines, the nurses and doctors.

Perhaps some of the church leaders who wonder where the opposition to UNICEF comes from could use as their text the headlines and axioms which appear in some of the Texas power companies' institutional advertisements: "Human life—Gift of God or pawn of man?" "Are honor and integrity 'out of date'?" "Work for equal opportunity and justice for all men."

THE CLOUDS OF WAR

Mr. SMATHERS. Mr. President, in the Miami Herald of Sunday, May 31, appears an article by John S. Knight, publisher of one of our Nation's most outstanding newspapers.

Mr. Knight, in this provocative column, deals with the somber and perilous situation in southeast Asia. Published over the Memorial Day weekend—a time when we pay tribute to our war dead who gave their lives to preserve our Republic—Mr. Knight's remarks give added meaning and insight into the predicament we now find ourselves in 8,000 miles from our shores.

This article is deserving of the most thoughtful consideration of all Americans and I, therefore, ask that unanimous consent be given for its insertion in the CONGRESSIONAL RECORD.

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

AND NOW, A WAR FOR THE MIDDLEHEADS?—
THE CLOUDS OF WAR

Even as we pay tribute to the memories of those who gave their lives on many battlefields to preserve this Republic, our Nation is once again perilously poised upon the brink of war.

In the past, our sons have fought to keep the Union intact, to save the world for democracy to repulse power-drunk Hitler.

The war in prospect will inspire few patriotic slogans and cause no bands to play. The conflict turns upon no precious principle nor code of ideals.

If it comes, our participation must be credited to muddleheaded diplomacy which has involved this country in the pursuit of unlimited and unattainable objectives.

"Within a matter of days," writes Edwin A. Lahey, chief of the Washington Bureau, "President Johnson will

be forced into a decision to send U.S. troops across South Vietnam into Laos, in a belated effort to preserve or restore a neutralist government set up by international agreement 2 years ago."

If Lahey is right, this could mean direct confrontation with Communist China and its countless millions. "Uncle Sam will be standing there," says Lahey, "with a chip on his shoulder."

In such an event, the question of whether our allies in the Southeast Asia Treaty Organization will be standing with us is left to your imagination.

HOW IT ALL BEGAN

Our involvement in southeast Asia began in 1946 when France reasserted her claim over her former colonies in Indochina.

The Vietminh, who had organized the peasants in fighting the Japanese, were at the same time seeking independence from the French.

Fruitless negotiations finally led to war and the United States sided with France, our long-time ally. Through 1953, our aid to France in Indochina averaged \$500 million annually. In 1954, it was \$885 million.

Despite this assistance from the United States, the French lost the war in 1954 to the Vietminh guerrillas who by that time were being supported by the Chinese Communists.

With the signing in the same year of a cease-fire accord at Geneva, the Communists took control of Northern Vietnam. The 39 provinces south of the 17th parallel comprise what is now South Vietnam.

Laos and Cambodia, once under French control, are independent States. In Laos, continuing pressures from the Communists led to its neutralization two years ago under a government headed by Prime Minister Souvanna Phouma.

It is this area's neutrality which is now being violated by the Communist forces.

It is in this politically unstable area where the United States is now considering unilateral military action in a major display of force to show the Communists we mean business.

If President Johnson makes the fateful decision to occupy Laos, we risk another Korean-type war with the Chinese Communists.

NO BACKING DOWN

According to Columnist William S. White, who once wrote: "I have intimately known Lyndon Johnson as I have never known any other public or private man," the President has committed the United States, with full awareness of all possible implications to do whatever may be necessary to help the southeast Asians resist Communist assault as long as they continue to ask our help.

Mr. White goes on to say that the President "did not undertake this pledge lightly. He will never withdraw it, election or no election, just as he will not withdraw the 15,000 American troops who now stand just back of the fighting line in South Vietnam. Of all this, those who have seen him of late have no doubt."

In stating that it is the Asian Communists who have repeatedly broken their promises for peace in both South Vietnam and Laos, Columnist White says they are totally wrong in believing that American administrations will never go all the way in an election year.

Mr. White explains that this assumption "wholly misreads the President's character, one facet of which is the conviction that the worst sin of any leader is to fail to lead in crisis."

He adds that the prospect of an American election this fall "will not in the smallest way deter this Government from doing whatever it may be necessary to do out there."

These are strong words. But William S. White, as one of Lyndon Johnson's closest talking about.

The United States is headed for military intervention in Laos unless the Communists back down.

AND NO "FRIENDS"

The appalling fact of this crisis is that neither SEATO nor the United Nations is making any contributions to its resolution.

SEATO was formed in 1954 as a collective defense pact under the aegis of the late Secretary of State John Foster Dulles. Its members are the United States, Britain, France, Australia, New Zealand, the Philippines, Pakistan and Thailand. Yet the United States has carried the entire burden of helping South Vietnam hold off the Communists.

And when Ambassador Adlai E. Stevenson called upon the United Nations for a "border control force" to patrol the frontier between South Vietnam and Cambodia, he was spurned by U.N. Secretary General U Thant.

In attempting to explain his position at a recent press conference, U Thant said the United Nations was like a growing child which could accept a 10-pound burden but not one of 200 pounds.

Mr. Stevenson replied that he confessed to some bewilderment. "A situation threatening peace and security is brought to the U.N. with an urgent plea for help," said Stevenson, "and then it is argued that the solution lies outside the United Nations."

So it appears that if President Johnson intends to do "whatever may be necessary to save southeast Asia," the United States will stand alone, unaided by friends or allies.

THE TRAGIC QUESTION

Our late President once told me that we were overcommitted in southeast Asia and he could envisage no easy solution.

This was John F. Kennedy's quiet way of saying—without blaming his predecessor—that he had inherited a frightfully difficult problem which was causing him deep distress.

The fact is, however, that the United States need not have been drawn into the southeast Asia power struggle. But when John Foster Dulles was the architect of our foreign policy, it was the popular though mistaken view that the United States was somewhat responsible for "defeating communism everywhere."

The late Mr. Dulles sought to shore up the free world with a series of collective defense pacts.

But our allies—particularly the French and the British—chickened out in South Vietnam and have actually aided the Communist cause in Cuba.

As we look with reverence upon the graves of our hero dead and contemplate their sacrifices, what an appalling thought it is that more of our youth may soon be joining them in eternal rest.

And—one may ask—why and for what?
JOHN S. KNIGHT.

THE 46TH ANNIVERSARY OF THE INDEPENDENCE OF ARMENIA

Mr. KENNEDY. Mr. President, May 28 marked the 46th anniversary of the independence of Armenia. It was with great hope and elation that, after five centuries of foreign rule, the independent Republic of Armenia was declared and an ancient Christian nation was reborn.

Although this long-awaited and richly deserved freedom was cut tragically short, the Armenian people courageously hail their 2 brief years of independence in this century and carry on in their hearts the will to be free again. It is in great tribute to these brave people and ancestors that we observe Armenian Independence Day here.